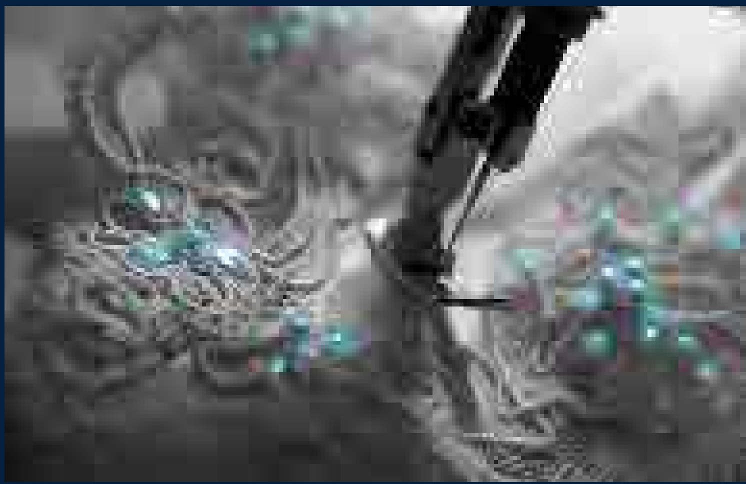


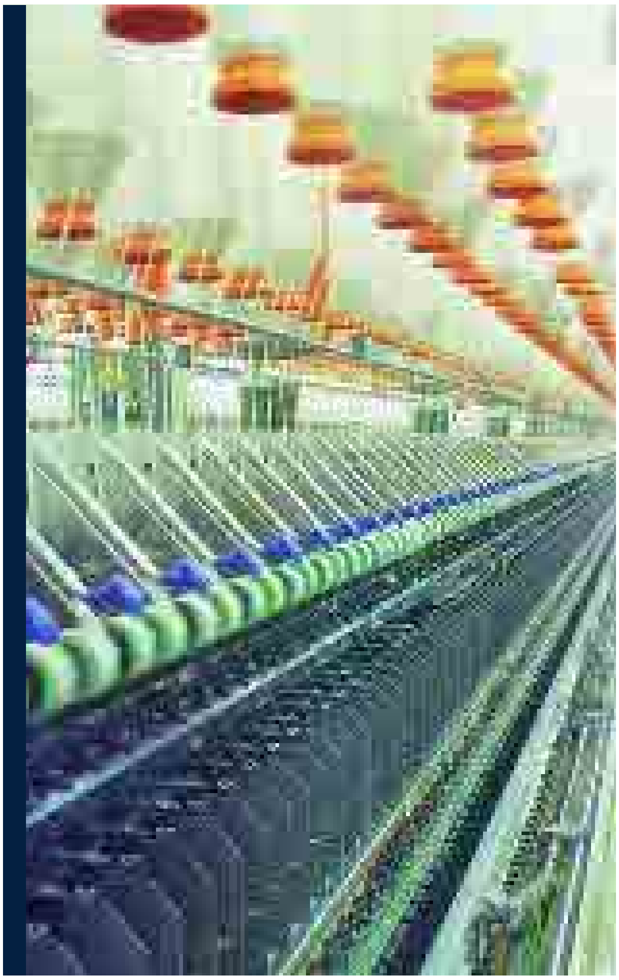
Seardel Investment Corporation Limited

36 YEARS

Registration number 1968/011249/06
The company's shares are listed under
the Cyclical Consumer Goods -
Household Goods & Textiles Sector
of the JSE Securities Exchange,
South Africa Seardel; Seardel-N;
SER: ZAE000029815
SRN: ZAE000030144

Seardel Investment Corporation Limited

Contents



Seardel Group Financial Calendar

ANNUAL GENERAL MEETING
25 October 2004 at 11.00 at the company's registered office.

DIVIDEND
Dividend of 14 cents per share proposed.
Last day to trade cum. dividend Friday 12 November 2004.
Ex dividend trades from Monday 15 November 2004.
Record date: Friday 19 November 2004.
Payment date: Monday 22 November 2004.
Share certificates may not be dematerialised
or rematerialised between Monday 15 November 2004
and Friday 19 November 2004, both days inclusive.

REPORTS 2005
Interim for six months ending 31 December 2004
published February 2005.
Annual for year ending 30 June 2005
published September 2005.

ADMINISTRATION
Registered office
2nd Floor, Seardel House,
Alphen Park, Constantia Main Road
Constantia 7806, Cape Town

Registration number:	1968/011249/06
Postal address:	Private Bag X8, Constantia 7848
Telephone:	+27-21-7943600
Telefax:	+27-21-7942009
E-mail:	lyndac@seardel.co.za *or* aj@seardel.co.za
Internet:	http://www.seardel.co.za/

TRANSFER SECRETARIES
Computershare Investor Services 2004 (Pty) Limited
70 Marshall Street
Johannesburg 2001

P O Box 1053 Johannesburg 2000
Telephone: +27-11-3705000

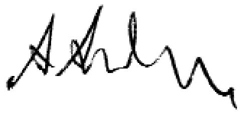
AUDITORS
KPMG Inc.

ATTORNEYS
Sonnenberg Hoffmann & Galombik Inc.

SECRETARY AND REGISTERED OFFICE
L A Clohessy
2nd Floor, Seardel House,
Alphen Park, Constantia Main Road,
Constantia 7806, Cape Town

Chief Executive Officer's Message

Seardel is the largest textile and clothing manufacturer in Southern Africa with revenue of R3,8 billion and 16 925 employees. It is fully dedicated to achieving and maintaining its world class marketing and manufacturing standards. Seardel's inherent financial strength and manufacturing expertise will ensure that it maintains not only its leadership role in the South African environment, but will also enable it to enhance its export program.



Dr. Aaron Searll D.B.A. (Switz)
Chief Executive Officer

Mission Statement

To remain a dominant force in the textile, apparel, electronics, toys and other markets in which it competes, in order to earn a real rate of return on the capital of its shareholders. In pursuit of its mission, the group subscribes to the following philosophies.

- A decentralised management structure, with full autonomy being granted to divisional executives.
- Equal opportunities for all employees and promotion on merit in a rewarding working environment.
- Provision of merchandise of a high quality utilising modern technology.
- Recognition of corporate social responsibilities.

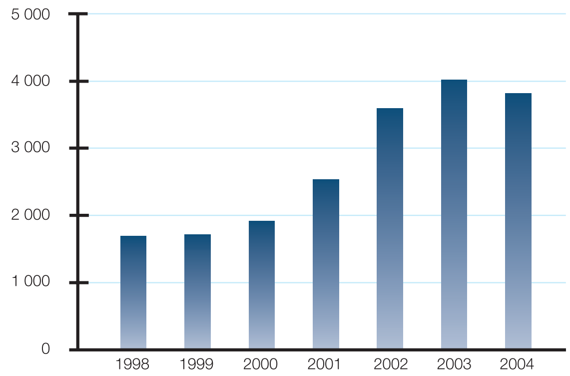
Seardel is involved in diverse areas of the economy. Over the years it has achieved success and recognition for its well-known brand names, many of which have become market leaders. Its main activities are the manufacture and distribution of textiles and apparel for men, women and children. The group's other activities include the distribution of toys and consumer electronics. It also has travel and property investment interests related to its manufacturing divisions. Seardel is committed to upholding its published philosophies, achieving its goals and maintaining consistently high standards.

Seardel has won numerous reporting awards in competitions organised by the South African Institute of Chartered Accountants, the Investment Analysts Society of South Africa and the Chartered Institute of Secretaries and Administrators. It has also featured in the top twenty of the Financial Mail Annual Reports Competition.

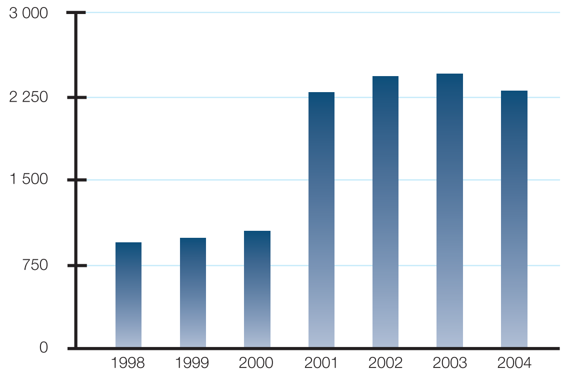
Financial Highlights YEAR ENDED 30 JUNE

Rand thousands, unless otherwise indicated	2004	2003	% Change
Revenue	**3 793 586**	4 031 047	-5,9
Income before taxation	**131 778**	112 784	+16,8
Capital and reserves (including negative goodwill)	**1 172 668**	1 111 713	+5,5
Total tangible assets (excluding cash)	**2 290 900**	2 433 207	-5,8
Return on total tangible assets	**7,8%**	7,2%	
Return on shareholders' interest	**6,8%**	5,1%	
Inventory as a percentage of revenue	**18,9%**	19,6%	

REVENUE *(rand millions)*



TOTAL TANGIBLE ASSETS *(rand millions)*



Statistics Per Share YEAR ENDED 30 JUNE

In cents, where applicable		2004	2003	% Change
Headline earnings		**60,6**	71,8	-15,6
Earnings		**89,6**	79,6	+12,6
Proposed dividend		**14,0**	14,0	–
Proposed dividend cover on headline earnings		**4,3**	5,1	-15,6
Operating cash flow		**195**	111	+75,7
Tangible net asset value		**915**	866	+5,7
Market price –	30 June 2004			
	Ordinary	**215**	330	
	N Ordinary	**215**	314	
Price range –	High			
	Ordinary	**335**	420	
	N Ordinary	**330**	415	
Price range –	Low			
	Ordinary	**185**	200	
	N Ordinary	**200**	215	

Detailed analyses and explanations of the highlights are to be found in the report by the chairman and the chief executive officer on page 5 and the review of financial operations, objectives and strategies on page 30.

Corporate Structure

The following are 100% owned by SEARDEL at 30 June unless otherwise stated.

SEARDEL INVESTMENT CORPORATION LIMITED (SEARDEL)

SEARDEL GROUP TRADING (PTY) LTD – DIVISIONS

- Balu Design Centre
- Balu Handpainting
- Bibette
- Bonwit
- Brits Textiles
- Cape Underwear Manufacturers
- Charmfit
- Cygnet Manufacturing Co
- Dermar Design Centre
- Desirée Quilted Products
- Durban Clothing Manufacturers
- • Frame Textile Group
- Fibre Art
- Little Number
- Monviso Knitwear
- Prestige Clothing Manufacturers
- • Seardel Group Properties
- Seardel Management Services
- South African Clothing (Ladieswear)
- • South African Clothing (Menswear)

SEARTEC INDUSTRIES (PTY) LTD – DIVISIONS

- • Sharp Electronics
- Scripto

PRIMA TOY AND LEISURE TRADING (PTY) LTD

FRAME FIBRES (PTY) LTD

MAN ABOUT TOWN MENSWEAR LTD

MASERU CLOTHING MANUFACTURERS (PTY) LTD

S.A. INDUSTRIAL SUPPLIERS LTD

OCEANAIR TRAVEL (PTY) LTD – 55%

HARVEN MANUFACTURING CO (PVT) LTD – 50%

The management teams and geographical location of these divisions can be found on pages 54 and 55. Details relating to products and activities can be found on pages 11 to 20.

• Denotes property-owning.

A detailed list of properties is available from the company secretary and will be posted on request to any member of the public.

Report by the Chairman and the Chief Executive Officer

We have pleasure in submitting our report to shareholders on the results and activities of your group in respect of the year ended 30 June 2004. Group activities comprise textile and nonwoven textile manufacturing (industrial products), apparel manufacturing, office automation and consumer electronics distribution, toy distribution, and travel and property investments.

GROUP REVENUE, CAPITAL AND EARNINGS

Revenue amounted to R3,8 billion, a decrease of 5,9% from last year. The reduction mainly occurred in the textile division, where revenue fell by R316 million. Income before taxation increased to R131,8 million (R112,8 million last year), an increase of 16,8%. This includes the amortisation of negative goodwill arising from the acquisition of the Frame Textile Group. Income after taxation amounted to R114,8 million (R91,4 million last year), an increase of 25,6%.

Seardel was negatively impacted by the strength of the Rand. However, the Sharp Electronics and Prima Toys divisions performed substantially better than last year as most of their products are imported. The benefit of our diversification policy stood the group in good stead.

Finance costs of R83,0 million (R97,1 million last year) reduced by R14,1 million, resulting from the improvement in the working capital ratio.

Headline earnings per share amounted to 60,6 cents (71,8 cents last year), a reduction of 15,6%. This was, to a large extent, due to the increase in the weighted average number of shares in issue to 128,2 million from the restated number last year of 114,8 million.

The balance sheet reflects the group's increased strength.

Group capital and reserves (including negative goodwill and the consolidation of the staff share trust) amount to R1 172,7 million (last year R1 111,7 million), an increase of R61 million or 5,5%. Tangible net asset value per share, after taking cognisance of the new accounting requirements and the increased number of weighted shares in issue, amounts to 915 cents (866 cents last year). Interest-bearing debt reduced to R341,1 million (R493,7 million last year), a substantial reduction of R152,6 million. The debt to group equity ratio is now down to 29% compared to 44% last year.

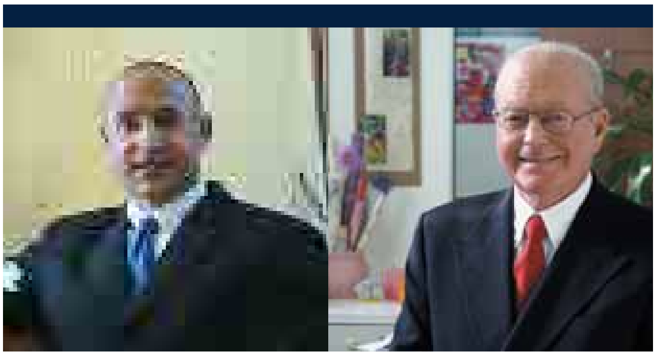
Included in this report is a chart that details revenue, total tangible assets and the return thereon, per business segment.

TRADING CONDITIONS AND EXPORTS

As anticipated, 2004 was a challenging year. Trading conditions for the first eight months of the year were difficult. The strength of the Rand was a major contributing factor. Trading improved during the last four months to June 2004.

Local retailers used the Rand's strength to import products directly. Exports of apparel reduced by 13,5% to R338 million (R391 million last year), constituting 19% of apparel business, compared to 22,7% the previous year. The group's long-term objective with regard to apparel exports remains at 25% of production. Direct textile exports reduced by 46,1% to R57,1 million (last year R105,9 million).

Total exports of both clothing and textiles amounted to R395 million (R497 million last year), a reduction of 20,4% - please refer to the export report on page 17 for further information.



DIVIDEND POLICY

Positive cash flows have resulted in a significant reduction in borrowings, which has allowed the group's dividend cover policy to be revised to 4,3 times on headline earnings. The board has therefore proposed the payment of an unchanged dividend of 14 cents per share in respect of the year under review, which proposal will require confirmation at the annual general meeting.

SOUTH AFRICAN SOCIO-ECONOMIC SCENARIO

Imports

The continued strong performance of the Rand against the currencies of our major export markets remains a key obstacle to sustainable exports. The extraordinary increases in the levels of imports continue unabated. Imports of clothing for the period January to May 2004 were R1,34 billion, an increase of 59% on the R843,9 million for the full twelve month period in 2003. Projecting this trend, the increase of imported goods is likely to exceed the hundred percent level for 2004. This is an untenable state of affairs which will have a damaging impact on domestic manufacturers and jobs.

During the period under review, the total volume of all textile category imports from all countries increased by some 12%, while the value decreased by 3%. Approximately 85% of all knitted and woven imports in volume and 73% in value originated from China.

In volume terms, imports from China increased by 92%, totalling 53,6 million units in the three month period from January to March 2004. Of the total value of imports of apparel for the period January to May 2004 (R1,34 billion) China accounts for R992,4 million. This makes its share of total garment imports to South Africa a staggering 74,1%. The Clothing Trade Council (CloTrade) has estimated that on an annualised basis this equates to approximately 90 000 jobs. Although it would be unrealistic to believe all imports could be replaced, it would still equate to at least 45 000 additional jobs if the level of imports returned to the level of 2003. In global terms, China has now increased its share of the world apparel market in the categories released from quotas from 9% in 2001 to 65% in March 2004, whilst prices have been reduced by 48% on average.

Last year 20 000 jobs were lost in the South African clothing and textile industries, causing economic hardship for up to 200 000 dependants.

It is a matter of the utmost urgency for our government and the World Trade Organisation to implement immediate measures to deal with the pending crisis associated with the expiry of the quotas. CloTrade has called for the implementation of automatic and seamless transitional safeguard mechanisms to prevent massive disruptive surges in trade from countries such as China. In this regard the reintroduction of a minimum specific duty regime is strongly recommended.

We welcome the remarks recently made by the Minister of Trade & Industry, Mr Mandisi Mpahlwa: "China is already flooding the South African clothing and textile market with goods produced by exploited workers. Jobs need to be protected – that's the first thing."

Industry Bodies

The Clothing Industry Export Council (CIEC) continues to operate effectively. CloTrade represents the industry at government levels. It deals only with trade and tariff issues. It is a member-driven organisation, similarly constituted to the CIEC.

The South African Clothing Employers Federation (SACLEF) is an employer body representing the industry at NEDLAC and in labour/SETA matters. Its membership comprises the regional associations, such as the Cape Clothing Association and the Natal Clothing Manufacturers Association.

The National Bargaining Council (NBC) for the clothing industry, which has been in existence for one year, provided a vehicle for the successful conclusion of this year's wage negotiations. The ultimate success of the NBC will be determined by the extent to which employers who do not pay legislated wages are brought into line. A sensible agreement on a flexible wage model for the industry at large has now also become a priority. All stakeholders are urged to give this matter urgent attention as both compliance and regulated flexibility should feature in our labour market policies.

Textile and Clothing Industry Development Council (TCDC)

The TCDC was formally established during the first quarter of this year following lengthy deliberations between government, the Textile Federation and the clothing industry. The main purpose of the Council is to provide a platform for government and the sectors to jointly develop and manage sustainable strategies for the clothing and textile industries. In accordance with the long-standing position held by the previous Minister of Trade & Industry, Mr Alec Erwin, the TCDC represents, for the first time, a consensus decision-making body charged with the duty to recommend policy to the Minister for the clothing and textile pipeline.

Customs Control

An industry forum has been created in which industry stakeholders, including SARS, continue to meet on a regular basis. SARS is to be congratulated on the enormous strides it continues to make in eliminating illegal imports. Numerous points have been noted for future action, including the shredding of confiscated goods, reduction of points of entry, technology improvements, and the elimination of all concessions on second-hand clothing.

South African Customs Union (SACU)

Negotiations are ongoing with the United States with a view to establishing a bilateral free trade agreement between it and the SACU. Regrettably, progress has been very slow, and the goal of an agreement by the end of 2004 appears remote.

Africa Growth and Opportunity Act (AGOA)

It was recently announced in Washington that all parties had agreed to introduce the AGOA Acceleration Act. This will enact the key aspects of the AGOA III discussions. The legislation provides for the extension of AGOA's authorisation from 2008 to 2015.

Duty Credit Certificate Scheme (DCCS)

A special task team was established to formulate a joint textile and clothing industry position to government on the future structure of the DCCS. The current scheme is due to expire at the end of March 2005. The services of Dr Justin Barnes have been retained to facilitate these deliberations. His experience in developing the Motor Industry Development Program will be valuable in drafting and formulating a World Trade Organisation (WTO) compliant scheme to succeed the DCCS after March 2005. This task is critical to the continued viability of our exports. The conclusion and finality of all aspects of this scheme is a matter of the utmost urgency, as exporters are obliged to quote prices some six to nine months in advance. The current state of uncertainty does not encourage a long-term view and commitment to export markets, and is potentially highly prejudicial to the job security of significant numbers of employees.

Country of Origin Labelling

After many years of lobbying, legislation has finally been tabled which will make it illegal for any item of clothing to be offered for sale in South Africa without bearing a label that can be clearly seen and which indicates its country of origin. This will apply to both imported goods as well as goods manufactured domestically.

Importers of garments will have to ensure that all imported garments have a sewn-in label in a conspicuous position indicating the country of origin together with their SARS Customs Importer's registration number. Failure to meet these requirements will result in SARS Customs detaining the goods at the port of entry.

Proudly South African Campaign

It is pleasing to note that industry stakeholders, including organised labour, are continuing to promote this campaign in order to counter the effects of imported apparel.

Istanbul Declaration

The Istanbul Declaration was recently signed by textile and clothing employer bodies from 33 different countries. The Declaration was presented to the WTO, requesting a three year extension to the 1st January 2005 withdrawal of quotas from China. As anticipated, the flood of cheap imports from China threatens to swamp world trade, leading to what was recently described as a "catastrophic transfer of wealth" and the loss of nearly 30 million jobs worldwide. The transition to open textile and clothing markets should proceed with caution and in a manner that serves the original WTO intent to create conditions of fair, open and equitable trade. The Declaration specifically says that the intent of the WTO was

"…specifically to benefit developing and least developed countries, many of which will now suffer greatly from the current quota phase-out". Both CloTrade and TexFed are signatories to the Declaration and will continue to play a role in lobbying and influencing decision makers to establish a more equitable trade policy environment.

Clothing Benchmarking and Cluster Development Initiatives

In order to counter the threats confronting the clothing industry and to maximise the opportunities that do exist, a joint venture has been established between the Western Cape Provincial government and regional clothing manufacturers. The intention is to conduct benchmarks for firms in the industry, to explore joint interventions, to enhance competitiveness and to foster greater strategic collaboration within the industry.

A further initiative launched on 21 June 2004 was a Cape Clothing Cluster that will follow the same principles that have been used very successfully in the automotive industry in KwaZulu-Natal. Dr Justin Barnes is leading the establishment of the clothing cluster initiative. At the launch in Cape Town he emphasised that the program will not be a "quick fix" for the industry's problems. However, it will, over a period of time, fundamentally upgrade the competitiveness of participating firms through benchmarking, shared learning and collective knowledge creation processes.

STRUCTURE OF THE GROUP

The group's structure and trading divisions are listed elsewhere in this document. The majority of the textile and clothing divisions are located in KwaZulu-Natal and the Western Cape, as is Prima Toys. Sharp Electronics is primarily located in the Western Cape and Gauteng, and Harven Manufacturing Company is based in Bulawayo, Zimbabwe.

ASSET PROTECTION PROGRAM

The group complies with all the provisions of the Occupational Health & Safety Act (OHSACT). In terms of group policy, the insured value of the group's assets is constantly revised in order to ensure that they are fully protected against loss. Land and buildings are revalued every five years by an independent valuer. The group's insurance brokers professionally monitor its self-insurance and risk management program, and all major catastrophic risks are reinsured.

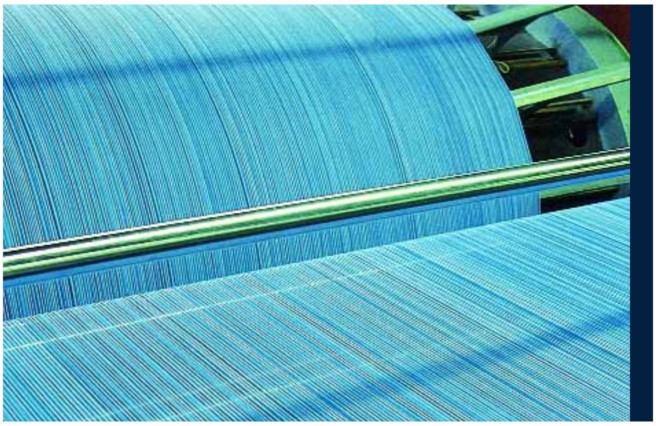
The group's risk management philosophy and risk management strategy can be found on the inside back cover of this report.

HUMAN RESOURCES AND EMPOWERMENT

It has always been group policy to be an equal opportunity employer. Promotion and succession planning is on merit at all levels of activity. Skills transfer and empowerment are being addressed within this framework. A detailed report on this important aspect of group activity appears on page 18.

KEY SUCCESS FACTORS

The key success factors of the group are its personnel and management, combined with excellent product ranges, emphasis on consumer service, quality and innovative merchandise and customer



relationships of long standing. Employees are encouraged to increase their skills levels by attending courses at technikons and universities, for which bursaries are available, and are helped to realise their full potential in a challenging and invigorating working environment. Management and staff are fully committed to the group's stated objectives, good corporate governance, its risk management philosophy and its mission statement, all of which are published documents.

ENVIRONMENTAL ISSUES, TECHNOLOGY, RESEARCH AND DEVELOPMENT

Our textile divisions are ISO 9001/2000 accredited and continuously strive to attain ISO 14000, a process which we hope to achieve during the year. Together with the University of Natal, we continue with our initiative to meet the concept of cleaner production and waste minimisation, and ISO 9001/2000 is now an integral part of our management culture.

In order to maintain its leadership role in the areas in which it operates, the group has maintained its level of investment in the latest technology and new equipment to ensure that it will sustain its high standards in its manufacturing processes. Seardel constantly strives to ensure that its products are environmentally friendly and non-toxic, and that it has the manufacturing capacity and technological expertise to meet customer demands.

All new equipment is designed to exceed international environmental impact parameters and, with this in mind, existing plant and equipment is constantly upgraded. The group's long-term planning and investment program ensures that it has access to the cutting edge of technology and that it is able to manufacture products that are not harmful to the environment.

Our commitment to enhancing the environment is evidenced by our donations policy, which provides funds amongst others to the African Institute for Mathematical Sciences, the Fairest Cape Association, the Endangered Wildlife Trust and the World Wildlife Foundation, and its investment in the Conservation Corporation of Africa.

PROSPECTS FOR THE 2005 FINANCIAL YEAR

The group has been actively and aggressively reorganising its manufacturing resources during the past year. This has unfortunately led to job losses in certain areas. The result of this exercise is a leaner

Report by the Chairman and the Chief Executive Officer

organisation that is better geared to take advantage of any increase in trading activity. Notwithstanding the strength of the Rand, the group is reasonably well placed for the 2005 financial year.

The inflation targets set by the South African Reserve Bank have been attained. Interest rates are now more realistic. Both these factors bode well for the South African economy. It is perhaps necessary to further stimulate growth, which would create more job opportunities. Whilst the group, in the main, performed well under difficult conditions during the year under review, certain areas require further attention. It is essential that suitable margins are obtained on all the group's products. The return on total tangible assets is still not at a satisfactory level.

We are aware that returns to stakeholders need to be improved. The achievement of this objective will be an important focus for management and the board.

Revenue for the first two months of the 2005 financial year amounted to R643 million, an increase of 1,8% compared with last year.

ACKNOWLEDGMENTS

We would like to express our appreciation and thanks to our colleagues on the board, executives, managing directors and their management teams and all employees for their efforts, loyalty, co-operation and support during the past year. These are both recognised and appreciated.

Our thanks go to our customers and suppliers for their support, our bankers for their co-operation, assistance and service and our auditors, legal advisors and consultants for conscientiously carrying out their duties.

NEIL LAZARUS
(Chairman)
Cape Town, 27 September 2004

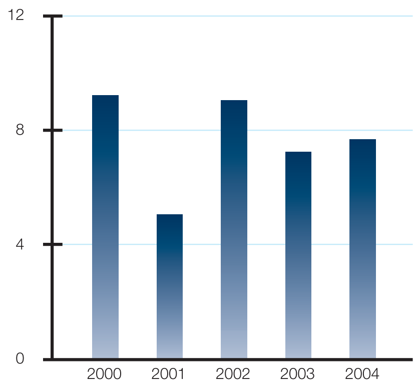
AARON SEARLL
(Chief Executive Officer)

REVENUE, TOTAL TANGIBLE ASSETS (excluding cash) AND RETURN ON TOTAL TANGIBLE ASSETS

Business segment	Revenue				Total tangible assets				Return on total tangible assets	
	2004 Rm	%	2003 Rm	%	**2004 Rm**	%	2003 Rm	%	**2004 %**	2003 %
Textiles	**1 506**	40	1 822	45	**1 305**	57	1 400	58	**4**	7
Apparel and household textiles	**1 759**	47	1 701	43	**697**	30	737	30	**11**	4
Office automation and consumer electronics	**251**	7	253	6	**151**	7	149	6	**17**	15
Toys	**138**	3	124	3	**59**	3	61	3	**22**	18
Industrial products	**140**	3	131	3	**79**	3	86	3	**13**	9
	R3 794	100	R4 031	100	**R2 291**	100	R2 433	100	**8**	7
2002	**R3 564**				**R2 425**				**9**	
2001	**R2 550**				**R2 285**				**5**	
2000	**R1 895**				**R1 050**				**9**	

REVENUE AND TOTAL TANGIBLE ASSETS *(rand millions)*

RETURN ON TOTAL TANGIBLE ASSETS *(%)*



Corporate History

FINANCIAL YEARS 1969-2004

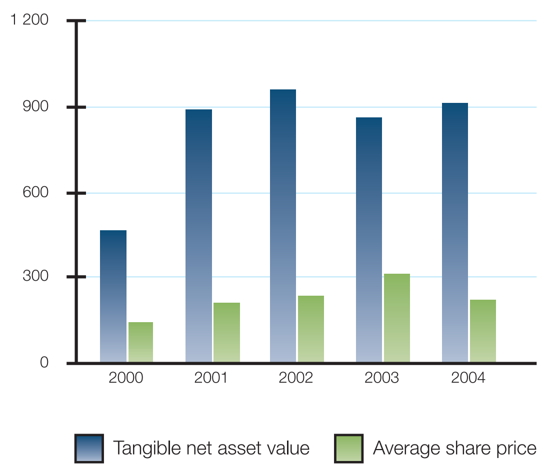
The Seardel Group was conceived in 1957 by Aaron Searll with the purchase of 66,7% of Elatta Manufacturing Company (Pty) Ltd for R500. It was subsequently renamed Venus Clothing Company (Pty) Ltd. This company manufactured nurses' caps and bras, and employed 15 people with an annual revenue of R31 156. Then followed the acquisition in 1967 of a controlling interest in Desirée Lingerie Holdings Ltd ("Desirée"). Desirée acquired a number of apparel manufacturing operations in the Cape and Natal over a period of time.

Seardel was incorporated on 25 September 1968 as an investment holding company for the purpose of acquiring 50% of the issued share capital of Desirée. Seardel then acquired or restructured in the following years:

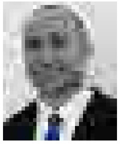
1978 The remaining Desirée minority shareholders.
1979 Charmfit Holdings Ltd together with its subsidiary, Prima Toys (Pty) Ltd.
1981 A controlling interest in Sharp Electronics (South Africa) (Pty) Ltd.
1982 Dubin Investments Ltd, which owned amongst others South African Clothing Industries Ltd.
1989 The Bonwit clothing manufacturing business from Woolworths.
1992 A controlling interest in Frame Group Holdings Ltd in partnership with Gregory Knitting Mills.
1994 The Sharp Electronics division was separately listed on the Johannesburg Stock Exchange under the name Seartec Ltd.
1996 The remaining 50% in Bibette (Pty) Ltd.
1998 The Prima Toys division was separately listed on the Johannesburg Stock Exchange under the name Prima Toy & Leisure Group Ltd.
2001 Frame Group Ltd became a 100% owned subsidiary of Seardel following a successful bid to all minorities.
Prima Toy & Leisure Group Ltd became a 100% owned subsidiary of Seardel following a successful offer to all shareholders.
Seartec Ltd became a 100% owned subsidiary of Seardel following a successful offer to minority shareholders.

Annual revenue is now R3,8 billion, total employees 16 925.

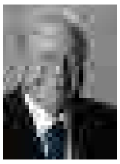
TANGIBLE NET ASSET VALUE vs SHARE PRICE *(cents per share)*



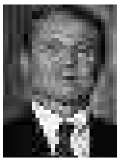
Directors



NEIL LAZARUS CHAIRMAN SC BA, LLB (WITS)
Non-executive director. South African-born advocate Lazarus practised as a senior counsel at the Johannesburg Bar. He is an executive director of Corpcapital Limited. Age 46.



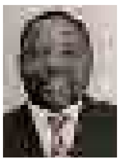
DR AARON SEARLL CHIEF EXECUTIVE OFFICER D.B.A. (SWITZ)
Chief executive officer of the Seardel group of companies. Dr Searll is South African-born and has been a director since September 1968. He attended the Business School in Lausanne and was awarded a Doctorate in Business Administration. He also holds a certificate in the theory of accountancy from the University of Witwatersrand. He is a qualified jet pilot and in March 1994 he was appointed Honorary Colonel 35 Squadron SAAF. He is also a past president of the National Clothing Federation. Age 73.



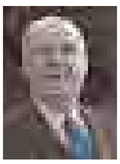
KENNETH ALEXANDER BLUMBERG B.Sc., M.B.A.
Non-executive director, joined the board in June 1976. He holds a B.Sc. in chemical engineering from London University and an M.B.A. from Harvard University. Mr Blumberg is South African-born. Age 62.

TINA EBOKA IND. ENG., TEX. ENG., MBA, (USA)
South African-born non-executive board member, appointed in October 2000. Mrs. Eboka is currently vice-president of the Council for Scientific and Industrial Research and is also a director of Edcon. Age 45.

ARTHUR DANIEL JACOBSON C.A. (SA), CFA (SA), ACT (SA)
Executive director, involved in finance and administration. Mr Jacobson is South African-born and has been associated with the Seardel group for 28 years. He was appointed to the board in August 1992. Age 65.



MATAMELA CYRIL RAMAPHOSA B.PROC
Non-executive director, appointed to the board in October 2001. He is currently chairman of Johnnic and executive deputy chairman of Rebserve Holdings. He serves as non-executive director of a number of other companies, including SAB Plc, MTN Holdings, Macsteel, Firstrand and Sasria. Age 52.



WALTER SIMEONI (AUS)
Director of Seardel since February 2001 and managing director of the Frame Group since December 1990. He is also a director of Cotton SA (previously the Cotton Board), President of the South African Textile Federation, former Chairman of the South Africa Cotton Textile Manufacturers' Association and a member of the Durban Chamber of Commerce and Industry. Mr Simeoni was appointed junior vice president of the International Textile Manufacturers Federation on 1 November 2002. The Management Institute of Southern Africa has awarded him a fellowship for his contribution to commerce and industry. He was born and educated in Austria and has 39 years experience in the textile industry. Age 60.

Seardel Investment Corporation Limited

Textile Division

CONTRIBUTION TO REVENUE 40% (2003: 45%)
PROFIT FROM OPERATIONS 29% (2003: 61%)

A Searll (Chairman), W Simeoni (Managing director).

Textile manufacturers, distributing under various brand names, including: Cotton Co, Double Life, Fabella Fabrics, Fibreline, Fineweave, Horrockses, Limited Edition, Masters Bedlinen, Masters Exclusive, Vantona.

OVERVIEW BY WALTER SIMEONI, MANAGING DIRECTOR

THE COMPANY

Frame remains one of the premier vertically integrated textile manufacturers in sub-Saharan Africa, producing a wide spectrum of textile products using a multitude of different technology applications. The product range includes yarns made from wool and cotton as well as blends thereof in a wide range of counts.

The fabric forming divisions use circular knitting, weaving and nonwoven technologies to produce substrates which cater for the apparel, denim, workwear, industrial, medical, household and technical textile markets, both locally and internationally.

A chemical division produces precursor materials for the adhesive, paint, water treatment and textile industries.

RESULTS

This was a disappointing year, in which we saw a reduction in both volume and margins.

The continuing strength of our currency, linked to a vacillating range within a 5 percentage point band, played havoc within our industry. During the financial year, some 20 textile and clothing companies either closed partially or in their entirety, while virtually all others, including some Frame divisions, retrenched staff.

What was, and continues to be, of concern is the fact that the pressure came not only from the strengthening of our currency, but also from a considerable reduction in US Dollar prices for textile and clothing products, which was initiated by China's aggressive marketing strategy to which all other competitors in the East yielded.

Closer to home, the threat was from yarn imports from Zimbabwe which landed in the local market at dumped prices, due to artificially managed low cotton lint prices available to Zimbabwean spinners and their employment costs, which are a fraction of ours.

All the above resulted in a 17% reduction in revenue, while operating income reduced by R63,1 million or 55% to R52,3 million. The result was also negatively impacted by retrenchment costs of R11,5 million.

While our household textile, nonwoven, knitting and chemical divisions produced excellent results, our woven fabric and spinning divisions operated under considerable margin pressure. Frame Denim, Berg River Textiles and Hextex, our worsted division, reported losses which were responsible for the poor results. On the positive side, however, we achieved a reduction in inventory levels, as well as a positive cash flow.

HUMAN RESOURCES

It is the consistent application of sound human resource policies and interaction with our people which create a value system shared by all of us, regardless of our own cultural background.

Conformance to all legislated requirements such as the Basic Conditions of Employment Act, the Skills Development Act, the Labour Relations Act and the Employment Equity Act is practised and driven by the CEO's of each division, always mindful that allocation of responsibilities must be competency based, while taking care of succession planning.

Automation and the relocation of high performance assets to mills with a high resource utilisation factor, together with our mission to achieve critical mass and productivity improvements, led to a reduction in employment levels by 10% to 4 375. Annual labour turnover and absenteeism remained at previous levels.

Care for our employees, which includes education, training, sound environmental and Occupational Health and Safety Act conformance, health care and housing assistance, as well as an HIV/Aids prevention policy with a basic first stage treatment concept, constitute the foundation upon which we build value for our customers.

A more detailed analysis can be found on pages 18 and 19.

TRAINING

Great strides have been achieved in enriching the knowledge base of all our employees, who participated in 11 282 training events. More detail is disclosed in the report on human resources on page 19.

To quote John L Mason: "Don't let your learning lead to knowledge, let your learning lead to action."

EXPORTS

Both direct and indirect exports at R160 million, or 10,7% of revenue, decreased by R131 million, or 45%, if compared to the R291 million achieved in the previous year.

Over the period June 2003 to the beginning of August 2004, our currency strengthened to the point where it now costs 28% less to buy the Pakistan Rupee, 24% less to buy the Korean Won and Thai Baht, 40% less to buy the Indonesian Rupiah, 32% less to buy the Philippine Peso, 25% less to buy the Singaporean Dollar and 35% less to buy the Brazilian Real. In fact only the British Pound, the Euro and the Japanese Yen depreciated between 15-18% against the Rand; the rest depreciated by greater than 22%.

The above clearly illustrates the handicap for direct and indirect exports, as well as the competition we face against imported products.

Although considerable export opportunities exist, these can only be fully realised once the Rand begins to weaken.

In spite of the Rand strength crisis, we have continued to develop technical textiles for the export market, which are now in the approval stage and, if the currency moves to R8,5 to the Euro, then a major contribution to the performance of the spinning and fabric divisions will be achieved.

Textile Division

IMPORTS

During the period under review, total volume of all textile category imports from all countries increased by some 12%, while the value decreased by 3%. Approximately 85% of all knitted and woven imports in volume and 73% in value originated from China. What is, however, of even greater concern is the fact that garment imports from China increased by 73,6% in value and 85% in volume.

Although SARS and its customs and excise division is making commendable efforts to reduce fraudulent practices, it is under-invoicing, mainly from China, but also from Pakistan, India and Turkey (at prices which one cannot even buy a fraction of the raw material required to produce the relevant goods), which causes damage to our Industry.

TECHNOLOGY

Internal restructuring to improve material flows, create critical mass and eliminate duplication received major attention throughout the past year and will continue to do so in the future. Further automation in our household and knitting divisions has shown the desired result.

The implementation of an additional new technology in our nonwoven division, as well as technical and infra-structural changes at our chemical division are exciting projects which, on completion during the last quarter of the 2005 financial year, will add meaningful value to the performance of these divisions.

Additional investment in spinning and weaving will ensure further enhancement of our already high product quality, while further decreasing the unit cost. During the past year, R51 million has been spent on capital expenditure and it is planned to increase this amount in the 2004/2005 financial year.

The creation of a Research and Development Council in July 2004 will aim to add value to the Frame group by seeking creative and innovative solutions to current technological and design challenges, while simultaneously expanding product horizons and associated business opportunities.

To quote Albert Einstein: "Imagination is more important than knowledge, for knowledge is limited while imagination embraces the entire world."

ENVIRONMENT

All divisions are ISO 9001/2000 accredited and major strides have been made in working towards ISO 14000 accreditation.

FUTURE TRADING

A difficult year has come to an end and, while the results were disappointing, they were not unexpected due to the prevailing trading conditions within our industry. Our plans and actions were insufficient to deal with the consequences of our currency's strength and the associated increase in legal and illegal imports.

Restructuring within the loss making divisions is expected to show the desired result. However, the recent unexpected collapse of world cotton prices, as well as the imposition of duties on cotton fibres purchased outside the SADC states, will negatively impact the financial performance of the woven and yarn producing divisions. The massive increase in the price of crude oil will make itself felt over the next few months, as all carbon-based products, from man-made fibres to chemicals and dyes, as well as packing materials, to mention a few, will continue to put pressure on our margins. Further reorganisation, which will take place over the next nine months, will result in greater cost effectiveness within our spinning division.

While only a weakening of our currency will ensure a return to previously achieved results, we are confident that the 2004/2005 financial year will show meaningful improvements, especially in the second half, if compared to the year under review.

To quote Napoleon Hill: "When defeat has come, accept it as a signal that your plans were not sound enough, and proceed to rebuild those plans and set sail once more towards your coveted goal."

To quote Dale Carnegie: "The successful man will profit from not having achieved his goals and try again in a different way."

APPRECIATION

A warm welcome to our new chairman, who no doubt will bring additional knowledge and wisdom to the Seardel board. To our board members, and particularly to the group CEO, a big thank you for providing calm and collected leadership during these difficult periods.

My fellow directors, executives, management and staff have shown how important teamwork is during challenging and trying times as, without their full commitment and extra efforts, our results would have been worse. In addition, those who were at the helm of loss-making divisions had to deal with not only external "heavy seas", but also the pressure from the internal engine room. Restructuring and putting new plans into operation is never easy under any circumstances and I wish to thank them for holding up and turning the tide with confidence and renewed vigour.

My thanks and appreciation go to all employees, from the ones who continue to make us proud through their housekeeping efforts when we show our clean and tidy mills to customers, to operators, artisans, supervisors, foremen, departmental heads, mill managers and more specifically to our secretaries, sales, marketing, quality assurance, training, personnel, purchasing, stores, loss control and manufacturing executives.

I wish to thank our suppliers and service providers, who are part of our team effort to meet our strategic objectives, specifically for showing understanding and responding appropriately to the dynamics of a volatile and ever strengthening exchange rate and its effect on the supply chain.

To our trade union, thank you for your support and pragmatism shown in these difficult times. The success of a human partnership relies on the ability of all participants to show restraint, compassion and a clear understanding of the real issues at stake. It is this understanding that will ensure that we, as a group, will continue to provide a future for all our stakeholders.

To all our customers, but specifically to those who have continued to support us and have valued our service and commitment, a big thank you for your support. We will reward you on the way forward with the loyalty that has become the glue in our partnership.

To quote Theodore Roosevelt: "Far better is it to dare mighty things, to win glorious triumphs, even though chequered by failure, than to rank with those poor spirits who neither enjoy nor suffer much, because they live in the grey twilight that knows neither victory nor defeat."

Apparel and Household Textile Division

CONTRIBUTION TO REVENUE 47% (2003: 43%)
PROFIT FROM OPERATIONS 44% (2003: 17%)

CHARMFIT DIVISION
Chief executive: R L Richter (Managing director).

Manufacturers of foundationwear, lingerie, swimwear, active sportswear and household textiles.

Retailing under brand names: Triumph International, Bee Dees, Tri-Action, Maximiser.

Due to low interest rates and the tax cuts, consumer spending was buoyant. Sales budgets were achieved and market share gained.

All our ranges were well accepted in the market place and the summer ranges in particular created great excitement. Therefore, we are confident looking ahead. Imports, however, still pose a serious threat to job creation.

The business would not thrive if it did not recognise the contribution of its entire workforce. Consequently, Charmfit continues to work towards an environment that gives its people the opportunity to optimise their efforts and further their personal growth. The directors thank all staff for their incredible contribution.

BONWIT DIVISION
Managing director: P Womersley

The restructuring exercise that started last year at Bonwit is bearing fruit, and substantial progress has been made over the past twelve months in product design, quality and deliveries.

Major work has been done on improving margins and reducing waste and rejects. Improved productivity and factory planning has done much to reduce overtime and rework.

Budget revenues and contribution were not achieved but the division showed positive improvement and turnaround in both areas.

Management has budgeted for further improvement in both revenue and contribution for the coming year. They are well motivated and confident for the future.

Apparel and Household Textile Division

DESIRÉE DIVISION
Chief executives: Dr A Searll (Chairman), Dr G C de Bruin.

Manufacturers, retailing under brand names as detailed: After Dark, Balu, Cygnet, Dermar, Desirée, Gear Up, JBS, Little Number, Monviso, Pennywise, Prestige Lingerie, Rock Island, Speedo, Surfphobia, Thermostar, Wild Thing.

Divisions: Balu Design Centre, Balu Handpainting, Bibette, Cape Underwear Manufacturers, Cygnet Manufacturing Company, Dermar Design Centre, Little Number, Monviso Knitwear, Prestige Clothing Manufacturers.

Operating results in the main reflected an improved trading position, with most divisions showing positive results, especially during the second half of the financial year. Management performed satisfactorily, notwithstanding that margins were constantly under pressure, and certain manufacturing entities that were not meeting targets were consolidated, restructured and, in some cases, relocated. The Cape Underwear, Bibette and Cygnet divisions reported considerable improvements in operating profits compared with the previous year.

The division has the benefit of being close to its markets and this, combined with flexibility, quick response and short lead times, is one of the economic factors that cannot be matched by imported merchandise and contributes to the division's overall success rate.

Hidden costs of importing by retailers include financing, loss of flexibility, quality control, distance from markets, returns to manufacturers, re-labelling, repackaging, etc.

Whilst the benefits of AGOA are meaningful, they were unfortunately negated by the constant strengthening of the Rand throughout the reporting period. This resulted in exports to the United States of America being halted for the time being, pending a reversal of this trend. Nonetheless, exports to the United Kingdom and the European Union continued as before. Overall, there was a reduction in the volumes delivered.

The group continues to reinvest in technology to ensure international competitiveness.

Comprehensive details of the group's employment equity plans and training programs can be found in the human resources section of this document on page 18.

S A CLOTHING DIVISION:
Chief executive: M Schaffer (Chairman).

Manufacturers, retailing under brand names: Brooksfield, Cambridge, Danies, Jonty's, Man About Town, Pierre Cardin, Polo.

The results for the year were considered satisfactory. The main contribution came from the menswear division, which turned in an excellent performance. The ladieswear and Durban Clothing divisions were particularly disappointing however, mainly as a result of the strengthening of the Rand, which had a significant impact on exports in these two areas of operation. The group was cash positive, and working capital levels were well controlled.

Looking ahead, the ongoing strengthening of the Rand will continue to make exporting extremely difficult and accordingly the ladieswear factory is being relocated to a lower labour cost area in Ladysmith to ensure continued viability. Similarly, the Durban Clothing division is re-examining its cost base and has cut back significantly on exports to the United States of America and, to a lesser extent, the United Kingdom.

Office Automation and Consumer Electronics Division

CONTRIBUTIONS TO REVENUE 7% (2003: 6%)
PROFIT FROM OPERATIONS 14% (2003: 12%)

SHARP ELECTRONICS AND SCRIPTO – DIVISIONS OF SEARTEC INDUSTRIES (Pty) LIMITED.

Chief executives: Dr G C de Bruin (Executive chairman),
Mr T J S Atkinson (Managing director).

Brand names: Sharp, Scripto, Musashi, Inoxcrom, Rotomac, Zebra.

Sharp Products: Coin and note counting machines, coin wrapping machines, digital photocopiers and related accessories, electronic cash registers and ‘point of sale’ systems, electronic calculators, electronic organisers, fax machines, microwave ovens.

Scripto Products: Ball pens and clutch pencils, rulers, sharpeners and erasers, back-to-school multipacks, Inoxcrom writing instruments, Protea playing cards, Scripto tape, correction tape, markers, Rotomac pens and Zebra pens.

Revenue was slightly below the previous year, but operating income increased substantially so, overall, it was a very acceptable result in a year with good consumer take-off and a fairly volatile exchange rate.

The Office Automation division had a good trading year with carefully managed margins and a positive control over operating expenses. This division achieved an excellent increased contribution to profitability when compared to the previous year.

The Consumer Products division performed very well, with increased revenue and a significant increase in contribution. The Scripto division also reported improved revenue and profit margins.

Seartec’s asset management proved to be exemplary this year, with a further reduction in inventory levels and only a marginal increase in debtors. Therefore, operating cash flow was greatly enhanced and a further reduced interest bill was evident.

The marketing and sales expertise exhibited by Seartec alongside the flow of exciting new and existing products from Sharp, Japan, augur well for another positive year.

Toy Division

CONTRIBUTION TO REVENUE 3% (2003: 3%)
PROFIT FROM OPERATIONS 8% (2003: 6%)

PRIMA TOY AND LEISURE TRADING (PTY) LIMITED
Chief executives: S H Diamond (Chairman),
J Diamond (Managing director).

The company is involved in the manufacture and distribution of a wide range of toys, games and stationery to retail chains and allied outlets on a national basis. Prima acts as the exclusive distributor for a number of leading international manufacturers, as well as licensee for a variety of international and local brands and characters.

The major products supplied by Prima include: action toys, activity games, balloons, balls, beach toys, books, bubbles, character figurines, children's computers, die cast cars, dolls, electronic games and toys, gifts, marbles, paper, partyware, plastic sports equipment, plastic toys, plush characters and teddies, puzzles, rack toys, ride-ons, soft building blocks, soft toys, stationery, tea sets, stickers, trading cards, and wooden educational puzzles.

The leading brands and characters distributed by the company include: Action Man, Aqua Pets, Baby Amore, Barbie, Battleships, Beyblades, B-Loony, Bob The Builder, Bratz, Bratz Dolls, Butterfly, Caillou, Care Bears, Clementoni Puzzles, Cluedo, Cranium Game, Disney Princess, Dragonball Z, Electric Ride-ons, Empire Books, Garfield Plush, Guess Who, Halloween, Jenga, Jungle Book, Kasparov Chess, Lion King, Lord of the Rings, Mad Magazine Game, Majorette, Mastermind, Mega Bloks, Mickey, Monopoly, Mouse Trap, Nak Nak, Paperchase, Phat Boyz, Pictionary, Playmobil, Playskool, Pooh, Power Rangers, Projax, Risk, Rummikub, Sindy, Spider-Man, Stinkblasters, Strawberry Shortcake, Sugar Planet, Super Soakers, Teenage Mutant Ninja Turtles, Toy Story, Transformers, Trivial Pursuit, Twister and WWE.

The major international licensors and principals represented by Prima include: Applause, Bandai, Bburago, Clemmy Blocks, Commonwealth Toys, Cranium, Disney, Early Childhood Publications, Famosa, Flying Colours, Giochi Preziosi, Grafix, Hasbro, Irwin Toys, Jakks Pacific, Larami, Leap Frog, MGA, Mattel, Meg, Milton Bradley, Ohio Art, Parker Bros., Pedigree, Play Along, Playmates, Powell Marketing Group, Pressman Toys, Ripcurl, Seattle Games, Steinbeis, Synergy, Tonka, Toymax, Toy Options, Uneeda, V-Tech, Vivid Imaginations, Wild Planet, Zweekform.

Prima enjoyed a satisfactory year of trading. Management is committed to further improvements in profitability and in achieving its goals.

Prima continues to market leading international and local brands and characters. Management is constantly on the lookout for new and exciting products to enhance its already extensive range in order to further consolidate its position in the market place and to secure Prima's long-term future as Southern Africa's leading toy and game distributor.

Nonwoven and Quilted Products (Industrial) Divisions

CONTRIBUTION TO REVENUE 3% (2003: 3%)
PROFIT FROM OPERATIONS 5% (2003: 4%)

Chief executives: Dr G C de Bruin (Chairman), C K Capstick-Dale and E Haller (respective managing directors of Brits Textiles, Desirée Quilted Products and Fibre Art).

Manufacturers, retailing under brand names: Blossom Fill, Britbond, Britfill, Cloud Nine, Contour Comfort, Contour Fill, Diweld, Durafil, Fibreform, Fibreskin, Firesista, Homecreations By Desirée, Isotherm, Loomtex, Polyair, Royal Contour, Royal Plumage, Summer Cotton, Thermostar, Ultrabond, Unicurl.

BRITS TEXTILES
The 2004 financial year exhibited an excellent return to growth, and satisfactory results were achieved in both revenue and contribution.

The supply of components to the South African automotive manufacturing sector improved yet again and this, together with very promising sales of other new products such as Isotherm, the division's new nonwoven insulating material, resulted in excellent growth for the year under review.

This is a highly technical industrial division within the Seardel group, and management is looking forward to another good year.

DESIREE QUILTED PRODUCTS
Another satisfactory trading result was posted by this division. Its product ranges of duvets, quilts, pillows and other bedroom accessories are very well accepted, with the division being cited by its retail customers as an excellent supply base. With its principle of excellent asset management and factory efficiencies to manufacture its quality products, another good year is expected.

Property and Travel Divisions and Exports

PROPERTY DIVISION

Chief executive: A Keller (Managing director).

The book value of group properties amounts to approximately R344,7 million and the insured replacement thereof amounts to R2,2 billion. The group's operating divisions are housed mainly in its own properties. A structured maintenance program is in place, with the emphasis on good housekeeping. Training therefore includes fire prevention, security and safety. These procedures are monitored by the group's insurers and are fully endorsed by senior management. It is group policy for all properties to be revalued by an independent valuer every five years for insurance purposes. The next valuation is due in 2005.

A detailed list of the group's property portfolio is available from the group secretary should any shareholder or member of the public require it.

TRAVEL DIVISION

Chief executive: B Kolb (Managing director).

Operating in the Cape, Kwazulu-Natal and Gauteng.

Oceanair, the group's in-house travel division, caters for the travel requirements of the group as well as other clients. It is represented in Cape Town, Durban and Johannesburg.

The industry was in a state of flux during the year under review, with airlines restructuring incentive commissions and the strong Rand having an impact on major overseas clients. Agencies are gradually making up lost revenue from reduced airline commissions by charging a form of service fee to their clients. Our Johannesburg and Durban offices have relocated to new and fresh premises. During the year, Oceanair, along with fourteen other major South African travel agencies, decided to establish an independent consortium, which was successfully launched on 1 September 2004 and is known as the Exel Travel Group. This group is supported by state-of-the-art technology, and we are confident that Oceanair will see substantial income benefits from this restructure in the year to come.

EXPORTS

Local retailers used the Rand's strength to import products direct. Exports of apparel reduced by 13,5% to R338 million (R391 million last year), constituting 19% of apparel business, compared to 22,7% the previous year. The group's long-term objective with regard to apparel exports remains at 25% of production. Direct textile exports reduced by 46,1% to R57,1 million (last year R105,9 million).

Total exports of both clothing and textiles amounted to R395 million (R497 million last year), a reduction of 20,4%.

It was recently announced in Washington that all parties had agreed to introduce the AGOA Acceleration Act. This will enact the key aspects of the AGOA III discussions. The legislation provides for the extension of AGOA's authorisation from 2008 to 2015.

Negotiations are ongoing with the United States with a view to establishing a bilateral free trade agreement between the United States and the South African Customs Union.

Seardel's apparel divisions have no difficulty in complying with the WRAP (Worldwide Responsible Apparel Production) program of the American Apparel and Footwear Association.

The wide range of products manufactured by Seardel's factories enables it to provide a broad base from which international customers can source their requirements. The group's main trading partners are compatible in terms of timeframes, language, business ethics, practices and communication systems. High quality and delivery standards, short runs, flexibility and quick response have enabled the group to compete successfully with Far Eastern suppliers, and these factors are instrumental in the development of new markets. Combined with product innovation, design input, modern production facilities and commitment to excellence, the above compatibilities have enabled Seardel to compete successfully in international markets. However, the strength of the Rand has inhibited export growth and development, resulting in a reduction in volumes, especially to the United States of America.

Human Resources

SOCIAL RESPONSIBILITIES

The group continues to make contributions to charitable, religious, environmental protection and social organisations, specifically in the areas in which it operates. Major recipients are too numerous to list. Stakeholders who require a schedule thereof are requested to communicate with the company secretary. The environmental aspect of the group's products is fully dealt with in the Chairman's report.

Seardel employs 16 925 people. Of these, 1 045 are placed in managerial and administrative positions, 994 in promotion and sales, and the balance in production. The group is an equal opportunity employer. It subscribes fully to its published mission statement, a copy of which appears on page 2 of this document. Disabled persons are offered employment wherever possible.

Seardel contributes significantly to medical aid schemes, housing loan schemes, personal insurance plans and retirement benefit funds, with bursary facilities available to employees wishing to further their education at technikon or university level. The group prides itself on being proactive in instituting innovative personnel practices. See also the directors' report and the cash value added statements for the analysis of the total remuneration bill.

Conformance to all legislated requirements such as the Basic Conditions of Employment Act, the Skills Development Act, the Labour Relations Act and the Employment Equity Act is practised and driven by the chief executive officers of each division, always mindful that allocation of responsibilities must be competency-based while taking care of succession planning.

FRAME TEXTILE GROUP

The group continues to support and make contributions to charitable, religious, environmental protection and social organisations in the areas in which it operates. In total, 87 deserving charities were actively supported by Frame during the year.

In addition to the support given by the Frame group to the above needy organisations, business units adopt and support a charity in the area in which they operate. The management and staff of the various business units have direct involvement with the organisation and often give freely of their own time over weekends to assist these adopted organisations. Donations and support include cash donations, commodities produced by the Frame Textile Group and services provided by Frame personnel.

Manpower

The ongoing improvements in productivity, skills development, automation and the implementation of capital projects, has resulted in employment levels reducing by 10% during the year to 4 375 permanent employees. The strength of the Rand and international competition has forced the textile industry to reduce all input costs, which, unfortunately, has resulted in the reduction of employment levels and employment costs during the year. The annualised labour turnover of 5,9% remained constant when compared with the labour turnover of 5,9% in the previous year. The absenteeism rate increased marginally by 0,5% to 3,1% when compared with the previous financial year.

The Employment Equity Act (EEA) has been implemented and representative Employment Equity Committees operate within the group. Progress is monitored, and statutory returns have been timeously submitted to the Department of Labour. The Department of Labour has acknowledged receipt of the employment equity returns each year, without any queries being lodged since the inception of the Act in 2000.

The group employment equity progress is continually monitored and driven by the employment equity coordinator. Some 42,9% of our employees are female and 91,8% are black, while 31,6% of our management is black. Facilities have been upgraded to ensure that the needs of the physically handicapped are catered for.

Industrial Relations

The group has once again enjoyed labour peace during the financial year. A total of 1 490 manhours, which constitutes 0,01% of the available manhours, were lost due to industrial action during the year.

Annual negotiations on wages and substantive conditions of employment have been protracted due to both the employers and the union having to moderate their constituencies' expectations in order to reach settlement. The responsible and mature approach taken by both the employers and the union resulted in settlement being reached without industrial action in the industry. With the exception of the knitting substantive negotiations, all other weekly paid negotiations have been under the auspices of the National Textile Bargaining Council, which means that the agreements reached within the different sectors can be extended to non parties, which falls within the scope of the industry.

The Southern African Clothing & Textile Workers' Union (SACTWU) is the recognised and representative trade union within the group. Membership of the union has remained constant throughout the year, and our relationship with the union continues to be mature and sound.

Risk Management

The group has recognised the importance and value of a well implemented risk management system. Standards and procedures are in place for all the different facets of a complete risk management system. Records and statistics are maintained and monitored for all matters relating to safety and health, fire defence, security and environmental issues. Safety committees are constituted at each site and meet on a monthly basis to action safety related issues.

Annual, external audits and quarterly internal audits are conducted in line with the risk management standards to ensure that a high level of compliance is maintained.

In line with its policy of continual improvement, the group is in the process of implementing an ISO 14001 environmental management system, which will be implemented initially in the Kwazulu-Natal based operations. The first phase of external audits will be conducted in the first half of the new financial year.

The fight against the HIV Aids pandemic continues. The group policy, which was developed in partnership with the representative trade union, SACTWU, provides for a focused approach, which ensures that those affected can continue to work and enjoy a reasonable quality of life for as long as possible. The positive action in respect of combating the effects of HIV/Aids has resulted in the number of HIV/Aids known or suspected terminations reducing from 46 in 2001/2 to 38 in 2003/4 financial years, while in the 2002/3 financial year, there were only 25 known or suspected HIV Aids terminations. Our HIV/Aids awareness program has also been of critical importance as the group strives to play its part in combating the pandemic.

Training and Development

Frame has continued to invest in the development of its human resources, with skills programs being offered both internally and externally. A number of employees were involved in specialised development, with 272 being enrolled on "N" studies through Technisa, 21 being registered on textile/engineering apprenticeships, 12 undertaking textile technologist studies at the technikons and 13 being registered on SADFA courses. In addition, a significant number of employees were registered on Adult Basic Education (ABET) programs as part of the group's drive to improve its levels of literacy.

The two year Management Development Program reached its climax on Friday 11 June 2004 when 30 employees were awarded their certificates at the graduation ceremony. In addition, 27 managers passed individual modules on the program. The exposure to current business practices on the program has resulted in benefits for both the group and the individuals concerned.

To date, the group has registered 274 individuals on the Textile Learnership program, of which 83 were previously unemployed. 101 have completed their learnerships and received their National Certificates in General Textiles. The majority of those still on the program will receive their certificates early in the new financial year.

In total, 11 282 training events have taken place in the group this year. These have been focused on statutory training, operator training and, significantly, on all aspects of environmentally friendly manufacturing. Underpinning the whole training process has been our ongoing development of a range of technical manuals.

Finally, the group continues to provide major input to the clothing, textile, footwear and leather Sectoral Education and Training Authority (SETA), currently regarded as one of the most effective SETAs in the country.

CLOTHING DIVISIONS

In the year under review, the appreciation and continued strength of the Rand has ensured, as predicted in last year's report, that the core strategy of the group's clothing divisions remains the reduction of unit labour costs to enable effective competition both with imports and in the export market. Therefore, critically directed interventions to achieve improved labour productivity have taken place both at sector and enterprise level in industrial relations, training and development and employment equity. Unfortunately, however, in the KwaZulu-Natal-based divisions this has also necessitated significant organisational restructuring and rationalisation with a consequent reduction in total employment of some 1 400 employees.

Industrial Relations

Whilst the National Bargaining Council (NBC) for the Clothing Manufacturing Industry continues to provide the appropriate regulatory structure for the achievement of the group's core strategy at sector level, its ultimate success will be measured by its response to the sector's rapidly changing labour market dynamics. For example, while agreement exists in principle at the NBC with the representative trade union, SACTWU, on the need to be globally competitive and to develop "new generation" wage agreements focusing on labour productivity,

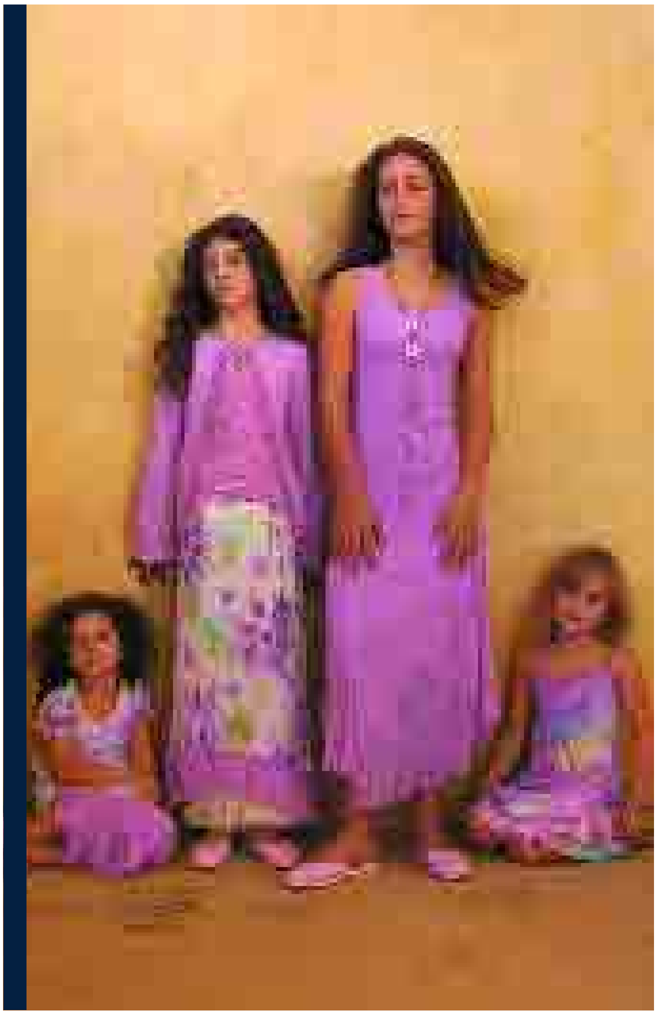
Danielle Hartman (below left) and Mariaan Bezuidenhout (below right) were the most recent recipients of scholarships that are offered by the Seardel Group to students at the Cape Technikon in the fields of Fashion Design and Technology and Clothing Production Management. Fanie de Villiers (centre) goes to seven schools around the country handing out educational posters sponsored by Sharp.

Human Resources

insufficient progress has actually been made. Therefore, it is imperative that agreement be reached on a new wage model as part of a coherent labour cost framework for the sector. This need is critically reinforced by widespread non-compliance with NBC minimum wages and other conditions of employment. Although measures have been agreed with SACTWU to redress this unfair competition, it is estimated that at least half of the sector's employers are still paying below the minimum wage.

Unsurprisingly, given the sector's challenges, this year's industry-wide wage negotiations were protracted and complex but, following four months of negotiations, were successfully concluded in July. It is to the credit both of employers and SACTWU that agreement was reached without the need to resort on either side to coercive measures. The agreed settlement covering the whole of the manufacturing sector provided for a percentage increase to total labour cost ranging from 5% to 7,6%.

Overall, the industrial relations climate within the group's clothing divisions remains positive and the group has largely enjoyed labour peace in the year under review. Inevitably, however, in the KwaZulu-Natal based clothing divisions there has been, at least in the short-term, some adverse effect on employee morale resulting from extensive rationalisation and restructuring. At enterprise level, initiatives are being undertaken within the framework of existing sector-wide agreements to place these divisions on a more internationally competitive footing.



Training and Development

The skills development of employees at all levels remains key to the achievement of the core strategy of the group's clothing divisions.

In pursuance of this strategy, divisional executives actively participate in the SETA and in the formulation of the SETA's rolling three year sectoral skills plan to which divisional workplace skills plans are in turn aligned. Divisional workplace skills plans are also integrated into employment equity programs and in the case of the group's exporting divisions, the training requirement of the Duty Credit Certificate Scheme.

Training interventions undertaken have been primarily focused at supervisory and operator (machinist) level and directed towards supervisory development, multi-skilling and ABET. It is pleasing to note that, in the year under review, every payroll employee has been exposed to at least one training intervention.

Employment Equity

The group's clothing divisions are committed to taking affirmative steps to ensure the provision of equal opportunities for all employees at all levels.

Structured Equal Opportunities Programs are implemented in each division specifically to advance those employees from disadvantaged educational environments or backgrounds. Bridging and management development programs are provided as well as financial assistance for part-time study at university, technikon or private college through correspondence or day release.

Each division has a five year rolling employment equity plan which is reviewed annually and reported on to the Department of Labour. These plans are fully compliant with the provisions of the EEA and detail workforce profile by occupational category by designated group, movement within the workforce of designated groups together with the training received by them, as well as progress towards the achievement of numerical goals by occupational category.

It is gratifying that, across divisions, over 50% of employees at management level are from designated groups as defined in the EEA.

The Year Ahead

The focus in the year ahead will remain firmly on the need to be globally competitive. It is anticipated that the group's clothing divisions are well placed, given the initiatives underway and the rationalisation and restructuring which has taken place, to meet this objective.

Indeed, it is expected that at both sector and enterprise level the current measures in hand will not only facilitate greater compliance with minimum wages, but also a wage and conditions of employment regime more responsive to the needs of the global clothing manufacturing marketplace.

Corporate Governance Report

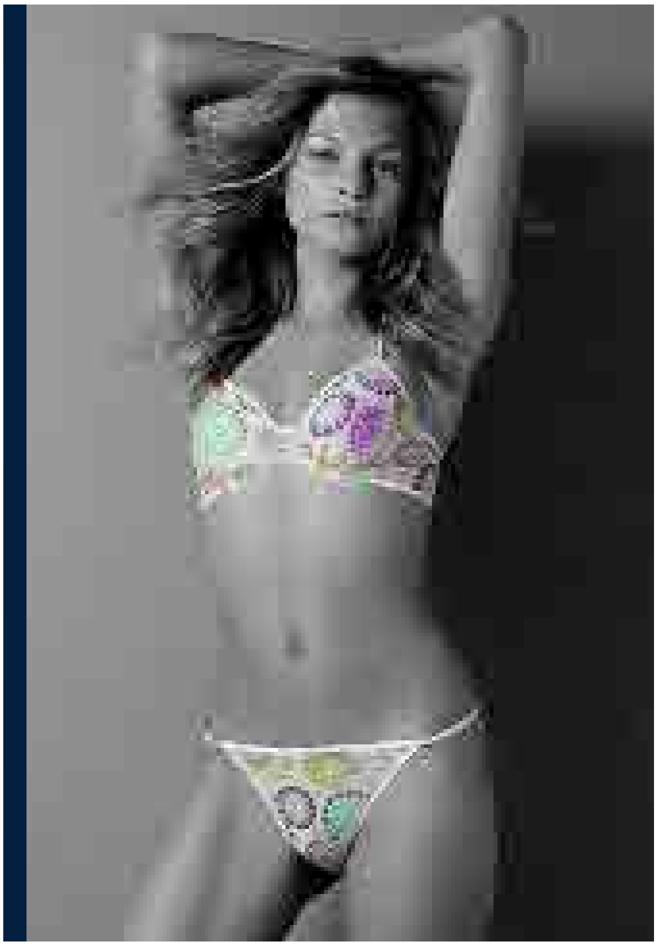
The directors and senior management endorse the Code of Corporate Practices and Conduct contained in the King Report on corporate governance. By supporting the code, the directors have recognised the need to conduct the group's affairs with integrity and in accordance with generally accepted corporate practices.

The directors acknowledge and accept full responsibility for the financial information contained in this annual report. They have made the necessary appointments to ensure that the group's operations conform to its published mission statement and to the implementation of all its internal control procedures. They subscribe to the philosophy of transparent, fair, reliable and easily understandable reporting to stakeholders. This objective has already been achieved, as is evidenced by the numerous awards that the group has received from independent and prestigious bodies for its financial reporting.

Please refer to the management report on page 29.

The board of Seardel consists of seven directors, details of whom appear on page 9 of this report. Four are non-executive, namely Mr K A G Blumberg, Mrs T Eboka, Mr N N Lazarus and Mr C Ramaphosa. Of these, two are independent, being Mrs T Eboka and Mr N N Lazarus. This allows for an independent and objective analysis of major issues.

Based on the detailed information made available to the directors, they are firmly of the opinion that the group is, and will continue to be, a going concern for the foreseeable future.



The remuneration committee, which comprises Mr N N Lazarus (Chairman), Dr A Searll and K A G Blumberg, approves the remuneration and terms of employment of all directors and senior management. There are no long-term appointments of directors, all of whom are subject to re-election every three years. Directors' emoluments and share options are to be found in the relevant note to the financial statements on page 50 and their detailed shareholdings are reflected in the directors' report on page 35.

The group's insurance broker, Heritage Insurance Brokers (Pty) Limited, professionally monitors its self-insurance and risk management program. All major risks are reinsured, and emphasis on good housekeeping principles and compliance with the provisions of the Occupational Health and Safety Act ensures the keenest possible insurance rates. There are stringent levels to the exposures created by the scheme, and catastrophe risks are always reinsured. The insured value of the group's assets is constantly reassessed to ensure that they are fully protected against loss.

The directors, as guardians of the group's assets, have a duty to ensure their proper use and protection. To this end, they have instituted risk management and self-insurance procedures within professionally produced and acceptable parameters, which have, to a large extent, smoothed the volatile nature of the short-term insurance market. The inherent strength of the group has enabled it to adopt a sophisticated, well-managed self-insurance scheme, which has resulted in substantial savings in premiums over the past few years.

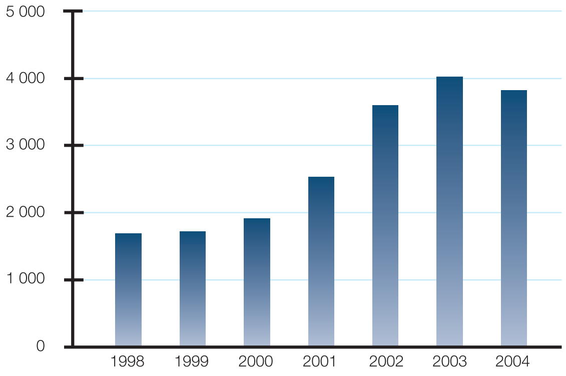
The periodic review of the group's accounting procedures, controls and all matters relating thereto is one of the functions of the audit committee.

The group has always been an equal opportunity employer, with promotion on merit. The issue of affirmative action is therefore encompassed within this philosophy.

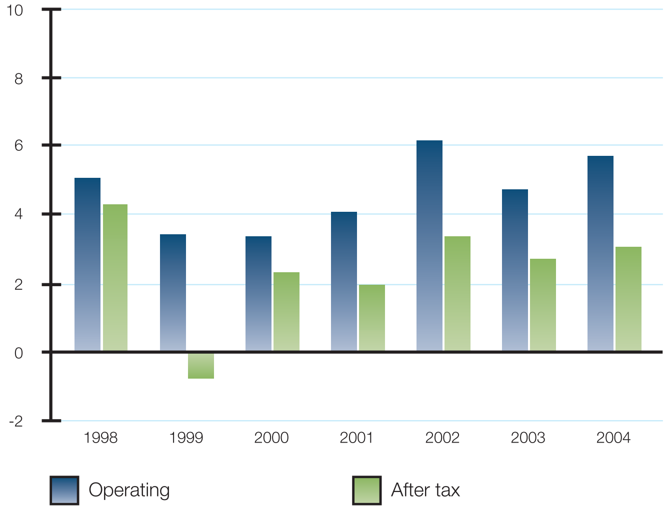
The audit committee consists of Mr N N Lazarus (Chairman), and Mr K A G Blumberg.

Salient Financial Features

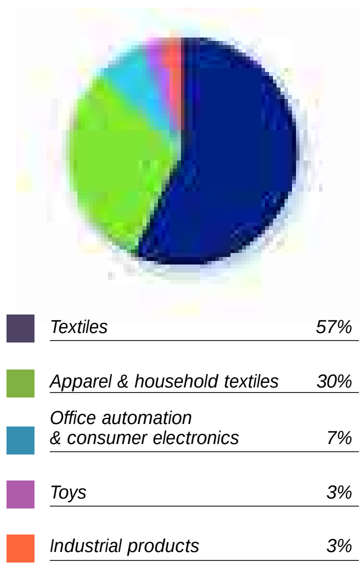
REVENUE *(rand millions)*



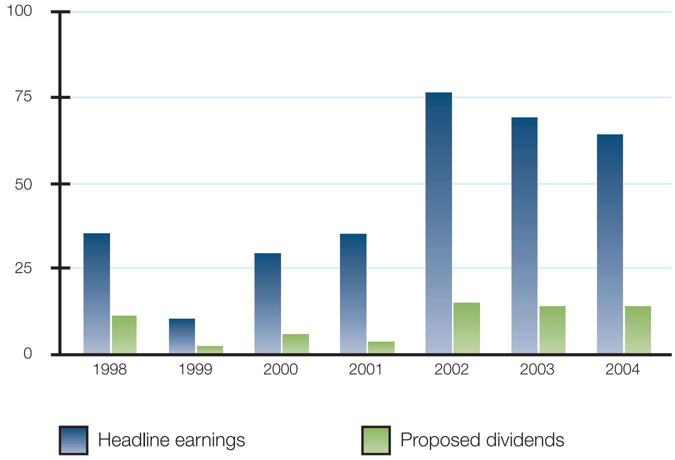
PROFIT MARGINS *(% of revenue)*



EMPLOYMENT OF TANGIBLE ASSETS - EXCLUDING CASH



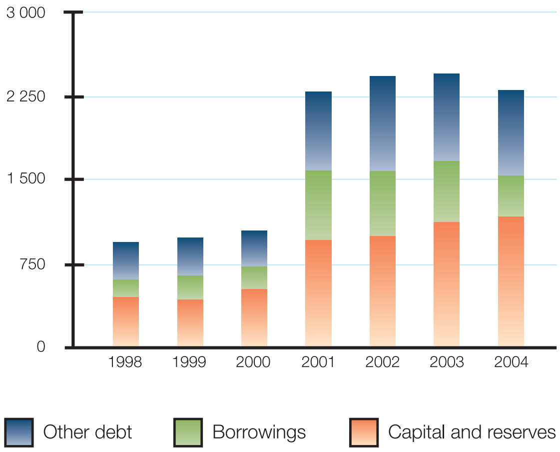
HEADLINE EARNINGS AND PROPOSED DIVIDENDS *(cents per share)*



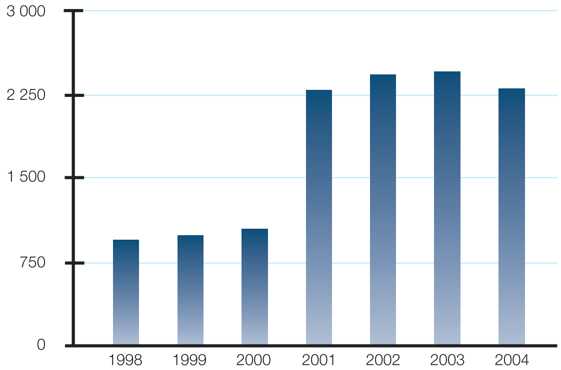
EMPLOYMENT OF TANGIBLE ASSETS %

Business segment	**2004**	2003	2002	2001	2000
Textiles	**57**	58	59	58	–
Apparel and household textiles	**30**	30	30	31	68
Office automation and consumer electronics	**7**	6	6	5	12
Toys	**3**	3	2	3	–
Industrial products	**3**	3	3	3	6
Associated companies	**–**	–	–	–	14
	100	100	100	100	100

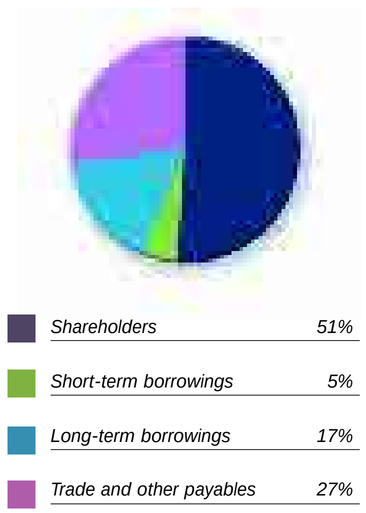
FUNDING OF TANGIBLE ASSETS *(rand millions)*



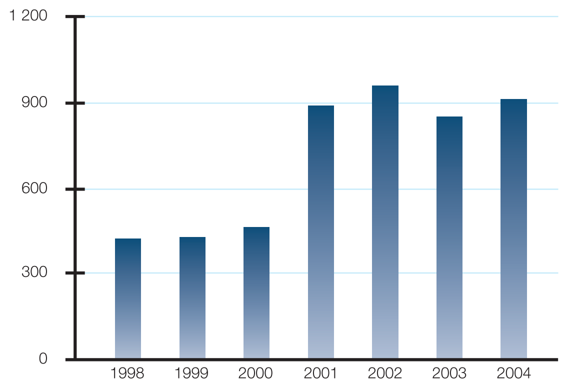
TOTAL TANGIBLE ASSETS *(rand millions)*



FUNDING OF TANGIBLE ASSETS - EXCLUDING CASH



TANGIBLE NET ASSET VALUE *(cents per share)*



FUNDING OF TANGIBLE ASSETS %

	2004	2003	2002	2001	2000
Shareholders	**51**	46	42	42	47
Short-term borrowings	**5**	9	8	8	5
Outside shareholders	**–**	–	–	–	2
Long-term borrowings	**17**	17	20	23	17
Trade and other payables	**27**	28	30	27	29
	100	100	100	100	100

Seven Year Review FOR YEAR ENDED 30 JUNE

DEFINITIONS

The following definitions have been used in computing the ratios and statistics set out in the seven year review opposite, and also in the review of corporate objectives on page 30.

NET CASH FLOW

Income before taxation plus depreciation, less the cash elements of taxation and dividend.

RETURN ON TOTAL TANGIBLE ASSETS

Percentage of the aggregate of profit from operations and attributable earnings of associated entities, to total tangible assets (excluding cash).

RETURN ON SHAREHOLDERS' INTEREST

Percentage of earnings attributable to shareholders (before amortisation of negative goodwill), to capital and reserves (including negative goodwill).

RATIO OF BORROWINGS TO CAPITAL AND RESERVES

The total of interest-bearing liabilities to capital and reserves.

RATIO OF DEBT TO CAPITAL AND RESERVES

The ratio of total liabilities net of cash resources, excluding deferred liabilities, to capital and reserves.

CURRENT RATIO

The ratio of current assets to current liabilities.

SOLVENCY RATIO

The percentage of net cash flow to total liabilities, excluding deferred liabilities.

FINANCE CHARGES COVER

The number of times that net finance charges are covered by operating income.

CASH VALUE ADDED FACTOR

The percentage of value added to cost of materials and services purchased.

DIVIDEND COVER

Headline earnings per share divided by the distribution/dividend declared.

HEADLINE EARNINGS PER SHARE

Headline earnings attributable to shareholders divided by the weighted average number of shares in issue.

NET ASSET VALUE PER SHARE

Shareholders' interest, including intangible assets, divided by the number of shares in issue.

CAG %

This is the compounded annual growth rate for the seven year period 1998-2004.

OPERATIONS (RAND THOUSANDS)

Revenue

Profit from operations
Net finance charges

Income (loss) before taxation
Taxation

Income (loss) after taxation
Earnings (loss) attributable to shareholders

CASH FLOW (RAND THOUSANDS)

Net cash flow
Cash generated from operations – nominal
Cash (utilised) retained before expansion of operations
Net cash (outflow) inflow from investing activities
Operating cash flow per share (cents)

FINANCIAL POSITION (RAND THOUSANDS)

Capital and Reserves (including negative goodwill)
Net borrowings
Other debt (excluding deferred liabilities)
Working capital
Total assets (excluding cash)

RATIOS

Profitability
Profit from operations as percentage of revenue
Income after taxation as percentage of revenue
Return on total assets
Return on investments
Return on shareholders' interest

Leverage
Ratio of borrowings to capital and reserves
Ratio of debt to capital and reserves

Liquidity
Current ratio
Solvency ratio
Finance charges cover

Productivity
Total assets turn
Number of employees
Revenue per employee (Rand)
Profit from operations per employee (Rand)
Assets per employee (Rand)
Cash value added factor

SHARE STATISTICS (Refer to page 53 for analysis of shareholders)

Weighted average number of shares issued (000)
Headline earnings per share (cents)
Earnings (loss) per share (cents)
Proposed dividend
Headline earnings yield at 30 June
Dividend yield at 30 June
Proposed dividend cover
Net asset value per share (cents) – excluding intangible assets
Total number of shares traded (000)
Total value of shares traded (R000)
Total number of share transactions
Percentage of issued shares traded
Market price (cents) – highest – ordinary
– highest – N ordinary
– lowest – ordinary
– lowest – N ordinary
– year end – ordinary
– year end – N ordinary

CAG%	**2004**	2003	2002	2001	2000	1999	1998
14,0%	**3 793 586**	4 031 047	3 564 173	2 550 245	1 895 278	1 737 658	1 729 061
10,2%	**214 811**	209 925	254 084	121 953	65 480	31 019	119 942
11,3%	**83 033**	97 141	111 908	70 269	52 271	58 321	43 621
7,2%	**131 778**	112 784	142 176	61 954	45 863	(12 098)	87 062
3,6%	**16 945**	21 380	24 020	9 890	2 934	1 160	13 700
7,8%	**114 833**	91 404	118 156	52 064	42 929	(13 258)	73 362
9,2%	**114 833**	91 404	118 156	52 018	43 150	(8 283)	67 734
	212 890	208 639	208 703	85 730	64 826	(1 750)	87 412
	243 284	300 579	325 460	160 973	89 544	82 720	105 815
	153 245	10 941	71 050	76 338	(30 355)	(65 406)	(74 247)
	(78 830)	(109 627)	(90 652)	(424 944)	(32 121)	(32 651)	(11 336)
	195	111	156	73	2	(26)	(9)
15,8%	**1 172 668**	1 111 713	1 023 075	959 136	520 273	474 727	486 074
18,3%	**341 118**	493 668	548 748	619 798	225 145	192 737	124 471
12,0%	**632 491**	689 555	730 547	617 629	304 033	313 532	320 616
25,2%	**879 068**	788 989	734 793	684 958	318 723	283 548	227 020
16,1%	**2 290 900**	2 433 207	2 424 820	2 284 908	1 049 609	982 115	935 629
	4,7%	4,3%	6,1%	4,1%	3,4%	3,4%	5,1%
	3,0%	2,3%	3,3%	2,0%	2,3%	(0,8%)	4,2%
	7,8%	7,2%	9,0%	5,0%	9,2%	7,6%	11,5%
	3,5%	2,3%	3,5%	1,0%	0,9%	(0,1%)	3,6%
	6,8%	5,1%	8,1%	3,6%	8,6%	(1,8%)	15,0%
	29%	44%	53%	65%	43%	41%	26%
	83%	106%	125%	129%	102%	107%	92%
	2,1	1,9	1,8	1,8	1,8	1,7	1,6
	18,0%	16,2%	15,1%	6,2%	11,2%	0,3%	19,6%
	2,6	2,2	2,3	1,7	1,3	0,5	2,7
	1,7	1,7	1,5	1,1	1,8	1,8	1,8
2,6%	**16 925**	17 192	16 317	17 642	14 037	14 645	14 518
11,1%	**224 141**	234 472	218 433	144 555	135 020	118 652	119 098
13,2%	**12 692**	12 211	13 418	6 174	4 529	4 058	6 027
13,2%	**135 356**	141 531	148 878	129 515	74 774	67 061	64 446
	62%	50%	63%	82%	56%	53%	50%
	128 215	114 795	107 134	107 134	107 134	107 134	107 134
	60,6	71,8	75,9	33,9	28,9	10,3	34,0
	89,6	79,6	110,3	48,6	40,3	(7,7)	63,2
4,1%	**14,0**	14,0	15,0	4,5	6,0	2,5	11,0
	28,2%	21,5%	32.3%	17,9%	20,8%	10,2%	26,5%
	6,5%	4,4%	6.4%	2,2%	4,3%	2,5%	8,6%
	4,3	5,1	5,1	7,5	4,8	4,1	3,1
13,8%	**915**	866	955	895	467	423	422
	11 309	13 028	45 022	18 449	20 181	33 211	38 197
	27 448	42 466	95 368	29 571	20 812	35 584	69 057
	590	500	578	890	905	1 084	2 886
	8,8	11,3	42,0	17,0	19,0	31,0	36,0
	335	420	270	259	200	185	232
	330	415	280	200	175	140	230
	185	200	192	132	80	90	140
	200	215	167	122	35	70	120
	215	330	220	229	165	115	160
	215	314	240	200	130	98	120

Segmented Reporting AUDITED

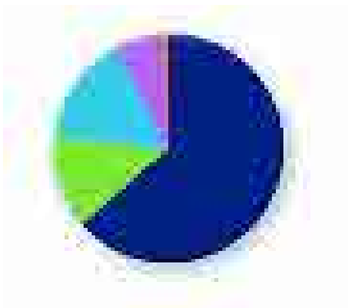
Rand thousands **2004**	Textiles	Apparel and household textiles	Office automation & consumer electronics	Toys	Industrial products	Total
BUSINESS SEGMENTS						
Revenue						
Turnover	**1 571 064**	**1 758 988**	**250 650**	**137 682**	**140 161**	**3 858 545**
Inter-segment turnover	**(64 959)**					**(64 959)**
	1 506 105	**1 758 988**	**250 650**	**137 682**	**140 161**	**3 793 586**
Segment results						
Profit from operations **(net of amortisation of negative goodwill)**	**52 317**	**79 777**	**24 575**	**13 286**	**9 721**	**179 676**
Segment assets	**1 305 176**	**696 453**	**150 679**	**59 265**	**79 327**	**2 290 900**
Property, plant and equipment	**614 358**	**171 832**	**6 863**	**2 638**	**18 981**	**814 672**
Investments	**24 867**	**915**	**–**	**–**	**–**	**25 782**
Long-term receivables	**–**	**392**	**–**	**–**	**2 231**	**2 623**
Inventory	**355 795**	**270 828**	**40 138**	**25 146**	**24 960**	**716 867**
Trade and other receivables	**310 156**	**252 486**	**103 678**	**31 481**	**33 155**	**730 956**
Segment Liabilities	**336 406**	**255 309**	**37 784**	**20 328**	**26 245**	**676 072**
Deferred liabilities	**61 622**	**–**	**263**	**–**	**–**	**61 885**
Trade and other payables	**274 784**	**255 309**	**37 521**	**20 328**	**26 245**	**614 187**
Depreciation	**71 921**	**25 832**	**3 353**	**595**	**3 976**	**105 677**
Capital expenditure	**49 165**	**27 851**	**1 551**	**951**	**2 030**	**81 548**
GEOGRAPHICAL SEGMENTS BASED ON LOCATION OF CUSTOMERS						
Revenue						
South Africa	**1 449 003**	**1 420 732**	**250 650**	**137 682**	**140 161**	**3 398 228**
Direct exports	**57 102**	**338 256**	**–**	**–**	**–**	**395 358**
	1 506 105	**1 758 988**	**250 650**	**137 682**	**140 161**	**3 793 586**
2003						
BUSINESS SEGMENTS						
Revenue						
Turnover	1 893 067	1 701 039	252 688	124 660	130 934	4 102 388
Inter-segment turnover	(71 341)					(71 341)
	1 821 726	1 701 039	252 688	124 660	130 934	4 031 047
Segment results						
Profit from operations **(net of amortisation of negative goodwill)**	101 033	33 084	21 762	11 200	7 711	174 790
Segment assets	1 400 403	737 287	148 415	61 314	85 788	2 433 207
Property, plant and equipment	634 981	173 581	8 713	2 390	20 973	840 638
Investments	25 802	64				25 866
Long-term receivables	–	237	–	–	1 230	1 467
Inventory	356 725	330 813	46 695	21 318	33 317	788 868
Trade and other receivables	382 895	232 592	93 007	37 606	30 268	776 368
Segment liabilities	401 828	260 955	34 596	20 296	24 525	742 200
Deferred liabilities	56 061	273	–	–	–	56 334
Trade and other payables	345 767	260 682	34 596	20 296	24 525	685 866
Depreciation	68 467	23 732	3 282	644	3 588	99 713
Capital expenditure	61 277	43 749	6 038	504	1 988	113 556
GEOGRAPHICAL SEGMENTS BASED ON LOCATION OF CUSTOMERS						
Revenue						
South Africa	1 715 832	1 310 117	252 688	124 660	130 934	3 534 231
Direct exports	105 894	390 922	–	–	–	496 816
	1 821 726	1 701 039	252 688	124 660	130 934	4 031 047

All assets are maintained in South Africa and all capital expenditure is incurred in South Africa.

Cash Value Added Statement

Rand thousands	CAG%	**2004**	2003	2002	2001
Cash derived from revenue	20,3%	**3 832 312**	4 020 193	3 468 558	2 199 341
Paid to suppliers for materials and services	25,0%	**2 363 746**	2 698 258	2 139 377	1 211 664
Cash value added	14,1%	**1 468 566**	1 321 935	1 329 181	987 677
Interest received	14,3%	**13 330**	22 324	3 260	8 926
Total wealth created	14,1%	**R1 481 896**	R1 344 259	R1 332 441	R996 603
Distributed as follows:					
Employees					
Administration	11,1%	**225 804**	226 156	213 717	164 492
Production	10,1%	**645 133**	663 098	617 799	483 589
Sales	8,8%	**68 832**	70 748	65 609	53 472
	10,2%	**939 769**	960 002	897 125	701 553
Providers of capital					
Interest paid on borrowings	6,8%	**96 363**	119 465	115 168	79 195
Dividend to shareholders	41,1%	**17 982**	15 333	4 905	6 403
	10,1%	**114 345**	134 798	120 073	85 598
Monetary exchanges with government					
Taxation on profit	(64,3%)	**1 397**	2 126	25 166	30 753
P.A.Y.E.	10,8%	**101 193**	103 675	94 373	74 429
V.A.T.	24,9%	**142 708**	100 806	94 604	73 159
R.S.C. levies	39,3%	**22 218**	17 127	12 422	8 222
Incentives	5,1%	**(71 809)**	(86 218)	(73 954)	(61 918)
	16,2%	**195 707**	137 516	152 611	124 645
Retained to develop future growth	39,9%	**232 075**	111 943	162 632	84 807
Total wealth distributed	14,1%	**R1 481 896**	R1 344 259	R1 332 441	R996 603

Value added is a measure of the wealth that the group has created in its manufacturing and distribution operations by adding value to the cost of its raw materials and services purchased. The statement above shows how that wealth was created, and also how it was shared between employees and the providers of funds to the group. The statement takes into account the amounts retained and reinvested in the group for the replacement of assets and the development of future operations.



Employees *63,4%*

Government *13,2%*

Retained *15,7%*

Lenders *6,5%*

Shareholders *1,2%*

Distribution of wealth	**2004**	2003	2002	2001
Employees	**63,4%**	71,5%	67,3%	70,4%
Government	**13,2%**	10,2%	11,4%	12,5%
Retained (utilised)	**15,7%**	8,3%	12,2%	8,5%
Lenders	**6,5%**	8,9%	8,7%	8,0%
Shareholders	**1,2%**	1,1%	0,4%	0,6%
	100%	100%	100%	100%

Annual Financial Statements

Annual Financial Statements

The annual financial statements, which appear on pages 33 to 52, have been approved by the board of directors, who accept full responsibility for them.

Signed on behalf of the board in Cape Town on 27 September 2004.

A Searll
CHIEF EXECUTIVE OFFICER

A D Jacobson
FINANCIAL DIRECTOR

STRATE Charity Shares

Shareholders who find the cost of selling their shares exceeds the market value of their shares may wish to consider donating them to charity. An independent non-profit organisation called STRATE Charity Shares has been established to administer this process. SARS has advised that the value of any shares donated may be deducted from taxable income, as the scheme is registered under section 18A of the Income Tax Act. For further details, queries and/or donations contact the STRATE Share Care toll free help line on 0800 202 363 or +27 11 373 0038 if you are phoning from outside South Africa or email charityshares@computershare.co.za.

Management and Secretary's Report

The directors of Seardel Investment Corporation Limited accept full responsibility for the information, financial statements and related schedules contained in this annual report to shareholders. They have appointed management who are responsible for the implementation and monitoring of all internal control procedures, which are designed to provide reasonable assurance as to the integrity and reliability of the financial statements, and for consolidation of the group's results. Management is acutely aware that the presentation of the annual report should allow financiers, shareholders and prospective shareholders the opportunity to evaluate the group. In order to be able to achieve this accounting philosophy, all the relevant information should be available and presented in such a manner as to make it easily understandable, comprehensive where necessary, consistent with past years, pertinent and timeous. Management has the responsibility to ensure that all employees operate in conformity with the group's mission statement and the laws and customs applicable to the business environment in which the group operates, and subscribes to the corporate governance guidelines as set out in the King Report (refer to the corporate governance report on page 21). The group subscribes to South African Generally Accepted Accounting Practice (GAAP) and it is the intention to comply with International Financial Reporting Standards (IFRS) in the 2006 financial year.

Management has retained the services of specialised consultants, when deemed necessary, to assist in various group projects and provide valued input to the decision making process.

SECRETARY'S REPORT

To the members of Seardel Investment Corporation Limited.

In accordance with the provisions of the Companies Act, 1973 ("the Act"), I certify that, in respect of the year ended 30 June 2004, the Company has lodged with the Companies and Intellectual Property Registration Office all returns prescribed by the Act and that all such returns are true, correct and up to date.

L A Clohessy
COMPANY SECRETARY
Cape Town
27 September 2004

Review of Financial Operations, Objectives and Strategies

FOR YEAR ENDED 30 JUNE 2004

SUMMARY

Revenue decreased by 5,9% over last year to R3,8 billion.

Profit from operations increased by 2,3% to R214,8 million. Income before taxation increased to R131,8 million from R112,8 million in 2003 due to the reduction in finance charges arising from the lowering of interest rates and the substantially decreased level of interest-bearing debt.

Attributable earnings amounted to R114,8 million, an increase of 25,6% from R91,4 million last year.

The total number of shares in issue is 133,9 million. The weighted average number of shares in issue during the year under review, after consolidation of the incentive scheme (AC132), is 128,2 million (2003: 114,8 million). This resulted in headline earnings per share declining to 60,6 cents (2003: restated at 71,8 cents).

It is pleasing to note the enhanced strength of the group's balance sheet.

Group capital and reserves (including negative goodwill) increased by 5,5% to R1 172,7 million (2003: R1 111,7 million). The current ratio has increased to 2,1 times (2003: 1,9 times) and interest-bearing debt has reduced substantially to 29% of group equity (2003: 44%). Tangible net asset value per share increased to 915 cents (2003: restated at 866 cents). Negative goodwill resulting from the acquisition of the Frame Textile Group is not included in capital and reserves but is reflected under the assets section of the balance sheet in terms of AC131. This negative goodwill will be amortised through the income statement over the remaining useful life of the related non-monetary assets, estimated to be approximately nine years. The value of brand names, trademarks and other intangible assets owned by the group is substantial, but is not reflected in the balance sheet. Therefore, no provision for depreciation of these assets has been provided.

CORPORATE LONG-TERM FINANCIAL STRATEGIES

For commentary on the Africa Growth and Opportunity Act, the Istanbul Declaration and the recently formed Clothing Benchmarking & Cluster Development Initiatives, as well as the export activities of the group, please refer to the report of the chairman and the chief executive officer on page 5.

Funding and working capital requirements for financial 2005 are not expected to exceed those for the year under review in real terms, and every effort will be made to maintain these levels. Revenue is expected to increase by approximately 6%. The necessity of producing positive cash flows and maintaining stringent asset management procedures are requirements of all operating divisions within the group. It is the intention to ensure that finance charges cover maintains a minimum of 2,5 times. It has always been group policy to cover currency risks, and exposure in this area is carefully monitored, notwithstanding the effects of the new accounting requirements. The capital reinvestment program is estimated to approximate R100 million next year. This will be financed from internal reserves and external funding if necessary.

Investment in technology and upgrading of equipment has been maintained at all levels in order to ensure the group's market leader status. Committed management and staff are fully aware that acceptable returns need to be achieved for the group's shareholders, financiers and employees. Key financial ratios are monitored and targets are constantly being re-assessed.

The segmented reporting page details the various divisions' performances with comparisons to the previous year. Commentary on the results of the various divisions by directors and senior management can be found in the relevant sections of this document.

The group's 50% interest in Harven Manufacturing Company (Pvt) Limited in Zimbabwe has, as in the past, not been accounted for, other than for net cash dividends actually received.

Due to the satisfactory level of attributable earnings and strong cash flow, the board has proposed that the dividend be maintained at 14 cents per share. This has had the effect of reducing the dividend cover to 4,3 times, which is still considered prudent.

The group remains fully committed to training and human resources development. This vital aspect of group activities is elaborated upon elsewhere in this document.

In the light of the prevailing economic climate, financial targets are constantly reviewed. These are assessed and amended where necessary. Established guidelines and policies need to be strictly adhered to and, with the co-operation of all concerned, these financial targets will be achieved, no matter how challenging they may be.

RETURN ON TOTAL TANGIBLE ASSETS EXCLUDING CASH

Target 15% - The objective for return on total tangible assets is comprised of two elements:

1 Operating margin (profit from operations before negative goodwill, divided by revenue) 7,5%

2 Tangible asset turn (revenue divided by total tangible assets excluding cash) 2,0

The return on tangible assets is obtained by multiplying the operating margin by the asset turn.

Actual 7,8% - Operating margin of 4,7% was an increase on the previous year's level of 4,3%. Asset turn has remained at 1,7. The return therefore is higher than last year but continues to be below the objective. The reduction in revenue with margins remaining under pressure adversely impacted the return. Significant improvements in this ratio are only likely to materialise with an improvement in the economy, coupled with greater utilisation of group assets.

RETURN ON INVESTMENT

Target 7,5% - This ratio is derived in a similar manner to the return on total tangible assets and comprises the product of:

1 Net margin (income after taxation before amortisation of negative goodwill, divided by revenue) 3,5%

2 Tangible asset turn (revenue divided by total tangible assets excluding cash) 2,0

Income after taxation takes into account a projected effective income tax rate of 30%.

Actual 3,5% - An improvement on last year but continued pressure on margins and the reasons detailed above adversely impacted this ratio.

RETURN ON SHAREHOLDERS' INTEREST (INCLUDING NEGATIVE GOODWILL)

Target 15% - This return is the ratio of income attributable to shareholders before the amortisation of negative goodwill, expressed as a percentage of shareholders' interest.

Actual 6,8% - The ratio improved from last year but remains below the target.

BORROWINGS TO CAPITAL AND RESERVES (INCLUDING NEGATIVE GOODWILL)

Target 25% - This ratio comprises interest-bearing debt to group equity.

Actual 29% - This ratio decreased from last year's level of 44% due to the reduction in debt of R152 million. Borrowings will continue to be systematically reduced over a 3-5 year term.

The maturity profile of borrowings can be found in note 28 to the financial statements. The interest rate structure is to be found in note 12. Foreign borrowings, mainly in US Dollars, are mostly covered by forward exchange contracts.

DEBT TO CAPITAL AND RESERVES (INCLUDING NEGATIVE GOODWILL)

Target 80% - This ratio comprises total debt (net of cash resources) to group equity.

Actual 83% - This ratio decreased from 106% in 2003, due to the reasons detailed above.

DIVIDEND COVER

Target 4 times - This target is based on headline earnings and has been reduced due to the substantial increase in profitability and strong cash flow.

Actual 4,3 times - The cover is slightly above the target but is still deemed to be prudent.

Auditors’ Report

Report of the independent auditors to the members of Seardel Investment Corporation Limited.

We have audited the annual financial statements and group annual financial statements of Seardel Investment Corporation Limited and its subsidiaries for the year ended 30 June 2004, set out on pages 33 to 52. These financial statements are the responsibility of the company’s directors. Our responsibility is to express an opinion on these financial statements based on our audit.

SCOPE

We conducted our audit in accordance with statements of South African Auditing Standards. These standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- assessing the accounting principles used and significant estimates made by management; and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

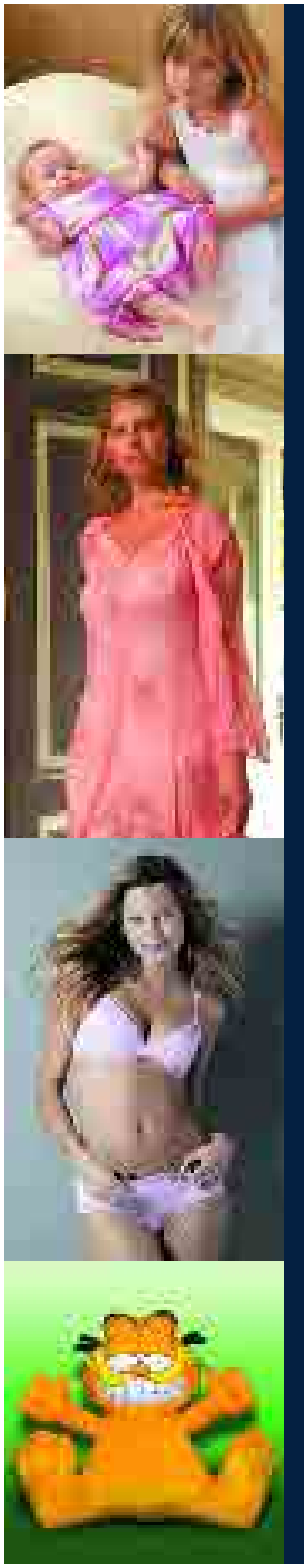
AUDIT OPINION

In our opinion, these financial statements fairly present, in all material respects, the financial position of the company and of the group at 30 June 2004 and the results of their operations and cash flows for the year then ended, in accordance with South African statements of Generally Accepted Accounting Practice and in the manner required by the South African Companies Act.

We have also examined the segmented reporting analysis for the year ended 30 June 2004, set out on page 26. In our opinion, this statement has been properly prepared.

KPMG INC

REGISTERED ACCOUNTANTS AND AUDITORS
CHARTERED ACCOUNTANTS (SA)
Cape Town
27 September 2004



Directors' Report YEAR ENDED 30 JUNE 2004

NATURE OF BUSINESS

The company is an investment holding company, having interests in subsidiary companies whose activities are divided into several main areas of operation: textile manufacturing, apparel manufacturing, nonwoven textile (industrial products) manufacturing, office automation and consumer electronics distribution, toy distribution, travel and property investments.

REVIEW OF GROUP PERFORMANCE

The results for the year and the group's financial position are fully disclosed in the statements accompanying this report. A detailed review of the group's performance appears in the report by the Chairman and the Chief Executive Officer.

Revenue decreased by 5,9% to R3,8 billion (2003: R4,0 billion) and the group realised income before taxation of R131,8 million (2003: R112,8 million), an increase of 16,8%. Pre-tax profit includes an amount of R35,1 million (2003: R35,1 million) in terms of AC131, being this year's proportionate share of the amortisation of negative goodwill arising from the acquisition of the Frame Group. This amount equates to a write-down of negative goodwill over a period of 12,5 years, being the estimated useful life of the assets acquired.

Attributable earnings amounted to R114,8 million from R91,4 million last year, an increase of 25,6%. Following the consolidation of the employee incentive scheme in terms of AC132, the weighted number of shares in issue has been adjusted for 2004 and restated for 2003. This resulted in the weighted average number of shares in issue during the year amounting to 128,2 million. Based on this number the earnings per share amounted to 89,6 cents compared to 79,6 cents last year, based on the adjusted weighted average of 114,8 million shares. Similarly, headline earnings per share are 60,6 cents compared to 71,8 cents, a reduction of 15,6%.

Tangible group equity (capital and reserves including negative goodwill) increased to R1 172,7 million from R1 111,7 million last year.

Detailed segmented analysis is presented on page 26.

The group continues with its long-term strategic plan of restructuring clothing and textile divisions where necessary in order to ensure optimum production at its various plants.

SIGNIFICANT CONTRACTS

No significant contracts have been entered into either verbally or in writing by Seardel or any of its subsidiaries, being contracts entered into otherwise than in the ordinary course of business.

SHARE CAPITAL

There has been no change to the authorised share capital of the company. The number of shares in issue likewise is unchanged, consisting of 27 097 743 ordinary shares and 106 820 112 N ordinary shares.

DIVIDEND

The board has proposed the payment of an unchanged dividend of 14 cents per share (2003: 14 cents), to be confirmed at the annual general meeting of shareholders. The board has determined that there will be one dividend per annum. No tax will be payable on the proposed dividend.

Refer to the financial calendar on page 1 for the relevant dates relating to the above.

SUBSIDIARY COMPANIES

The names of, and certain financial information relating to, your company's subsidiaries are set out on page 52.

EARNINGS OF SUBSIDIARIES

The interest of the company in the aggregate income and losses of subsidiaries after taxation is as follows:

Rand thousands	**2004**	2003
INCOME	**83 070**	73 653
LOSSES	**3 470**	2 716

GOING CONCERN

These annual financial statements have been prepared on a going concern basis.

The board has performed a formal review of the group's ability to continue trading as a going concern in the foreseeable future and, based on this review, considers that the presentation of the financial statements on this basis is appropriate.

There are no pending or threatened legal or arbitration proceedings which have had or may have a material effect on the financial position of the company or the group.

DIRECTORS AND SECRETARY

The directors as at the date of this report, together with the name, business and postal address of the company secretary, are set out on pages 9 and 1 respectively. The secretary, L A Clohessy, has certified that the company has lodged with the Registrar of Companies all such returns required by a public company in terms of the Companies Act, and that all such returns are true, correct and up to date.

In terms of the company's articles of association, Messrs A Searll and A D Jacobson retire at the forthcoming annual general meeting. These directors, being eligible, offer themselves for re-election. There are no service agreements with any of the directors of Seardel at the date hereof which impose any abnormal notice periods on the company.

The board, headed by chairman Mr Neil Lazarus, consists of four non-executive directors, of whom two are independent, and three executive directors.

EMPLOYEE BENEFITS

Benefits available to the group's employees include housing assistance, canteen and recreational facilities and subsidised medical aid schemes. Besides these benefits, comprehensive retirement, disability and death benefits are available to members, their spouses and children by way of pension and provident funds.

Seardel sponsors a number of pension and provident funds. Some of these funds are privately administered, and established for the sole purpose of providing benefits to Seardel's employees. These funds are governed by the Pension Funds Act and are managed by Boards of Trustees, 50% of whom are elected by fund members. Some employees choose to participate in various trade union and collective bargaining council funds, established for wider groups. Seardel and its subsidiaries also sponsor these schemes.

The two largest funds providing specifically for Seardel employees are the Seardel Group Retirement Fund (1 943 members) and the Frame Group Provident Fund (2 273 members).

The total membership of the in-house funds amounted to 5 337 at the company's financial year-end. Total assets in these funds amounted to R819 million. The company made annual contributions to these arrangements in excess of R48 million for the year under review.

The industry-wide and trade union retirement arrangements to which employees may alternatively belong are constituted under the Labour Relations Act. Total membership of these funds is in the order of 7 000 members.

The in-house funds offer a range of benefits that is comparable to other industry offerings. They are all Defined Contribution Funds, with the exception of one fund which has no active members and will shortly be deregistered.

Under Defined Contribution Funds, the benefits are determined by the accumulation of the employer and the employee contributions, after allowing for costs, together with investment returns. Under such funds, the employer's commitment is limited to the fixed contribution rate agreed in the rules.

Each of these funds has its own Board of Trustees, with both employer and employee representation. The funds within the group are quite different, each tailored to the requirements of their own membership. The funds offer flexible investment options and flexible risk benefit options.

The group has always considered its employees to be its main asset and has committed itself to providing benefit schemes that are current and innovative. The ongoing quest for the highest standards of benefit schemes plays a major role in maintaining the group's managerial structure and attracting new talent whilst enhancing the welfare of all its employees. Employees are encouraged to invest in the company, which will enhance its long-term interests. In order to promote this philosophy, the group has created a staff share purchase scheme whose sole objective is the acquisition and distribution, to qualifying employees, of Seardel shares.

THE SEARDEL INVESTMENT CORPORATION LIMITED EMPLOYEE INCENTIVE SCHEME 2001

The above scheme was registered on 10 December 2001. On that date the Trust granted options on 6 296 000 Seardel N ordinary shares at R1,80 per share to the holders of share options in Frame Textile Corporation Limited ("Frame") in consideration for those holders agreeing to the cancellation of options that they held in Frame. Of the total amount, 80 800 options have been forfeited in terms of the rules. The remaining options, amounting to 6 215 200 shares, were exercised in terms of the rules of the scheme. Of the above amount, 470 400 shares have, in terms of the rules, been delivered by 30 June 2004 and the financial consideration has been paid into the Trust. Options in respect of 5 744 800 N ordinary shares remain outstanding. The scheme currently holds 5 174 582 N ordinary shares and 528 494 ordinary shares in order to partially meet its obligations in this respect. It is the intention to increase this holding to the required amount in due course.

CORPORATE GOVERNANCE

The directors endorse the Code of Corporate Practice and Conduct contained in the King Report on Corporate Governance. By supporting the Code the directors have recognised the need to conduct the

group's operations with integrity and in accordance with generally accepted corporate practices. For further information please refer to the corporate governance report on page 21 of this document.

TRAINING

Seardel has a labour-intensive profile and recognises the need for improvement in communication skills and productivity across the entire spectrum of industrial relations. Extensive in-house training programs for all levels of employees are implemented and maintained on an ongoing basis, including seminars aimed at upgrading the skills of middle and senior management.

The importance that the group places on this aspect of its operations is emphasised by the more detailed report on human resources appearing on page 18 of this document.

SHAREHOLDER SPREAD IN TERMS OF LISTING REQUIREMENTS

	2004				2003			
	Number of Shareholders	**%**	**Number of Shares**	**%**	Number of Shareholders	%	Number of Shares	%
Ordinary shares								
Non-public	**7**	**0,7**	**18 644 299**	**68,8**	8	0,8	18 238 692	67,3
- Directors	**4**	**0,4**	**14 620 202**	**54,0**	4	0,4	14 420 202	53,2
- Other	**3**	**0,3**	**4 024 097**	**14,8**	4	0,4	3 818 490	14,1
Public	**937**	**99,3**	**8 453 444**	**31,2**	965	99,2	8 859 051	32,7
	944	**100**	**27 097 743**	**100**	973	100	27 097 743	100
N Ordinary shares								
Non-public	**7**	**0,8**	**62 183 334**	**58,2**	10	1,1	73 226 174	68,5
- Directors	**3**	**0,3**	**12 113 465**	**11,3**	3	0,3	12 113 465	11,3
- Other	**4**	**0,5**	**50 069 869**	**46,9**	7	0,8	61 112 709	57,2
Public	**856**	**99,2**	**44 636 778**	**41,8**	871	98,9	33 593 938	31,5
	863	**100**	**106 820 112**	**100**	881	100	106 820 112	100

DIRECTORS' INTEREST IN SHARES

At the year end the directors (including their family interests) were directly or indirectly interested in the company's issued shares as follows:

	2004				2003			
	Ordinary		**N Ordinary**		Ordinary		N Ordinary	
Direct	**32 834**	**0,1%**	**6 399**	**0,0%**	2 834	0,1%	6 399	0,0%
Indirect	**14 587 368**	**53,8%**	**12 107 066**	**11,3%**	14 417 368	53,1%	12 107 066	11,3%

There have been no material changes to date of this report.

Details of directors' beneficial direct and indirect interest in the ordinary and N ordinary shares are as follows:

	2004		2003	
	Ordinary	**N Ordinary**	Ordinary	N Ordinary
A Searll	**14 513 651**	**11 885 606**	14 313 651	11 885 606
K A G Blumberg	**2 133**	**6 399**	2 133	6 399
A D Jacobson	**74 418**	**221 460**	74 418	221 460
W Simeoni	**30 000**	**–**	30 000	–

SHAREHOLDERS' INTEREST IN SHARES

The following are shareholders, other than directors, who own more than 5% of the company's issued share capital per class of share:

	2004				2003			
	Ordinary	**%**	**N Ordinary**	**%**	Ordinary	%	N Ordinary	%
Merilyn Investments (Pty) Ltd	**–**	**–**	**16 070 142**	**15,0**	–	–	16 070 142	15,0
Stratop Nominees / C J Pension SPS	**–**	**–**	**9 374 251**	**8,8**	–	–	10 713 429	10,0
Coronation Specialist Growth Fund	**1 354 900**	**5,0**	**–**	**–**	1 354 900	5,0	–	–
M Cubed Aggressive Small Capital Growth Fund	**1 354 900**	**5,0**	**–**	**–**	1 354 900	5,0	–	–
Daun & Cie AG	**–**	**–**	**17 379 179**	**16,3**	–	–	17 423 704	16,3
Allan & Gill Gray Charitable Trust	**1 678 879**	**6,2**	**–**	**–**	1 678 879	6,2	–	–
Liberty Life Association of Africa Ltd	**3 395 603**	**12,5**	**11 445 966**	**10,7**	3 395 603	12,5	11 445 966	10,7

Executives and staff members of the group, other than directors, held 725 536 ordinary and 5 458 418 N ordinary shares at year end. Please refer to page 53 for further analysis. Shareholders and members of the public are advised that the register of interest of directors, executives, senior management and other shareholders in the shares of the company is available upon request from the company secretary.

Income Statements FOR YEAR ENDED 30 JUNE

		Group		Company	
Rand thousands	Notes	**2004**	2003	**2004**	2003
Revenue		**3 793 586**	4 031 047		
Cost of revenue		**(2 901 094)**	(3 152 284)		
Gross profit		**892 492**	878 763		
Other operating income		**109 336**	131 946	**20 444**	52 714
Distribution costs		**(261 644)**	(280 176)		
Administrative and other expenses		**(560 508)**	(555 743)		
Amortisation of negative goodwill	6	**35 135**	35 135		
Profit from operations		**214 811**	209 925	**20 444**	52 714
Net finance charges		**(83 033)**	(97 141)	**2**	(339)
Income before taxation	2	**131 778**	112 784	**20 446**	52 375
Taxation	3	**(16 945)**	(21 380)		
Income attributable to shareholders		**R114 833**	R91 404	**R20 446**	R52 375
Earnings per share – cents	4	**89,6**	79,6		
Diluted earnings per share – cents	4	**88,9**	77,8		
Headline earnings per share – cents	4	**60,6**	71,8		
Diluted headline earnings per share – cents	4	**60,1**	70,2		
Dividend per share – cents		**14,0**	15,0		
Dividend cover – headline earnings		**4,3**	4,8		
Weighted average number of shares in issue – 000's	4	**128 215**	114 795		

For operating cash flow per share refer page 39.

Balance Sheets AT 30 JUNE

		Group		Company	
Rand thousands	Notes	**2004**	2003	**2004**	2003
ASSETS					
Non-current assets		**560 048**	552 243	**323 447**	321 809
Property, plant and equipment	5	**814 672**	840 638		
Negative goodwill	6	**(298 660)**	(333 795)		
Interest in subsidiary companies	7			**314 860**	313 135
Investments	8	**25 782**	25 866	**49**	49
Long-term receivables		**2 623**	1 467	**8 538**	8 625
Deferred taxation	9	**15 631**	18 067		
Current assets		**1 659 972**	1 689 345		
Inventory	10	**716 867**	788 868		
Trade and other receivables		**730 956**	776 368		
Cash and cash equivalents	21	**212 149**	124 109		
TOTAL ASSETS		**R2 220 020**	R2 241 588	**R323 447**	R 321 809
EQUITY AND LIABILITIES					
Capital and reserves		**874 008**	778 032	**319 654**	317 957
Share capital	11.1	**59 738**	59 738	**59 738**	59 738
Treasury shares	11.2	**(10 121)**	(9 426)		
Reserves		**824 391**	727 606	**259 916**	258 219
Shareholders' interest		**874 008**	777 918	**319 654**	317 957
Outside shareholders' interest		**–**	114		
Non-current liabilities		**565 108**	563 200		
Interest-bearing liabilities	12	**399 669**	406 976		
Deferred liabilities	13	**61 885**	56 334		
Deferred taxation	9	**103 554**	99 890		
Current liabilities		**780 904**	900 356	**3 793**	3 852
Interest-bearing liabilities		**135 504**	123 845		
Trade and other payables		**614 187**	685 866		
Bank overdrafts	21	**18 094**	86 956	**3 755**	3 796
Taxation payable		**13 081**	3 633		
Dividend to shareholders		**38**	56	**38**	56
TOTAL EQUITY AND LIABILITIES		**R2 220 020**	R2 241 588	**R323 447**	R321 809
Net asset value (including intangible assets)		**1 172 668**	1 111 713		
Net asset value per share - cents		**915**	866		

Changes in Equity Statements FOR YEAR ENDED 30 JUNE

Rand thousands	Notes	Share Capital	Share Premium	Treasury Shares	Other Reserves	Retained Income	Total
				Group			
Balance 30 June 2002		**6 974**	**–**	**(8 873)**	**29 777**	**617 280**	**645 158**
As previously reported				–			
Change in accounting policy	15.1			(8 873)			
Impairment of listed investments					(9 988)		(9 988)
Issue of N ordinary shares		67	52 697				52 764
Share repurchases				(654)			(654)
As previously stated				–			
Change in accounting policy	15.1			(654)			
Share options exercised				101			101
As previously stated				–			
Change in accounting policy	15.1			101			
Net income for the year						91 404	91 404
Net income for the year as previously stated						105 806	
Prior year adjustment	15.2				14 402	(14 402)	14 402
Dividend						(15 269)	(15 269)
Dividend as previously reported						(16 070)	
Change in accounting policy	15.1					801	
Balance 30 June 2003		**7 041**	**52 697**	**(9 426)**	**34 191**	**693 415**	**777 918**
Impairment of listed investments					(84)		(84)
Share repurchases				(907)			(907)
Share options exercised				212			212
Net income for the year						114 833	114 833
Dividend						(17 964)	(17 964)
Balance 30 June 2004		**R7 041**	**R52 697**	**(R10 121)**	**R34 107**	**R790 284**	**R874 008**
				Company			
Balance 30 June 2002		**6 974**	**–**	**–**	**24 744**	**197 170**	**228 888**
Net income for the year						52 375	52 375
Dividend						(16 070)	(16 070)
Issue of N ordinary shares		67	52 697				52 764
Balance 30 June 2003		**7 041**	**52 697**	**–**	**24 744**	**233 475**	**317 957**
Net income for the year						20 446	20 446
Dividend						(18 749)	(18 749)
Balance 30 June 2004		**R7 041**	**R52 697**	**–**	**R24 744**	**R235 172**	**R319 654**

	Group		Company	
	2004	2003	**2004**	2003
Composition of other reserves				
Impairment of listed investments	**(84)**	–		
Capital redemption reserve fund	**440**	440	**440**	440
Surplus on disposal of subsidiary and associated companies	**664**	664	**4 329**	4 329
Surplus on revaluation of land and buildings	**33 087**	33 087		
Surplus on revaluation of interest in subsidiary			**19 975**	19 975
	R34 107	R34 191	**R24 744**	R24 744

Cash Flow Statements FOR YEAR ENDED 30 JUNE

		Group		Company	
Rand thousands	Notes	**2004**	2003	**2004**	2003
Net cash flow from operating activities		**232 075**	111 943	**5 560**	31 227
Cash generated from operations	16	**246 393**	343 116	**24 228**	52 714
Working capital changes	17	**91 106**	(114 051)	**–**	(5 014)
Net finance charges		**(83 033)**	(97 141)	**2**	(339)
Taxation paid	18	**(1 397)**	(2 126)		
Dividend paid	19	**(17 982)**	(15 333)	**(18 767)**	(16 134)
Contributions for post employment medical benefits		**(3 109)**	(2 846)		
Investment income		**97**	324	**97**	–
Net cash flow from investing activities		**(78 830)**	(109 627)	**(5 519)**	(77 628)
Acquisitions of property, plant and equipment		**(81 548)**	(113 556)		
Proceeds on disposal of plant, property and equipment	20	**3 874**	5 126		
Increase in long-term receivables		**(1 156)**	(1 380)	**87**	369
Decrease in investments		**–**	183	**–**	
Decrease in investments in subsidiary companies				**–**	24 031
Decrease in loans in subsidiary companies				**(5 606)**	(102 028)
Net cash flow from financing activities		**3 657**	(49 215)	**–**	52 764
Decrease in long-term borrowings		**(7 307)**	(70 681)		
Increase/(decrease) in short-term borrowings		**11 659**	(31 298)		
Proceeds from issue of shares		**–**	52 764	**–**	52 764
Increase in treasury shares		**(695)**	–		
Net increase/(decrease) in cash and cash equivalents		**156 902**	(46 899)	**41**	6 363
Cash and cash equivalents at beginning of year		**37 153**	84 052	**(3 796)**	(10 159)
Cash and cash equivalents at end of year	21	**R194 055**	R37 153	**(R3 755)**	(R3 796)
***Operating cash flow per share - cents**		**195**	111		

* *Net cash flow from operating activities plus dividend paid, divided by the weighted average number of shares in issue. Key comparative figures can be found in the seven year review.*



Notes to the Financial Statements FOR YEAR ENDED 30 JUNE 2004

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice and the requirements of the South African Companies Act.

The financial statements have been prepared on the historical cost basis, and incorporate the following principal accounting policies, which are consistent with those applied in the previous year, other than where stated.

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

Investment in subsidiaries

Subsidiaries are those entities over whose financial and operating policies the group has the power to exercise control, so as to obtain benefits from their activities.

The group financial statements incorporate the assets, liabilities and results of the operations of the company and its subsidiaries. The results of subsidiaries acquired and disposed of during a financial year are included from the effective dates of acquisition and to the effective dates of disposal. Where necessary, the accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by the group.

In view of the uncertainty relating to the group's investment in its Zimbabwean subsidiary, the directors maintain their decision not to consolidate its results or financial position. Income is accounted for on a cash dividend received basis and the investment in the subsidiary has been written down to a nominal value.

As the company controls the employee incentive scheme, this entity has been consolidated into the group financial statements for the first time this year (refer note 15.1).

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Goodwill and negative goodwill

Goodwill is any excess of the cost of an acquisition over the group's interest in the fair value of the identifiable assets and liabilities acquired.

Goodwill is carried at cost, less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis over its estimated useful life.

The calculation of the gain or loss on disposal of an entity includes the unamortised balance of the goodwill relating to the entity disposed of.

Negative goodwill arising on an acquisition represents any excess of the fair value of the group's share of the identifiable net assets acquired over the cost of the acquisition. To the extent that negative goodwill relates to an expectation of future losses and expenses that are identified in the plan of acquisition and can be measured reliably, but which do not represent identifiable liabilities at the date of acquisition, it is recognised in the income statement when the future losses and expenses are recognised. Any remaining negative goodwill, not exceeding the fair values of the non-monetary assets acquired, is recognised in the income statement over the useful life of 12,5 years. The balance of negative goodwill in excess of the fair values of the non-monetary assets acquired is recognised immediately in the income statement.

PROPERTY, PLANT AND EQUIPMENT

Land is not depreciated while buildings are depreciated over 50 years. Land and buildings are revalued by an independent valuer every five years.

Other items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Where an item of property, plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of property, plant and equipment. For plant and equipment, depreciation is provided on a straight line basis over the estimated useful lives of assets.

IMPAIRMENT OF ASSETS

At each balance sheet date, the group reviews the carrying value of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the income statement. The recoverable amount of an asset is the higher of its selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets, or if this is not possible, for the cash-generating unit.

Impairment losses recognised in prior years are reversed when there is an indication that these losses no longer exist or have decreased. This reversal is recorded in the income statement.

TAXATION

Current tax comprises tax payable calculated on the basis of the expected taxable income for the year, using the tax rates enacted at the balance sheet date, and any adjustment of tax payable for previous years.

Deferred tax is provided using the balance sheet liability method, based on temporary differences. Temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax base. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax is charged to the income statement except to the extent that it relates to a transaction that is recognised directly in equity, or a business combination that is an acquisition. The effect on deferred tax of any changes in tax rates is recognised in the income statement, except to the extent that it relates to items previously charged or credited directly to equity.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Secondary Tax on Companies (STC) paid on net dividends paid is recognised as a tax charge in the year it is incurred.

INVENTORY

Raw materials, work-in-progress and finished goods are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and includes direct material costs together with appropriate allocations of labour and overheads.

PROVISIONS

Provisions are recognised when the group has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur, and where a reliable estimate can be made of the amount of the obligation. Where the effect of discounting is material, provisions are discounted. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

BANK BALANCES

Actual bank balances, debit or credit, are reflected. Outstanding cheques and deposits are included in trade and other payables and cash resources, respectively.

FINANCIAL INSTRUMENTS

Measurement

Financial instruments are initially measured at cost, which includes transaction costs. Subsequent to initial recognition these instruments are measured as follows:

Investments

Listed investments classified as available-for-sale financial assets are carried at market value, which is calculated by reference to stock exchange quoted selling prices at the close of business on the balance sheet date. Unlisted investments are shown at fair value, unless their fair value cannot be reliably determined, in which case they are shown at cost less accumulated impairment losses.

Investments that meet the criteria for classification as held-to-maturity financial assets are carried at amortised cost.

The revaluation differences are taken directly to reserves.

Trade and other receivables

Trade and other receivables originated by the group are stated at cost less provision for doubtful debts.

Cash and cash equivalents

Cash and cash equivalents are measured at fair value.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisations.

Derivative instruments

Derivative instruments are measured at fair value.

Gains and losses on subsequent measurement

Gains and losses from measuring the hedging instruments relating to a fair value hedge at fair value are recognised immediately in net profit or loss.

Gains and losses from remeasuring the hedging instruments relating to a cash flow hedge to fair value are initially recognised directly in equity. If the hedged firm commitment or forecast transaction results in the recognition of an asset or a liability, the cumulative amount recognised in equity up to the transaction date is adjusted against the initial measurement of the asset or liability.

Where the hedging instrument or hedge relationship is terminated but the hedged transaction is still expected to occur, the cumulative unrealised gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to occur, the cumulative unrealised gain or loss is recognised in the income statement immediately.

Offset

In the instance that the group has a legal right to apply an amount due from a third party against the amount due to a creditor, provided that there is an agreement among the three parties that clearly establishes the contractual right to set-off, and the group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously, the related amounts are offset and the net amounts reported in the balance sheet.

REVENUE

Revenue comprises, in the main, net invoiced sales excluding value added tax, and is stated net of transactions with group companies.

Revenue recognition

Turnover is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

Interest income is accrued on a time basis, by reference to the principal amounts outstanding and at the interest rate applicable.

Dividend income from investments is recognised when the right to receive payment is established.

Dividend income from Harven Manufacturing Company (Pvt) Limited is accounted for only when received, due to the difficulties in remitting dividends from Zimbabwe.

Duty Credit Certificate income is recognised as income in the same period as the related exports.

EARNINGS PER SHARE

Earnings per share is based on earnings attributable to shareholders and is calculated on the weighted average number of shares in issue during the financial year. Headline earnings per share is based on earnings attributable to shareholders, excluding any non-trading and capital items and the tax effect thereon, and is calculated as above.

FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are recorded at the rate of exchange ruling at the transaction date. Monetary assets and liabilities in foreign currencies are translated into South African currency at rates of exchange ruling at the balance sheet date. Translation gains and losses, whether realised or unrealised, are taken to income.

LEASES

Finance leases

Leases that transfer substantially all the risks and rewards of ownership of the underlying asset to the group are classified as finance leases. Assets acquired in terms of finance leases are capitalised at the lower of fair value and the present value of the minimum lease payments at inception of the lease, and depreciated over the estimated useful life of the asset. The capital element of future obligations under the leases is included as a liability in the balance sheet. Lease payments are allocated using the effective interest rate method to determine the lease finance cost, which is charged against income over the lease period, and the capital repayment, which reduces the liability to the lessor.

Operating leases

Leases where the lessor retains the risks and rewards of ownership of the underlying asset are classified as operating leases. Payments made under operating leases are charged against income on a straight line basis over the period of the lease.

EMPLOYEE BENEFITS

Short-term employee benefits

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service.

The provisions for employee entitlements to wages, salaries, annual and sick leave represent the amount that the group has a present obligation to pay as a result of employees' services provided to the balance sheet date. The provisions have been calculated at undiscounted amounts based on current wage and salary rates.

Retirement fund

The group contributes to several defined contribution plans. Contributions to defined contribution funds are charged against income as incurred.

Medical aid

Where the group has an obligation to provide post retirement medical aid benefits to employees, the group recognises the costs of these benefits in the year in which the employees render the service.

Actuarial gains or losses in respect of the defined benefit medical plan are recognised as income or expense.

Past service costs are recognised as an expense on a straight line basis over the average period until the benefits become vested. To the extent that the benefits are already vested, past service costs are recognised immediately.

Equity compensation benefits

The group grants share options to certain employees under an employee share plan. Other than costs incurred in administering the schemes, which are expensed as incurred, the scheme does not result in an expense to the group.

DIVIDENDS TO SHAREHOLDERS

Dividends and related STC charges are accounted for in the period in which the dividends are declared.

COMPARATIVE FIGURES

Where necessary, comparative figures have been restated to accord with current year classifications and as a result of changes in accounting policies. The valuation adjustments on financial instruments, separately disclosed on the face of the income statement in the prior year, has been reclassified to cost of revenue.

Interest received and interest paid in the prior year have been restated with no impact on net finance charges.

TREASURY SHARES

Shares in the company held by group entities are classified as treasury shares. These shares are treated as a deduction from the weighted average number of shares and the cost price of the shares is deducted from equity in the statement of changes in equity. Dividends received on treasury shares are eliminated on consolidation.

BORROWING COSTS

Borrowing costs are expensed as incurred.

SEGMENTAL REPORTING

The group's main activities are the manufacture of textiles and men's, women's and children's apparel. Its other activities comprise the distribution of toys and consumer electronics. It also has travel and property investment interests related to its manufacturing divisions. On a primary basis the group is organised into five major operating divisions:

- Textiles, comprising the manufacture of woven and knitted fabrics;
- Apparel, comprising the manufacture of clothing and household textiles;
- Office automation and consumer electronics, comprising the distribution of office automation products and consumer electronic products;
- Toys, comprising the distribution of toys;
- Industrial products.

Geographical markets are reported on a secondary basis.

Segment results include revenue and expenses directly attributable to a segment and the relevant portion of enterprise revenue and expenses that can be allocated on a reasonable basis to a segment.

Segment assets comprise those operating assets that are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

Segment liabilities comprise those operating liabilities that are directly attributable to the segment on a reasonable basis. Segment assets and liabilities do not include income tax items.

Capital expenditure represents the total costs incurred during the year to acquire segment assets that are expected to be used during more than one period, i.e. property, plant and equipment.

	Group		Company	
Rand thousands	**2004**	2003	**2004**	2003
2. INCOME BEFORE TAXATION				
The following items have been taken into account in determining income before taxation.				
Income				
Amortisation of negative goodwill	**35 135**	35 135		
Dividends – listed investments	**97**	324	**97**	298
Dividends – subsidiary companies			**18 749**	43 522
Export incentives	**68 617**	92 448		
Interest*	**13 330**	22 324		
Surplus on disposal of plant and equipment	**2 037**	1 082		
Expenditure				
Audit fees – audit	**3 739**	3 448		
Audit fees – other	**306**	398		
Depreciation – buildings	**7 612**	7 200		
– leasehold improvements	**287**	152		
– plant and equipment	**78 508**	73 926		
– equipment and fittings	**10 825**	11 673		
– motor vehicles	**4 618**	4 336		
Total owned assets	**101 850**	97 287		
Total leased assets	**3 827**	2 426		
Total depreciation	**105 677**	99 713		
Impairment of plant and equipment	**–**	12 000		
Impairment of investments (refer note 15.2)	**–**	14 402	**3 881**	–
Foreign exchange losses	**6 255**	76 545		
Interest*	**96 363**	119 465	**–**	339
Operating lease charges – fixed property	**21 594**	24 373		
– equipment and vehicles	**13 511**	10 556		
Technical and consulting fees	**4 825**	3 751		
* Included in net finance charges.				
3. TAXATION				
South African normal taxation				
Current	**(5 659)**	(4 693)		
Prior-year	**(5 186)**	(1 578)		
Secondary tax on companies	**–**	(482)		
Deferred – current	**(11 002)**	(13 755)		
– prior year	**5 186**	–		
– secondary tax on companies	**(284)**	(872)		
	(R16 945)	(R21 380)		
Reconciliation between actual and normal taxation rates	**%**	%		
Current taxation as a percentage of income before taxation	**12,8**	19,0		
Goodwill	**8,0**	9,3		
Prior year	**–**	(1,4)		
Exempt income	**3,6**	4,3		
Secondary tax on companies	**(0,2)**	(0,4)		
Other	**5,8**	(0,8)		
Normal taxation rate	**30,0**	30,0		

4. EARNINGS PER SHARE

The calculation of earnings per share is based on income attributable to shareholders and the weighted average shares in issue throughout the year.

	Income R000's	2004 Weighted average number of shares 000's	Per share cents
Weighted average number of shares		**128 215**	
Number of shares in issue		**133 917**	
Treasury shares		**(5 702)**	
Diluted weighted average number of shares		**129 240**	
Weighted average number of shares		**128 215**	
Share options exercised, not yet delivered		**1 025**	
Basic earnings			
Income attributable to shareholders	**114 833**	**128 215**	**89,6**
Diluted earnings			
Income attributable to shareholders	**114 833**	**129 240**	**88,9**
Headline earnings			
Reconciliation between earnings and headline earnings			
Income attributable to shareholders	**114 833**		
Amortisation of negative goodwill	**(35 135)**		
Surplus on disposal of plant and equipment	**(2 037)**		
Headline earnings	**77 661**	**128 215**	**60,6**
Diluted headline earnings	**77 661**	**129 240**	**60,1**

		2003	
Weighted average number of shares		114 795	
As previously reported		120 270	
Change in accounting policy		(5 475)	
Diluted weighted average number of shares		117 482	
Weighted average number of shares		114 795	
Share options exercised, not yet delivered		2 687	
Basic earnings			
Income attributable to shareholders	91 404	114 795	79,6
Diluted earnings			
Income attributable to shareholders	91 404	117 482	77,8
Headline earnings			
Reconciliation between earnings and headline earnings			
Income attributable to shareholders	91 404		
Amortisation of negative goodwill	(35 135)		
Impairment of investment	14 402		
Impairment of plant and equipment	12 000		
Surplus on disposal of plant and equipment	(1 082)		
Tax effect adjustments	829		
Headline earnings	82 418	114 795	71,8
Diluted headline earnings	82 418	117 482	70,2

Rand thousands					Group
	Land and buildings	Plant and machinery	Equipment and fittings	Motor vehicles	**Total**
5. PROPERTY, PLANT AND EQUIPMENT			**2004**		
Cost at 30 June 2004	**396 363**	**1 298 521**	**141 682**	**34 240**	**1 870 806**
Opening balance	**395 118**	**1 239 436**	**134 810**	**31 734**	**1 801 098**
Acquisitions	**1 779**	**64 557**	**8 657**	**6 555**	**81 548**
Disposals	**(534)**	**(5 472)**	**(1 785)**	**(4 049)**	**(11 840)**
Accumulated depreciation at 30 June 2004	**51 655**	**871 671**	**110 264**	**22 544**	**1 056 134**
Opening balance	**43 778**	**796 949**	**99 228**	**20 505**	**960 460**
Current year depreciation	**7 899**	**79 995**	**12 791**	**4 992**	**105 677**
Disposals	**(22)**	**(5 273)**	**(1 755)**	**(2 953)**	**(10 003)**
Net book value at 30 June 2004	**R344 708**	**R426 850**	**R31 418**	**R11 696**	**R814 672**
Rate of depreciation	**0-2%**	**10-25%**	**20-33%**	**20-25%**	
			2003		
Cost at 30 June 2003	395 118	1 239 436	134 810	31 734	1 801 098
Opening balance	392 079	1 158 581	121 953	30 061	1 702 674
Acquisitions	3 259	89 755	15 773	4 769	113 556
Disposals	(220)	(8 900)	(2 916)	(3 096)	(15 132)
Accumulated depreciation at 30 June 2003	43 778	796 949	99 228	20 505	960 460
Opening balance	36 426	718 336	86 897	18 176	859 835
Impairment loss	–	12 000	–	–	12 000
Current year depreciation .	7 352	74 143	13 452	4 766	99 713
Disposals	–	(7 530)	(1 121)	(2 437)	(11 088)
Net book value at 30 June 2003	R351 340	R442 487	R35 582	R11 229	R840 638

A detailed list of the properties will be posted on request to any member of the public.The insured replacement value of fixed assets amounts to R5,5 billion (2003 - R5,5 billion). Properties with a net book value of R9,6 million (2003 - R9,7 million) are secured by a mortgage bond - see note 12(a), plant and machinery, equipment and motor vehicles with a net book value of R60,1 million (2003 - R32,6 million) are subject to instalment sale and finance lease agreements - see note 12(a). Land and buildings were last revalued in 2000.

Included in the above are assets subject to finance leases.				
			2004	
Cost	**27 186**	**10 711**	**2 080**	**39 977**
Accumulated depreciation	**2 818**	**7 945**	**1 508**	**12 271**
Net book value at 30 June 2004	**24 368**	**2 766**	**572**	**27 706**
			2003	
Cost	3 246	10 711	2 172	16 129
Accumulated depreciation	1 480	4 893	1 540	7 913
Net book value at 30 June 2003	1 766	5 818	632	8 216

	Group	
	2004	2003
6. NEGATIVE GOODWILL		
Gross amount at 30 June	**(422 000)**	(422 000)
Opening balance	**(422 000)**	(422 000)
Accumulated amortisation at 30 June	**123 340**	88 205
Opening balance	**88 205**	53 070
Amortisation during year	**35 135**	35 135
Amortised balance at 30 June	**(R298 660)**	(R333 795)
7. INTEREST IN SUBSIDIARY COMPANIES	**Company**	
Shares at cost, less amounts written off	**498 842**	502 723
Net loans from subsidiary companies	**(183 982)**	(189 588)
	R314 860	R313 135

Refer to page 52 for details.

Notes to the Financial Statements FOR YEAR ENDED 30 JUNE 2004

	Group		Company	
Rand thousands	**2004**	2003	**2004**	2003
8. INVESTMENTS				
Liberty Life - listed 15 158 (2003:15 158) units	**915**	15		
Glodina Holdings Limited - listed	**48**	48	**48**	48
Business Partners Limited	**1**	1	**1**	1
Paramount Property Fund Limited				
A debentures - listed	**21 110**	17 190		
6 031 600 (2003: 5 055 900) debentures				
B debentures	**3 708**	8 612		
1 951 400 (2003: 2 927 100) debentures				
	R25 782	R25 866	**R49**	R49
Investments are reconciled as follows:				
Opening balance	25 866	36 022	49	49
Impairment	(984)	(9 988)		
Disposals	–	(168)		
Revaluations	900	–		
	R 25 782	R25 866	**R49**	R49
9. DEFERRED TAXATION				
Balance at beginning of year	**(81 823)**	(67 196)		
– Asset	**18 067**	19 249		
– Liability	**(99 890)**	(86 445)		
Current movements	**(6 100)**	(14 627)		
– Utilisation of tax loss	**(6 992)**	(2 676)		
– Assessed losses created in the year	**5 455**	–		
– Temporary differences	**(4 563)**	(11 951)		
Balance at end of year	**(87 923)**	(81 823)		
– Asset	**15 631**	18 067		
– Liability	**(103 554)**	(99 890)		
Comprising	**(87 923)**	(81 823)		
– Capital allowances	**(130 283)**	(124 803)		
– Provision for post employment medical benefit	**18 487**	16 184		
– Secondary tax on companies	**(1 156)**	(872)		
– Tax losses	**8 885**	10 422		
– Working capital allowances	**16 144**	17 246		
10. INVENTORY				
Raw materials and consumables	**281 789**	313 498		
Work-in-progress	**165 524**	178 595		
Finished goods	**269 554**	296 775		
	R716 867	R788 868		

	Group and Company	
	2004	2003
11.1 SHARE CAPITAL		
(a) Authorised		
35 000 000 (2003: 35 000 000) ordinary shares of 25 cents each Each ordinary share has the right to 100 votes at general meetings	**R8 750**	R8 750
200 000 000 (2003: 200 000 000) N ordinary shares of 0.25 cents each Each N ordinary share has the right to 1 vote at general meetings	**R500**	R500

		Group and Company
Rand thousands	**2004**	2003
11.1 SHARE CAPITAL *(continued)*		
(b) Issued		
27 097 743 (2003: 27 097 743) ordinary shares of 25 cents each	**6 774**	6 774
106 820 112 (2003: 106 820 112) N ordinary shares of 0.25 cents each	**267**	267
Balance at beginning of year – 106 820 112 (2003: 80 036 541)	**267**	200
Issued during year – nil (2003: 26 783 571)	**–**	67
	7 041	7 041
Share premium		
Balance at beginning of year	**52 697**	–
Issued during the year	**–**	52 697
Balance at end of year	**52 697**	52 697
	R59 738	R59 738

The unissued shares are under the control of the directors until the next annual general meeting.

Share incentive scheme

On 10 December 2001, the Employee Incentive Scheme 2001 granted options on 6 296 000 Seardel N ordinary shares at R1,80 per share to the holders of share options in Frame Textile Corporation Limited, in consideration for those holders agreeing to the cancellation of options that they held in Frame Textile Corporation Limited. If employees terminate their employment before the delivery date, these shares are forfeited.

	2004 000's	2003 000's
Balance, options exercised not yet delivered, at beginning of year	**5 879**	6 175
Options delivered	**(119)**	(231)
Options exercised, not delivered	**(15)**	(65)
Balance, options exercised not yet delivered, at end of year	**5 745**	5 879

	Exercise price	Number of shares
Options exercised during year	R1.80	119
Terms of options outstanding at 30 June 2004		5 745
Available for delivery at 30 June 2004	R1.80	3 396
Available for delivery at 8 December 2004	R1.80	2 349

11.2 TREASURY SHARES

Seardel Investment Corporation Limited shares are held by Seardel Investment Corporation Limited Employee Incentive Scheme 2001 as follows:

	R000's		Number of shares 000's	
	2004	2003	**2004**	2003
Ordinary shares				
Balance at beginning of year	**180**	–	**269**	–
Change in accounting policy (note 15.1)	**–**	111	**–**	247
Balance at beginning of year - restated	**180**	111	**269**	247
Share repurchases	**655**	69	**259**	22
Balance at end of year	**R835**	R180	**528**	269
N ordinary shares				
Balance at beginning of year	**9 246**	–	**5 206**	–
Change in accounting policy (note 15.1)	**–**	8 762	**–**	5 254
Balance at beginning of year - restated	**9 246**	8 762	**5 206**	5 254
Share repurchases	**252**	585	**87**	183
Share options exercised	**(212)**	(101)	**(119)**	(231)
Balance at end of year	**R9 286**	R9 246	**5 174**	5 206
Total at end of year	**R10 121**	R9 426	**5 702**	5 475

Notes to the Financial Statements FOR YEAR ENDED 30 JUNE 2004

Rand thousands	Final repayment dates	Current rate of interest & p.a.	Group 2004	Group 2003
12. INTEREST-BEARING LIABILITIES				
(a) Secured				
(i) Loan secured by mortgage bond over immovable properties having a book value of R9,6 million (2003: R9,7 million), at a fixed interest rate	2006	13,0	**2 974**	5 323
(ii) Other loans Instalment sale and finance lease agreements over movable assets with a book value of R60,1 million (2003: R32,6 million), at variable interest rates	2007	9,5	**49 305**	32 503
Repayable in monthly instalments				
			52 279	37 826
(b) Unsecured				
Non-current	2006	12,9	**201 284**	247 283
The average interest rate is fixed to final date of repayment				
Bankers acceptances	2006	10,2	**215 104**	180 536
			416 388	427 819
			468 667	465 645
Less: Amounts repayable within 12 months included in current liabilities			**68 998**	58 669
			R399 669	R406 976
13. DEFERRED LIABILITIES				
Post employment medical benefits (note 14)			**61 622**	56 061
Deferred income			**263**	273
			R61 885	R56 334
14. POST-EMPLOYMENT MEDICAL BENEFITS				
Amounts recognised in the income statement:				
Current service cost			**1 386**	1 166
Interest on the obligation			**4 932**	5 880
Net actuarial (gains)/losses recognised			**2 352**	(3 089)
Total included in staff costs			**R8 670**	R3 957
Movements in the net liability recognised in the balance sheet are as follows:				
Net liability at beginning of year			**56 061**	54 950
Net expense in the income statement			**8 670**	3 957
Contributions			**(3 109)**	(2 846)
Net liability in balance sheet			**R61 622**	R56 061
The principal actuarial assumptions at the balance sheet date:				
Discount rate			**8,4%**	10,7%
Medical inflation			**6,4%**	8,7%

15. PRIOR YEAR ADJUSTMENTS

15.1 Change in accounting policy

During the year, the Group changed its accounting policy with respect to the consolidation of the Seardel Executive Incentive Scheme (Incentive Scheme). In order to conform with the requirements issued by the JSE Securities Exchange South Africa, the Group now consolidates the Incentive Scheme. The major effect of this change was to eliminate the dividend paid to the Incentive Scheme and decrease the weighted average number of shares in issue.

Comparative figures have been restated in the Changes in Equity Statement.

The effect on the comparative Balance Sheet figures is as follows:

Decrease in long-term receivables	8 625
Increase in retained income	801
Increase in treasury shares	9 426

(Note 15 continued next page)

15. PRIOR YEAR ADJUSTMENTS (continued)

15.2 Impairment adjustment

The fair value adjustment of R14,4m in respect of the Paramount Property Fund Limited Debentures, charged directly to equity in 2003, should have been recycled to the income statement as the downward fair value adjustment was deemed to be an impairment of the investment during 2003.

Comparative figures have been restated to reflect the R14,4m as being recycled out of equity into the income statement.

The effect on the comparative figures is as follows:

– Income before taxation reduced from R127,2m to R112,8m.

– Income attributable to shareholders reduced from R105,8m to R91,4m.

The total effect of the prior year adjustments is a decrease in earnings per share from 88 cents to 79,6 cents and, since the impairment is outside headline earnings, an increase in headline earnings per share from 68,5 cents to 71,8 cents - refer also note 26.

	Group		Company	
Rand thousands	**2004**	2003	**2004**	2003
16. RECONCILIATION OF PROFIT FROM OPERATIONS TO CASH GENERATED FROM OPERATIONS				
Profit from operations	**214 811**	209 925	**20 444**	52 714
Adjustment for:				
Minority interest	**(114)**	–		
Foreign exchange (gains)/losses – unrealised	**(45 372)**	39 691		
Depreciation	**105 677**	99 713		
Surplus on disposal of plant and equipment	**(2 037)**	(1 082)		
Amortisation of negative goodwill	**(35 135)**	(35 135)		
Impairment	**–**	26 402	**3 881**	–
Investment income	**(97)**	(324)	**(97)**	–
Deferred liabilities	**8 660**	3 926		
	R246 393	R343 116	**R24 228**	R52 714
17. WORKING CAPITAL CHANGES				
Decrease/(increase) in inventories	**72 001**	(43 177)		
Decrease in trade and other receivables	**45 412**	14 372	**–**	30
Decrease in trade and other payables	**(26 307)**	(85 246)	**–**	(5 044)
	R91 106	(R114 051)	**–**	(R5 014)
18. TAXATION PAID				
Taxation paid is reconciled to the amounts disclosed in the income statements as follows:				
Amounts unpaid at beginning of year	**(3 633)**	994		
Amounts charged to the income statements	**(10 845)**	(6 753)		
Amounts unpaid at end of year	**13 081**	3 633		
Cash amounts paid	**(R1 397)**	(R2 126)		
19. DIVIDEND PAID				
Dividend is reconciled to the amounts disclosed as follows:				
Amounts unpaid at beginning of year	**(56)**	(120)	**(56)**	(120)
Dividend	**(17 964)**	(15 269)	**(18 749)**	(16 070)
Amounts unpaid at end of year	**38**	56	**38**	56
Cash amounts paid	**(R17 982)**	(R15 333)	**(R18 767)**	(R16 134)
20. PROCEEDS ON DISPOSAL OF PLANT, PROPERTY AND EQUIPMENT				
Book value of assets disposed	**1 837**	4 044		
Surplus on disposal	**2 037**	1 082		
Cash amounts paid	**R3 874**	R5 126		
21. CASH AND CASH EQUIVALENTS				
Cash and cash equivalents comprise the following :				
Cash resources	**212 149**	124 109		
Bank overdrafts	**(18 094)**	(86 956)	**(3 755)**	(3 796)
	R194 055	R37 153	**(R3 755)**	(R3 796)

22. FOREIGN CURRENCY COMMITMENTS

Uncovered foreign currency monetary items relating to the purchase of inventory amount to approximately R35,6 million (2003: R9,6 million) at the balance sheet date.

	Group	
Rand thousands	**2004**	2003
23. COMMITMENTS		
Contracted for	**12 323**	6 558
Authorised but not contracted for	**1 269**	1 695
	R13 592	R8 253

It is envisaged that this capital expenditure will be incurred in the forthcoming financial year and will be funded from internal cash resources and, if deemed necessary, external resources.

24. BORROWING FACILITIES		
Available	**1 214 143**	1 305 625
Net utilised	**(341 118)**	(493 668)
Unutilised balance	**R873 025**	R811 957

25. DIRECTORS' EMOLUMENTS

2004

Paid by a subsidiary company Name	Salary	Bonus	Retirement & medical contributions	Share options delivered	Directors fees	Other benefits	**Total**
Executive Directors							
A. Searll (Chief Executive Officer)	1 567	2 700	150	–	75	671	**5 163**
A. D. Jacobson	773	450	146	–	50	109	**1 528**
W. Simeoni	1 677	700	241	–	50	131	**2 799**
	4 017	3 850	537	–	175	911	**R9 490**
Non Executive Directors							
N. Lazarus (Chairman)					60		**60**
K. A. Blumberg			55		50		**105**
T. Eboka					50		**50**
M. C. Ramaphosa					50		**50**
			55		210		**R265**
							R9 755

For the interest of directors in the company's share capital please refer to the directors' report. Directors' interest in contracts is disclosed in note 27. Share options: Mr W. Simeoni has an option for 800 000 (2003: 800 000) N ordinary shares at R1,80. This option has been exercised in terms of the rules of the scheme, but no delivery has taken place.

2003

Paid by a subsidiary company Name	Salary	Bonus	Retirement & medical contributions	Share options delivered	Directors fees	Other benefits	Total
Executive Directors							
A. Searll (Chief Executive Officer)	1 381	2 500	143	–	50	561	4 635
A. D. Jacobson	630	350	78	–	25	112	1 195
W. Simeoni	1 545	700	235	–	25	134	2 639
	3 556	3 550	456	–	100	807	R8 469
Non Executive Directors							
N. Lazarus (Chairman)					25		25
K. A. Blumberg			46		25		71
T. Eboka					25		25
M. C. Ramaphosa					25		25
			46		100		R146
							R8 615

26. POST BALANCE SHEET EVENT

On 2 July 2004, the Paramount Property Fund Limited A and B debentures were sold at their impaired net book value of R24,8 million.

27. RELATED PARTY TRANSACTIONS

Transactions between group companies: During the year, in the ordinary course of business, certain companies within the group entered into transactions. These intra-group transactions have been eliminated on consolidation.

Transactions with entities controlled by directors: Subsidiary companies within the group have entered into property lease transactions with Dr A. Searll or entities controlled by Dr A. Searll. The monetary value of these transactions is R6 018 935 (2003: R5 579 002). A subsidiary company has a loan owing to Dr A. Searll. This loan bears interest at rates varying between prime plus 1% and prime less 0,5%. The monetary value of the loan at 30 June 2004 is R48 290 000 (2003: R36 130 000) and the related interest is R5 073 101 (2003: R5 846 007). A subsidiary company engages the services of Searay 45 Charters, a company in which Dr A. Searll has a 24% interest. The related expense is R566 580 (2003: R610 780).

Shares held by directors and their related entities: The percentage of shares held by directors of the company and their related entities at the balance sheet date are disclosed in the directors' report on page 33.

28. FINANCIAL INSTRUMENTS

Foreign currency management: Operating subsidiaries undertake transactions denominated in foreign currencies and hence exposures to exchange rate fluctuations arise. Material exchange rate exposure on imported raw materials and capital equipment is hedged through the use of forward exchange contracts. Trade exports are hedged using forward exchange contracts and customer foreign currency accounts. Forward exchange contracts are not used for speculative purposes.

At 30 June 2004, the following forward exchange contracts had been entered into:

	Currency	Foreign Amount 000's	Average Rate	Rand Amount 000's
Imports	British Pound	338	12.06	4 075
	US Dollar	18 857	6.56	123 673
	Euro	2 580	7.68	19 816
	Japanese Yen	22 300	15.50	1 439
	Swiss Francs	218	5.30	1 156
Exports	British Pound	1 975	12.79	25 269
	US Dollar	4 416	6.90	30 459
	Euro	3 316	7.75	25 695

The fair value of foreign exchange contracts represents the estimated amounts that the group would pay to terminate the contracts at year end, thereby taking account of unrealised gains and losses on open account contracts.

Interest rate management: The group is exposed to interest rate risk as it borrows and places funds on the money market. This risk is managed by maintaining an appropriate mix of fixed and daily call placements with reputable financial institutions.

Credit risk management: Financial assets, which potentially subject the group to concentrations of credit risk, consist principally of cash and cash equivalents, investments and receivables. The risk on cash and cash equivalents is managed through dealing with established financial institutions with high credit standing.

Receivables are presented net of allowances for doubtful debts. The risk arising on trade receivables is managed through a stringent group policy on the granting of credit limits, continual review and monitoring of these limits and insurance of trade receivables through an independent party. Collateral and other forms of tangible securities are obtained in respect of other receivables.

Cash flow and funding risk management: This risk is managed through cash flow forecasts and ensures that adequate borrowing facilities are maintained. In terms of the articles of association, the group's borrowing powers are unlimited. Refer to note 24 for borrowing facilities.

Maturity profile of financial instruments: Maturity profile of financial assets and liabilities at 30 June 2004 is summarised as follows:

	0 – 12 months	1 – 3 years	3 – 5 years	Over 5 years	**R000's Total**
Assets					
Investments	24 818	–	964	–	**25 782**
Long term receivables	–	2 623	–	–	**2 623**
Trade and other receivables	730 956	–	–	–	**730 956**
Cash and cash equivalents	212 149	–	–	–	**212 149**
Total financial assets	967 923	2 623	964	–	**971 510**
Liabilities					
Interest-bearing borrowings	135 504	399 669	–	–	**535 173**
Trade and other payables	614 187	–	–	–	**614 187**
Dividend	38	–	–	–	**38**
Bank overdrafts	18 094	–	–	–	**18 094**
Deferred liabilities	–	–	–	61 885	**61 885**
Total financial liabilities	767 823	399 669	–	61 885	**1 229 377**
Net financial assets (liabilities)	**R200 100**	**(R397 046)**	**R964**	**(R61 885)**	**(R257 867)**

Fair value of financial instruments: The fair value of financial assets and liabilities approximate their carrying values as disclosed in the balance sheet.

Unrecognised financial liability: As legal set-off exists, the group has not recognised the following financial liability: Seardel Group Trading (Pty) Limited has entered into a loan arrangement with Mettle Financial Trading (Pty) Ltd, a finance company in terms of which it borrowed R100 million. The loan is repayable on 31 October 2007 and interest is payable at 16,5% per annum.

Unrecognised financial asset: As legal set-off exists, the group has not recognised the following asset: Seardel Group Properties (Pty) Ltd purchased a R100 million preference share investment which carries a 14,04% dividend coupon rate and is redeemable on 31 October 2007. For security of the preference share investment, Mettle Financial Trading (Pty) Ltd has pledged its loan receivable from Seardel Group Trading (Pty) Ltd in the event of default in terms of the preference share arrangement. For security of Seardel Group Trading (Pty) Ltd's loan, Seardel Group Properties (Pty) Ltd has pledged its preference share investment to Mettle Financial Trading (Pty) Ltd in the event of default in terms of the loan arrangement.

Interest in Subsidiary Companies AT 30 JUNE

Name of subsidiary companies

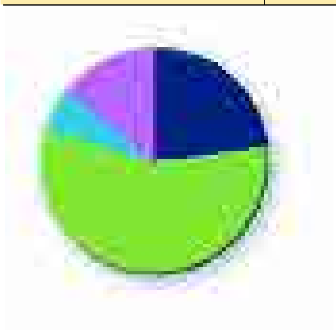
(Incorporated in the Republic of South Africa)

Direct holdings	Issued capital 2004 R	Issued capital 2003 R	% Interest 2004 %	% Interest 2003 %	Shares at book value 2004 R	Shares at book value 2003 R
Bibette (Pty) Ltd	**70 000**	70 000	**100**	100	**14 011 701**	14 011 701
Consolidated Textiles (Pty) Ltd	**120 000**	120 000	**100**	100	**238 248 672**	238 248 672
Maseru Clothing Manufacturers (Pty) Ltd - Lesotho	**1 000**	1 000	**100**	100	**1 000 000**	1 000 000
Man About Town (Menswear) Ltd - UK	**1 764**	1 764	**100**	100	**1 764**	1 764
Oceanair (Pty) Ltd	**25 100**	25 100	**55**	55	**13 805**	13 805
Prima Toy and Leisure Group Ltd.	**823 290**	823 290	**100**	100	**34 636 997**	34 636 997
South African Clothing Industries (Pty) Ltd	**637 865**	637 865	**100**	100	**–**	3 881 000
S.A.Toons (Pty) Ltd	**–**	100	**–**	51	**–**	51
Seardel Group Trading (Pty) Ltd	**40 000**	40 000	**100**	100	**578 882**	578 882
Seardel Number 16 (Pty) Ltd	**180 895**	180 895	**100**	100	**15 231 860**	15 231 860
Seartec Ltd	**669 106**	669 106	**100**	100	**85 358 581**	85 358 581
Ordinary shares at book value					**389 082 262**	392 963 313
Preference shares at book value					**109 760 000**	109 760 000
Shares at book value					**R498 842 262**	R502 723 313
Amounts owing (to)/by subsidiary companies					**(R183 982 006)**	(R189 588 357)
Seardel Group Trading (Pty) Ltd					(143 594 957)	(130 442 808)
Seardel Group Properties (Pty) Ltd					5 818 643	(12 929 857)
Bibette (Pty) Ltd					(24 653 728)	(24 653 728)
Other					(21 551 964)	(21 561 964)

These loans are interest free and there are no fixed terms for repayment.

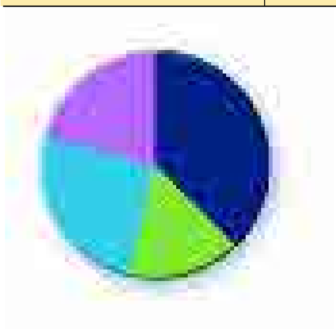
Analysis of Shareholders

Seardel ordinary shares	Number of shareholders		% of total shareholders		Number of shares		% of total shares	
	2004	2003	**2004**	2003	**2004**	2003	**2004**	2003
1 – 1 000	**669**	702	**71**	72	**168 403**	181 096	**1**	1
1 001 – 5 000	**166**	171	**18**	18	**422 707**	426 961	**2**	2
5 001 – 50 000	**83**	79	**9**	8	**1 291 748**	1 209 529	**4**	4
50 001 – 100 000	**14**	10	**1**	1	**1 068 753**	708 400	**4**	2
Over – 100 001	**12**	11	**1**	1	**24 146 132**	24 571 757	**89**	91
	944	973	**100**	100	**27 097 743**	27 097 743	**100**	100



	2004	2003
Banks, investment, finance and nominee companies and trusts	**22,8%**	24,2%
Directors and staff	**56,7%**	55,1%
Individuals	**6,5%**	7,1%
Insurance companies and pension funds	**14,0%**	13,6%

Seardel N ordinary shares	Number of shareholders		% of total shareholders		Number of shares		% of total shares	
	2004	2003	**2004**	2003	**2004**	2003	**2004**	2003
1 – 1 000	**374**	402	**43**	46	**137 591**	147 373	**–**	–
1 001 – 5 000	**219**	238	**25**	28	**495 798**	539 733	**1**	1
5 001 – 50 000	**194**	169	**24**	19	**3 046 462**	2 532 326	**3**	2
50 001 – 100 000	**30**	27	**3**	3	**2 336 364**	2 072 105	**2**	2
Over – 100 001	**46**	45	**5**	4	**100 803 897**	101 528 575	**94**	95
	863	881	**100**	100	**106 820 112**	106 820 112	**100**	100



	2004	2003
Banks, investment, finance and nominee companies and trusts	**37,5%**	38,1%
Directors and staff	**16,3%**	16,6%
Individuals	**25,3%**	22,3%
Insurance companies and pension funds	**20,9%**	23,0%

Johannesburg Stock Exchange Information – 30 June		2004	2003
Total transactions	Ordinary	**192**	228
	N Ordinary	**398**	272
Total number of shares traded (000)	Ordinary	**2 462**	4 424
	N Ordinary	**8 847**	8 604
Total value of shares traded (R000)	Ordinary	**6 419**	13 315
	N Ordinary	**21 029**	29 150
Weighted average number of shares in issue (000)	Ordinary	**26 570**	26 829
	N Ordinary	**101 645**	87 966
% of shares traded to weighted average number of issued shares	Ordinary	**9,3**	16,3
	N Ordinary	**8,7**	9,8

Operating Divisions

MANAGEMENT AND LOCATIONS

(ALL 100% OWNED UNLESS OTHERWISE STATED)

The divisional directors and senior management of the various operating divisions have autonomy in respect of their operations and vast experience accumulated over a long period in the markets in which they are involved.

Seardel Group Trading (Pty) Ltd
A Searll, G C de Bruin, A D Jacobson.
2nd Floor, Seardel House, Alphen Park,
Constantia Main Road, Constantia, Cape Town.

MANAGEMENT DIVISIONS

Seardel Management Services
A Searll, A D Jacobson.
2nd Floor, Seardel House, Alphen Park,
Constantia Main Road, Constantia, Cape Town.

South African Clothing Industries
M Schaffer (Chairman), M D Davidson, A Dubin, P D Jacobson,
D R Kalyan, J N Londal, K G Robson.
100 Pendlebury Road, Mobeni, Durban.

South African Clothing Management Services
T E Besson, D R Kalyan, K G Robson.
100 Pendlebury Road, Mobeni, Durban.

OFFICE AUTOMATION AND CONSUMER ELECTRONICS DIVISION

Seartec Industries (Pty) Ltd
A Searll.

Sharp Electronics
G C de Bruin (Chairman and chief executive),
T J S Atkinson (Managing), C L'E Angus, A Charalambous, A Searll.
Sharp Centre, 10 Berg Street, Jeppestown, Johannesburg.
Head Office and Branch: Sharp House,
cnr Browning Street and Main Road,
Observatory, Cape Town.
Other main branches at: 16 Pineside Road, New Germany.
21 Lombard Street, Hilton, Bloemfontein.
Sharp Centre, 9th Avenue, Walmer, Port Elizabeth.
Branches also at: East London, Kimberley, Klerksdorp,
Nelspruit, Pretoria, Vereeniging, Welkom.

TRAVEL AND EXPORT DIVISIONS

Oceanair Travel (Pty) Ltd (55% owned)
R Berkowitz, A D Jacobson, G N Jones, B A Kolb, R Rutter.
9 Wellington Road, Parktown, Johannesburg.
1st Floor, Strathmore Park, 305 Musgrave Road,
Durban, KZN.
7th Floor, Broadway Centre, cnr Adderley Street and
Hertzog Boulevard, Foreshore, Cape Town.

Man About Town (Menswear) Ltd
M Levene, H Levene.
37 Warren Street, London W1T 6AD

LINGERIE AND FOUNDATION GARMENTS DIVISIONS

Charmfit
R L Richter (Managing), C Cole, I Harrison, C Miller,
P M Morgan, S Hopwood, I Taverner.
1 Moorsom Avenue, Epping Industria 2, Cape Town.

Cape Underwear Manufacturers
C Beekman (Managing), P Abrahamson,
J C Kotze, D Krupp, M Viljoen.
Cnr Bofors Circle and Losack Avenue,
Epping Industria 2, Cape Town.

Harven Manufacturing Co (Pvt) Ltd (50% owned)
W P Keates (Managing), J M Mitchell, A Searll, S Zabow.
Wakefield Road, Belmont, Bulawayo, Zimbabwe.

Prestige Clothing Manufacturers
M Schaffer (Chairman), M D Davidson and B Smart (Joint managing),
A B Berchowitz, A Narainsamy, A J van Dyk.
195 Leicester Road, Mobeni, Durban.
21 Blue Street, Pieters Industrial Estate, Ladysmith, KZN.

SPORTSWEAR AND PLAYWEAR DIVISIONS

Balu Design Centre
L J Burton-Moore (Managing), B Searll-Nivison.
2nd Floor, Sharp House, Main Road, Observatory, Cape Town.

Balu Handpainting
L J Burton-Moore (Managing), B Searll-Nivison.
2nd Floor, Sharp House, Main Road, Observatory, Cape Town.

Cygnet Manufacturing Co
J A Broadhurst (Managing), T Mennell, A E Millward.
Bofors Circle, Epping Industria 2, Cape Town.

Dermar Designs
B Smart (Managing), M D Davidson, A J M Doyle,
J Havemann, B von Alten Reuss.
195 Leicester Road, Mobeni, Durban.
21 Blue Street, Pieters Industrial Estate, Ladysmith, KZN.
78 Newmarket Street, Cape Town.

Little Number
M Schaffer (Chairman), B Smart (Managing),
M D Davidson, L Gordon.
195 Leicester Road, Mobeni, Durban.
21 Blue Street, Pieters Industrial Estate, Ladysmith, KZN.

FASHION DIVISIONS

Bibette

K Winer (Chairman and Joint Managing), E Wiswedel (Joint Managing),
S Schneider, R Stellenboom, D Tuckett.

Induland Crescent, Nerissa Estate, Lansdowne, Cape Town.

Bonwit

C G de Bruin (Chairman), P Womersley (Managing),
T V Hanslo, S Semaar.

Brickfield Road, Salt River, Cape Town.

South African Clothing Ladieswear

M Schaffer (Chairman), P D Jacobson (Managing), W Adam,
S Govender, M Kasher, C Tozer.

100 Pendlebury Road, Mobeni, Durban.

KNITTING, QUILTING AND TEXTILE DIVISIONS

Brits Textiles

G C de Bruin (Chairman),
C K Capstick-Dale (Managing), M Luchtenstein,
M Pardoe, J Pretorius, R Unger, L Woolley.

John van Niekerk Street, Atlantis Industria, Cape Town.
Cnr 2nd Avenue and 13th Road, Kew, Johannesburg.
41 Suffert Street, Pinetown.

Frame Textile Group

A Searll (Chairman), W Simeoni (Managing),
R Upton, R J Whiteford.

124 Escom Road, New Germany, KZN.

Desirée Quilted Products

G C de Bruin (Chairman), E Haller (Managing),
A A Fish, C A Jordan.

Christopher Starke Street, Atlantis Industria, Cape Town.

Fibre Art

G C de Bruin (Chairman), E Haller (Managing), C A Jordan.

Cnr Pieter van Eck and Christopher Starke Streets,
Atlantis Industria, Cape Town.

Monviso Knitwear

I Stein (Managing), G C de Bruin, J Baard,
R Greenblo, C F Greiner, A D Jacobson, M Medell.

Nourse Avenue, Epping Industria 2, Cape Town.

MEN'S OUTERWEAR DIVISIONS

South African Clothing Menswear

M Schaffer (Chairman), S R D Bodley, G Diesbergen,
B Mc Iver, B W Meyer, R P Ritson, R Sivpersad.
Alternates: R A Kinnear, H B Strous.

100 Pendlebury Road, Mobeni, Durban.
9 Edmund Moorewood Road,
Truro Industrial Township, Tongaat, KZN.
26–29 Red Street, Isithebe Industrial Township, KZN.
Site No. 123, 29 Green Street, Pieters Industrial Estate,
Ladysmith, KZN.

Durban Clothing Manufacturers

M Schaffer (Chairman), J N Londal (Managing),
R L Bird, A Dubin, A M Esterhuizen,
M J Kaplan, P D Swemmer.

29 Grimsby Road, Mobeni, Durban.

TOY DIVISION

Prima Toy and Leisure Trading (Pty) Ltd

S H Diamond (Chairman), J Diamond (Managing),
W Ambrosini, D Le Cok, I N Morris, F Nussbaum.

5 Hawkins Avenue, Epping Industria 1, Cape Town.
14 Barney Road, Benrose, Johannesburg.
4/F Genop House, 15 Hulbert Street,
New Centre, Johannesburg.

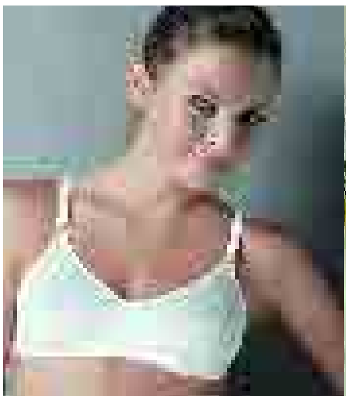
PROPERTY DIVISION

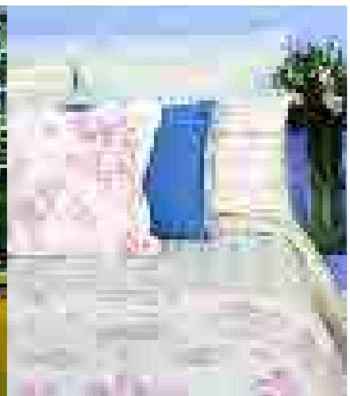
Seardel Group Properties

A Keller (Managing), A D Jacobson.

2nd Floor, Seardel House, Alphen Park,
Constantia Main Road, Constantia, Cape Town.

A detailed list of properties is available from the company secretary and will be posted on request to any member of the public.





Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 36th Annual General Meeting of Seardel Investment Corporation Limited ("the Company") will be held at 11:00 on Monday 25 October 2004 at 2nd Floor, Seardel House, Alphen Park, Constantia Main Road, Constantia, Cape Town, at which the issues and resolutions set out in the agenda below will be considered and, if deemed fit, passed with or without modification.

GENERAL INSTRUCTIONS AND INFORMATION

All shareholders of ordinary and/or N ordinary shares in the Company ("shares") are entitled to attend, speak and vote at the annual general meeting. If you hold certificated shares (i.e. have not dematerialised your shares in the Company) or are registered as an "own name" dematerialised shareholder (i.e. have specifically instructed your Central Security Depository Participant ("CSDP") to hold your shares in your own name on the Company's sub-register), then:

- you may attend and vote at the annual general meeting; alternatively

- you may appoint a proxy to represent you at the annual general meeting by completing the attached form of proxy and returning it to the office of the transfer secretaries by no later than 24 (twenty four) hours prior to the time appointed for the holding of the meeting.

Please note that if you own dematerialised shares (i.e. have replaced the paper share certificates representing the shares with electronic records of ownership under STRATE, the JSE Securities Exchange South Africa's ("JSE") electronic settlement system) held through a CSDP or broker (or their nominee) and are not registered as an "own name" dematerialised shareholder you are not a registered shareholder of the Company. Accordingly, in these circumstances, subject to the mandate between yourself and your CSDP or broker, as the case may be:

- if you wish to attend the annual general meeting you must contact your CSDP or broker, as the case may be, and obtain the relevant letter of representation from it; alternatively

- if you are unable to attend the annual general meeting but wish to be represented at the meeting, you must contact your CSDP or broker, as the case may be, and furnish it with your voting instructions in respect of the annual general meeting and/or request it to appoint a proxy. You must not complete the attached form of proxy. The instructions must be provided in accordance with the mandate between yourself and your CSDP or broker, as the case may be, within the time period required by your CSDP or broker, as the case may be.

CSDPs, brokers or their nominees, as the case may be, recorded in the Company's sub-register as holders of dematerialised shares held on behalf of an investor/beneficial owner in terms of STRATE should, when authorised in terms of their mandate or instructed to do so by the person on behalf of whom they hold dematerialised shares, vote by either appointing a duly authorised representative to attend and vote at the annual general meeting or by completing the attached form of proxy in accordance with the instructions thereon and returning it to the office of the Company's transfer secretaries to be received by not less than 24 hours prior to the time appointed for the holding of the meeting (excluding Saturdays, Sundays and public holidays).

On a poll the holders of ordinary shares of 25 cents each are entitled to 100 votes per ordinary share and the holders of "N" ordinary shares of 0,25 cents each are entitled to one vote per "N" ordinary share.

If approved by the annual general meeting of shareholders, the proposed dividend of 14 cents per share will be paid on Monday 22 November 2004 to shareholders recorded in the books of the Company at the close of business on the record date, being Friday 19 November 2004. The last date to trade cum dividend is Friday 12 November 2004. From Monday 15 November 2004 all trades are ex dividend. Share certificates may not be dematerialised or rematerialised between Monday 15 November 2004 and Friday 19 November 2004, both days inclusive. The transfer books and registers of shareholders will not be closed for the purposes of the above meeting and distribution.

The annual report to which this notice of Annual General Meeting is attached provides details of:

- the directors of the Company, including brief C.V.'s of the directors nominated for re-election, on page 9;

- the major shareholders of the Company on page 35;

- the directors' shareholding in the Company on page 35;

- the share capital of the Company in note 11, and an analysis of shareholders on page 53.

There are no material changes to the group's financial or trading position (other than as disclosed in the accompanying annual report), nor are there any legal or arbitration proceedings that may materially affect the financial position of the group between 30 June 2004 and the reporting date.

The directors, whose names are given on page 9 of the annual report collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made, and that the annual report and this notice provide all information required by law and the Listings Requirements of the JSE.

Agenda

1 To confirm the minutes of the shareholders' meeting held on 23 October 2003

2 To receive and adopt the financial statements Ordinary Resolution No. 1
"Resolved that the annual financial statements and group annual financial statements for the year ended 30 June 2004 as tabled at the meeting are hereby adopted"

3 General Authority to Repurchase Company Shares - Special Resolution No. 1
"Resolved that, the Company hereby approves, as a general approval contemplated in sections 85 and 89 of the Companies Act, No. 61 of 1973, as amended, ("the Act"), the acquisition by the Company or any of its subsidiaries from time to time of the issued shares of the Company , upon such terms and conditions and in such amounts as the directors of the Company may from time to time determine, but subject to the articles of association of the Company, the provisions of the Act and the Listings Requirements of the JSE as presently constituted and which may be amended from time to time, and provided that:

- any such acquisition of shares shall be effected through the order book operated by the JSE trading system or other manner approved by the JSE;
- this general authority shall only be valid until the Company's next annual general meeting, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this special resolution;
- a paid press announcement will be published as soon as the Company and/or its subsidiaries has/have acquired shares constituting, on a cumulative basis, 3% (three percent) of the number of shares of the class of shares repurchased in issue at the time of granting of this general authority, and each time the Company acquires a further 3% (three percent) of such shares thereafter, which announcement shall contain full details of such acquisitions;
- acquisitions by the Company and its subsidiaries of shares in the capital of the Company may not, in the aggregate, exceed in any one financial year 20% (twenty percent) (or 10% (ten percent) where such acquisitions relate to the acquisition by a subsidiary) of the Company's issued share capital of the class of the repurchased shares from the date of the grant of this general authority;
- in determining the price at which the Company's shares are acquired by the Company or its subsidiaries in terms of this general authority, the maximum premium at which such shares may be acquired may not be greater than 10% (ten percent) above the weighted average of the market price at which such shares are traded on the JSE for the 5 (five) business days immediately preceding the date the repurchase transaction is effected; and
- in the case of a derivative (as contemplated in the Listings Requirements of the JSE) the price of the derivative shall be subject to the limits set out in section 5.84(a) of the Listings Requirements of the JSE;"
- at any point in time, a company may only appoint one agent to effect any repurchase(s) on the company's behalf;
- Issuers may only undertake a repurchase of securities if, after such repurchase, it still complies with paragraphs 3.37 to 3.41 of the Listings Requirements of the JSE concerning shareholder spread requirements;
- An issuer or its subsidiary may not repurchase securities during a prohibited period as defined in paragraph 3.67 of the Listings Requirements of the JSE.

STATEMENT BY THE BOARD OF DIRECTORS OF THE COMPANY
Pursuant to and in terms of the Listings Requirements of the JSE, the Board of Directors of the Company hereby state that:

a) it is their intention to utilise the general authority to acquire shares in the Company if at some future date the cash resources of the Company are in excess of its requirements or there are other good grounds for doing so. In this regard the directors will take account of, inter alia, an appropriate capitalisation structure for the Company, the long-term cash needs of the Company, and the interests of the Company;
b) in determining the method by which the Company intends to acquire its shares, the maximum number of shares to be acquired and the date on which such acquisition will take place, the directors of the Company will only make the acquisition if at the time of the acquisition they are of the opinion that:
   - the Company and its subsidiaries would, after the repurchase, be able to pay their debts as they become due in the ordinary course of business for the next 12 (twelve) months after the date of this notice of the annual general meeting;
   - the consolidated assets of the Company and its subsidiaries, fairly valued in accordance with South African Statements of Generally Accepted Accounting Practice and recognised and measured in accordance with the accounting policies used in the latest audited financial statements, would, after the repurchase, be in excess of the consolidated liabilities of the Company and its subsidiaries for the next 12 (twelve) months after the date of this notice of the annual general meeting;
   - the issued share capital and reserves of the Company and its subsidiaries would, after the repurchase, be adequate for the ordinary business purposes of the Company or any acquiring subsidiary for the next 12 (twelve) months after the date of approval of this notice of the annual general meeting; and
   - the working capital available to the Company and its subsidiaries would, after the repurchase, be adequate for ordinary business purposes for the next 12 (twelve) months after the date of approval of this notice of the annual general meeting;
c) they will not make any repurchase until such time as the Company's sponsors have provided the JSE with a letter in relation to the working capital statement set out above (as required in terms of the Listings Requirements of the JSE);
d) they will notify the shareholders of the terms of the repurchase of the Company's shares by publishing an announcement in the press in accordance with the Listings Requirements of the JSE should the Company or its subsidiaries cumulatively repurchase more than 3% (three percent) of any class of the Company's issued share capital.

REASON AND EFFECT OF SPECIAL RESOLUTION No. 1
The reason for special resolution number 1 is to grant the Company a general authority in terms of the Act for the acquisition by the Company or any of its subsidiaries of shares issued by the Company, which authority shall be valid until the earlier of the next annual general meeting of the Company or the variation or revocation of such general authority by special resolution by any subsequent general meeting of the Company, provided that the general authority shall not extend beyond 15 (fifteen) months from the date of this annual general meeting. The passing and registration of this special resolution will have the effect of authorising the Company or any of its subsidiaries to acquire shares issued by the Company.

4 Substitution of the Company's Articles of Association - Special Resolution No. 2
"Resolved that the Articles of Association of the Company be and are hereby replaced with the Articles of Association tabled at this meeting and initialed by the Chairman for identification purposes"

REASON AND EFFECT OF SPECIAL RESOLUTION No. 2
The reason for special resolution number 2 is to replace the Company's existing

Agenda

Articles of Association with new updated Articles of Association in order, inter alia, to comply with the amended Listings Requirements of the JSE as well as the new regulations dealing with the dematerialisation of shares in terms of the Custody and Administration of Securities Act. In this regard, certain new definitions have been inserted for ease of reference, including the definition of the "N" ordinary shares as well as other consequential changes, for instance the insertion of a new article dealing with "Authorised Representatives" under the new STRATE system and other stylistic changes. The passing and registration of this special resolution will have the effect of replacing the existing Articles of Association with the Articles of Association tabled at this annual general meeting.

The proposed new Articles of Association of the Company shall be available for inspection at the registered office of the Company during normal business hours, as from the date of this notice until the date of the annual general meeting.

5 General Authority over Unissued Shares - Ordinary Resolution No. 2

"Resolved that all the unissued authorised shares in the Company, be and are hereby placed under the control of the directors, subject to the provisions of the Companies Act, No. 61 of 1973, as amended, and the JSE Securities Exchange South Africa's Listings Requirements, until the next annual general meeting."

6 General Authority to Issue Shares for Cash - Ordinary Resolution No. 3

"Resolved that, subject to not less than 75% (seventy-five percent) of the votes cast by those shareholders of the Company present in person or represented by proxy to vote at this annual general meeting voting in favour of this ordinary resolution, the directors of the Company be and are hereby authorised by way of a general authority to issue all or any of the authorised but unissued shares in the capital of the Company for cash, as and when they in their discretion deem fit, subject to the Companies Act, No. 61 of 1973, as amended, the Articles of Association of the Company, the Listings Requirements of the JSE as presently constituted and which may be amended from time to time and the following limitations:

- the securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
- that this general authority is valid until the Company's next annual general meeting provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this ordinary resolution;
- that a paid press announcement be published giving full details, including the expected effect on the net asset value and earnings per share, at the time of any issue representing, on a cumulative basis within 1 (one) financial year, 5% (five percent) or more of the number of shares in issue prior to the issue;
- that issues in the aggregate in any 1 (one) financial year may not exceed 15% (fifteen percent) of the number of shares in the Company's issued share capital of the class of shares issued before such issue taking into account the dilution effect of convertible securities and options in accordance with the Listings Requirements of the JSE;
- that in determining the price at which an issue of shares may be made in terms of this authority, the maximum discount permitted will be 10% (ten percent) of the weighted average traded price on the JSE of those shares over the 30 (thirty) business days prior to the date that the price of the issue is determined or agreed by the directors of the Company; and
- that any such issue will only be made to "public shareholders" as defined by the Listings Requirements of the JSE and not to related parties;
- securities which are the subject of general issues for cash:
  - Of a particular class, will be aggregated with any securities that are compulsorily convertible into securities of that class, and, in the case of the issue of compulsorily convertible securities, aggregated with the securities of that class into which they are compulsorily convertible;
  - As regards the number of securities which may be issued (the 15% number), shall be based on the number of securities of that class in issue added to those that may be issued in future (arising from the conversion of options/convertible securities), at the date of such application:

    1. less any securities of the class issued, or to be issued in future arising from options/convertible securities issued, during the current financial year;
    2. plus any securities of that class to be issued pursuant to:

       i) a rights issue which has been announced, is irrevocable and is fully underwritten; or

       ii) acquisition which has had final terms announced may be included as though they were securities in issue at the date of application."

7 Appointment of Directors

Messrs A Searll and A D Jacobson retire in accordance with the Company's Articles of Association but, being eligible, offer themselves for re-election. For C.V. details see page 9. Accordingly, to consider and if deemed fit, to re-elect those directors by way of passing the separate ordinary resolutions set out below:

7.1 Appointment of Mr A Searll as director - Ordinary Resolution No. 4.1

"Resolved that Mr A Searll is hereby elected as a director of the Company."

7.2 Appointment of Mr A D Jacobson as director - Ordinary Resolution No. 4.2

"Resolved that Mr A D Jacobson is hereby elected as a director of the Company."

8 To confirm the fees paid to the directors - Ordinary Resolution No. 5

"Resolved that the directors' fees paid to the directors of the Company for the year ended 30 June 2004, as set out in the annual financial statements accompanying the notice of annual general meeting, are hereby confirmed."

9 Declaration of Dividend - Ordinary Resolution No. 6

"Resolved that a dividend of 14 cents per share as proposed by the directors, to be paid on Monday 22 November 2004 to shareholders recorded in the register of the Company at the close of business on the record date, being Friday 19 November 2004 is hereby declared."

10 Reappointment of Auditors – Ordinary Resolution No. 7

"Resolved that KPMG Inc are hereby re-appointed as the auditors of the Company."

11 Authorisation of Directors - Ordinary Resolution No. 8

"Resolved that each and every director of the Company be and is hereby authorised to do all such things and sign all such documents as may be necessary or incidental to the implementation of the resolutions passed at this general meeting."

12 To transact such other business which may be transacted at an annual general meeting.

By order of the board
L A Clohessy
GROUP SECRETARY
Cape Town, 27 September 2004

Form of Proxy

Seardel Investment Corporation Limited.
(Incorporated in the Republic of South Africa) (Registration number 1968/011249/06)
Ordinary shares (Share code: SER ISIN: ZAE000029815)
N ordinary shares (Share code: SRN ISIN: ZAE000030144)
("Seardel" or the "Company")

For use at the annual general meeting of shareholders of the Company to be held at 2nd Floor, Seardel House, Alphen Park, Constantia Main Road, Constantia, Cape Town on Monday 25 October 2004 at 11:00.

Not to be used by beneficial owners of shares who have dematerialised their shares ("dematerialised shares") through a Central Securities Depository Participant ("CSDP") or broker, as the case may be, unless you are recorded on the sub-register as "own name" dematerialised shareholders ("own name dematerialised shareholders"). Generally, you will not be an own-name dematerialised shareholder unless you have specifically requested the CSDP to record you as the holder of the shares in your own name in the Company's sub-register.

Only for use by certificated, own name dematerialised shareholders and CSDPs or brokers (or their nominees) registered in the Company's sub-register as the holder of dematerialised ordinary shares.

Each shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies (none of whom need be a shareholder of the Company) to attend, speak and vote in place of that member at the annual general meeting.

Refer to notes on reverse side hereof.

To be returned to: The Transfer Secretaries
Computershare Investor Services 2004 (Pty) Limited
70 Marshall Street Johannesburg 2001
PO Box 61051 Marshalltown 2107

as soon as possible, to be received no later than 24 hours before the meeting.

I/We (full names)

of (Address)

Telephone: Work ( ) Telephone: Home ( )

being a member(s) of the Company, holding ______ ordinary shares and/or ______ N ordinary shares in the Company

hereby appoint (refer note 1):

or failing him/her

or failing him/her

or failing him/her

or failing him/her the chairperson of the annual general meeting as my/our proxy to act for me/us on my/our behalf at the aforementioned annual general meeting of shareholders of the Company and at any adjournment thereof in accordance with the following instructions:

			Votes		
			FOR	AGAINST	ABSTAIN
Ordinary Resolution	no. 1:	Adoption of financial statements.			
Special Resolution	no. 1:	General authority to repurchase company shares.			
Special Resolution	no. 2:	Substitution of the company's Articles of Association.			
Ordinary Resolution	no. 2:	General authority over unissued shares.			
Ordinary Resolution	no. 3:	General authority to issue shares for cash.			
Ordinary Resolution	no. 4.1:	Re-election of director: A Searll.			
Ordinary Resolution	no. 4.2:	Re-election of director: A D Jacobson.			
Ordinary Resolution	no. 5:	Confirmation of directors' fees.			
Ordinary Resolution	no. 6:	Declaration of a dividend.			
Ordinary Resolution	no. 7:	Re-appointment of the auditors.			
Ordinary Resolution	no. 8:	General authorisation to the directors to implement resolutions passed.			

Insert an "X" in the relevant spaces above according to how you wish all your votes to be cast. If you wish to cast less than all the votes in respect of the shares held by you, insert the number of votes in respect of which you desire to vote (100 votes per ordinary share and one vote per N ordinary share) (see note 2). Unless otherwise instructed above my/our proxy can vote as he/she deems fit.

Signed at on this day of 2004

Signature Assisted by (where applicable) Signature

Name of signatory Name of assistant

Capacity Capacity

(Authority of signatory to be attached if applicable - see note 6)

Form of Proxy

NOTES:

1. A certificated or own name dematerialised shareholder or nominee of a CSDP or broker registered in the Company's sub-register may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided, with or without deleting "the chairperson of the annual general meeting", but any such deletion must be initialled by the shareholder. The person whose name stands first on the proxy form and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow thereafter. If no proxy is inserted in the spaces provided, then the chairperson shall be deemed to be appointed as the proxy to vote or abstain as the chairperson deems fit.

2. A shareholder's instructions to the proxy must be indicated in the appropriate box provided. If there is no clear indication as to the voting instructions to the proxy, the proxy will be deemed to be authorised to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the shareholder's votes exercisable thereat. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder, but the total of the votes cast or abstained may not exceed the total of the votes exercisable by the shareholder.

3. Proxy forms must be lodged with the Company's transfer secretaries at Computershare Investor Services 2004 (Pty) Limited, 70 Marshall Street, Johannesburg, 2001 or posted to Computershare Investor Services 2004 (Pty) Limited, PO Box 61051, Marshalltown, 2107. Forms of proxy must be received or lodged by no later than 24 hours before the annual general meeting, excluding Saturdays, Sundays and Public Holidays, (i.e. 11:00 on Friday, 22 October 2004).

4. The completion and lodging of this proxy form will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms thereof.

5. Where there are joint holders of shares, the vote of the senior joint holder who tenders a vote, as determined by the order in which the names stand in the register of members, will be accepted.

6. Documentary evidence establishing the authority of a person signing this proxy form in a representative capacity must be attached to this proxy form unless previously recorded by the Company's transfer secretaries or waived by the chairperson of the annual general meeting.

7. Any alteration or correction made to this proxy form must be initialled by the signatory/ies but may not be accepted by the chairperson.

8 A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Company's transfer secretaries.

9. The chairperson of the general meeting may, in his/her discretion, accept or reject any form of proxy which is completed, other than in accordance with these notes.

10. If required, additional forms of proxy are available from the Company's transfer secretaries.

11. If you are the owner of dematerialised shares held through a CSDP or broker and are not an own name dematerialised shareholder, you are not a shareholder of the Company, accordingly do NOT fill in this proxy form, subject to the mandate between yourself and your CSDP or broker:

    - if you wish to attend the annual general meeting you must contact your CSDP or broker, as the case may be, and obtain the relevant letter of representation from it; alternatively

    - if you are unable to attend the annual general meeting but wish to be represented at the meeting, you must contact your CSDP or broker, as the case may be, and furnish it with your voting instructions in respect of the annual general meeting in accordance with the mandate between yourself and the CSDP or broker, as the case may be. You must not complete the attached form of proxy. The instructions must be provided within the time period required by your CSDP or broker, as the case may be.

    CSDPs, brokers, nominees, recorded in the Company's sub-register as holders of dematerialised shares held on behalf of an investor/beneficial owner in terms of STRATE should, when authorised in terms of their mandate or instructed to do so by the person on behalf of whom they hold the dematerialised shares, vote by either appointing a duly authorised representative to attend and vote at the annual general meeting or by completing the attached form of proxy in accordance with the instructions thereon and returning it to the Company's transfer secretaries, to be received by not less than 24 hours prior to the time appointed for the holding of the meeting.

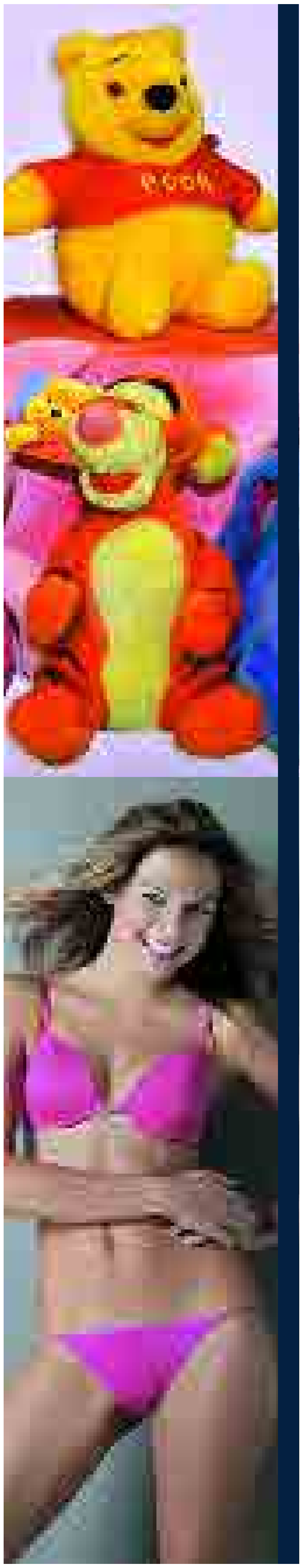
Seardel Group Risk Management Philosophy

People and property are the most important assets of the group and the preservation and security of all are essential for our continued growth and survival.

It is the personal responsibility of each individual, whatever their position, to identify themselves with the group's declared priority of safety of life and preservation of group assets and earnings, to recognise risks, real or anticipated, and to take immediate action to reduce or eliminate them.

It is the responsibility of the divisional managing directors to ensure that employee awareness programmes have been introduced and are constantly reinforced.

The participation of all personnel is essential, and all soundly conceived actions to achieve these objectives have the full support of the group's management.



Group Risk Management Strategy

- Most effective use of resources allocated to risk management
- Manage predictable losses
- Self-insure to maximum capability consistent with financial and shareholders' interests
- Effective risk control programmes with continued executive commitment
- Use of secure insurance markets to insure only against catastrophes

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Seardel Investment Corporation Limited

36TH ANNUAL REPORT