QUYN

Quyn Holdings Limited

Annual Report 2006

Contents

Corporate governance

The group is committed to the principles of openness, integrity, accountability, transparency and social responsibility in accordance with the Code of Corporate Practices and Conduct embodied in the King II Report.

The directors have accordingly established mechanisms and policies which are appropriate to the business and risks of the group and which ensure compliance with principles of responsible corporate governance and the continuous reassessment of the quality of the company's corporate governance practices.

Changes and refinements are made from time to time to recognise, where appropriate, international trends and best practices.

BOARD OF DIRECTORS

Composition of the board of directors

The board of directors consists of three executive directors and one non-executive director who is independent and fulfils the role of chairman. The composition of the board ensures the necessary professional skills and experience needed to judge objectively in matters of the strategic and business direction of the company.

All directors are subject to retirement by rotation and re-election by annual general meeting of the members. As set out elsewhere in this report Messrs RP Fertig and WP Alcock will retire as directors, but being eligible, have offered themselves for re-election.

Role and function of the board of directors

The board of directors is responsible for the proper management and ultimate control of the group. In order to meet this responsibility to other members and stakeholders, the board of directors is responsible for setting the strategic objectives of the group, determining investment and performance criteria, and taking ultimate responsibility for the proper management and ethical behaviour of the business of the group.

Independence of the board of directors

The board of directors' independence from daily management is maintained by:

- keeping the roles of the chairman and managing director separate
- the non-executive director does not hold a service contract and his remuneration is not tied to the financial performance of the group; and
- all directors having access to the advice and services of the company secretary and, with prior agreement of the chairman, being entitled to seek independent professional advice on the affairs of the group at the company's expense.

The board of directors meets on a formal basis at least quarterly, with additional meetings convened when circumstances necessitate it. The group's overall daily operations are managed and overseen by executive directors of each operating subsidiary who report to the main board at least on a monthly basis with ad hoc meetings taking place regularly.

There are comprehensive management reporting disciplines in place which include the preparation of annual budgets by all operating units. Individual and consolidated operational budgets are reviewed and approved by the board. Monthly results and the financial status of operating units are reported against approved budgets.

Directors' attendance at company meetings

The table below sets out the attendance of directors at the company's formal board meetings, held during the year. Attendance was maintained at 100%, and all directors were actively involved at board level:

Director	Meetings attended
SF Cairns	4/4
RP Fertig	4/4
WP Alcock	4/4
BW Kaiser	4/4

Directors' remuneration.

The executive directors are paid by a subsidiary which performs the function of a central management company and which recovers its costs from the operating subsidiaries in the form of management fees. There are no service contracts with the executive directors. Details of directors' remuneration are set out on page 30 of this report.

The remuneration of the executive directors is reviewed on an annual basis in consultation with the chairman.

RISK MANAGEMENT

The directors have set a framework of financial reporting, internal and operating controls to ensure reasonable assurance as to timeous reporting of business information, safeguarding of company assets, compliance with statutory laws and regulations, recording of company results and general operation in terms of the company's standards of business conduct. This includes monthly meetings with operating executives and weekly cash flow reviews.

The board of directors is responsible for monitoring the ongoing effectiveness of these controls and operating frameworks. The external auditors have unrestricted access to the chairman and directors of the group. There is a close communication between the board of directors and the external auditors. Areas of control weakness are brought to the attention of all relevant parties and remedial action is taken immediately to ensure no loss or misstatement due to the inadequacy of the internal control environment.

CODE OF ETHICS

The board of directors forms the core of the values and ethics subscribed to by the group. These values and ethics are sustained by the directors' belief in free and fair dealings in utmost good faith and respect for the law and regulations. All employees, including directors, are required to act with honesty and integrity and to maintain the highest ethical standards internally and externally.

SUSTAINABILITY

In the opinion of the directors the group has adequate resources to continue in operational existence for the foreseeable future. Financial gearing, cash flows and access to loan capital are considered to be sufficient to fund existing and future operations.

For this reason, the directors continue to adopt the going concern basis in preparing the annual financial statements.

HUMAN RESOURCES

The company has a variety of participative structures on issues which affect employees directly or materially. These structures are designed to achieve good employer/employee relations through effective sharing of relevant information, consultation and the identification and resolution of conflict.

The group is committed to providing equal opportunities for its employees regardless of their ethnic origins, or gender or in any other manner. A programme is in place to ensure that the employee profile will be more representative of the demographics of the regions in which it operates whilst maintaining the group's high standards. The company has submitted its original Employment Equity Report and the ongoing annual revisions of the Report to the Department of Manpower in compliance with the Employment Equity Act.

SAFETY, HEALTH, THE ENVIRONMENT AND SOCIAL RESPONSIBILITY

The company accepts its responsibility to its employees and the community in which it operates in matters relating to the environment, health and safety. All activities are conducted in compliance with applicable laws and regulations.

The company:

- adopts a non-discriminatory employment practice regardless of an employee's HIV/AIDS status.
- prohibits the testing of individuals for the purpose of selection of employees
- maintains confidentiality regarding an employee's HIV/AIDS status

The company actively supports the upliftment of the previously disenfranchised by supporting desirable causes in the social welfare arena.

COMMUNICATION WITH STAKEHOLDERS

Quyn is committed to a policy of timeous and effective communication with shareholders and other stakeholders through shareholder meetings, the annual financial report and interim financial report. Matters of both financial and non-financial nature are communicated to stakeholders in a timeous and transparent fashion.

SHARE DEALINGS BY DIRECTORS

All dealings by directors are regulated and monitored as required by the listing requirements of the JSE Limited. No director or staff member is permitted to deal in shares without prior approval from the company secretary. Details of directors' shareholdings are set out on page 35 of this annual report.

Directors' responsibilities and approval for the financial statements

The directors are required by the South African Companies Act, 1973, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

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

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecasts for the year to February 2007 and, in the light of the review and the current financial position, they are satisfied that the company has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on pages 5 to 34 which have been prepared on the going concern basis, were approved by the board on 31 August 2006 and were signed on its behalf by:

RP Fertig
Director

BW Kaiser
Director

Johannesburg

Statement by the Company Secretary

In my capacity as Company Secretary, I hereby confirm, in terms of the Companies Act, 1973, that for the 12 months ended 28 February 2006, the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of this Act and that all such returns are true, correct and up to date.

BW Kaiser
Company Secretary

Report of the independent auditors

TO THE MEMBERS OF QUYN HOLDINGS LIMITED

We have audited the annual financial statements and group annual financial statements of Quyn Holdings Limited set out on pages 5 to 34 for the year ended 28 February 2006. These annual financial statements are the responsibility of the entity'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 International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the annual financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the annual financial statements. An audit also includes assessing the accounting policies used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

OPINION

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of the group and of the company at 28 February 2006 and the results of their operations and cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

BDO Spencer Steward
(Johannesburg) Incorporated
Chartered Accountants (S.A.)
Registered Accountants and Auditors
A Member of BDO Global

Johannesburg
31 August 2006

Directors' report

for the year ended 28 February 2006

The directors have pleasure in presenting their report for the 12 months ended 28 February 2006.

NATURE OF BUSINESS

Quyn Holdings is a limited liability company which, through its subsidiaries, provides services and outsourced solutions to a wide range of clients in the fields of payroll management and the outsourcing of human resources. Through Colliers RMS the group provides property and facilities management, broking and development services.

SHARE CAPITAL

The issued share capital remains unchanged with 70 007 454 shares in issue of which 63 085 140 are held by shareholders and 6 922 314 by a subsidiary of the company.

LITIGATION

Other than for the claim by Wild and Marr (Pty) Limited as set out in note 13, the directors are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened of which the company is aware, that may or have in the previous 12 months had, a material effect on the group's financial position.

GENERAL REVIEW AND FINANCIAL RESULTS

The group recorded a profit before taxation of R20,4 million compared to R10,3 million in the previous financial year.

REVIEW OF OPERATIONS AND SEGMENTAL RESULTS

Operating revenue and profit before taxation has been achieved as follows:

R'000	2006	2005
REVENUE		
Colliers Property Division	**65 238**	59 810
Quyn Outsource Division	**157 966**	148 420
Intergroup income	**(5 428)**	(4 016)
	217 776	204 214
PROFIT BEFORE TAXATION		
Colliers Property Division	**17 580**	11 060
Quyn Outsource Division	2 797	(694)
	20 377	10 366

COLLIERS PROPERTY SERVICES DIVISION

This division performed well during the year with property management making a significant operating profit contribution. Broking is still experiencing a shortage of stock whilst, towards the end of the financial year under review, Developments entered into a number of contracts which will result in a positive contribution in the current and succeeding years.

QUYN OUTSOURCE DIVISION

The payroll and labour broking opertions have both stabilised and have returned sound results with a solid positive contribution.

DIVIDENDS

No dividends have been declared for the year under review (2005: Nil).

DIRECTORS' INTERESTS

The direct and indirect interests of the directors in the issued share capital of the company at 28 February 2006 was as follows:

	2006	2005
Beneficial – Direct	**4 494 762**	4 494 762
Beneficial – Indirect	**5 143 662**	5 143 662
	9 638 424	9 638 424

DIRECTORS AND SECRETARY

For directors' interests in contracts see note 16 – Related Parties:

Executive directors

RP Fertig (CEO)
WP Alcock
BW Kaiser

Non-executive director

SF Cairns (Chairman) – Non-resident

Secretary

BW Kaiser

Messrs RP Fertig and WP Alcock retire by rotation but have offered themselves for re-election.

Mr Fertig, aged 43, is one of the founding members of the Quyn Group and has been involved with a constituent part of the group since 1987.

Mr Fertig has been engaged in successfully restructuring and refocusing the Quyn Group over the past five years and is the driving force behind the developments currently being undertaken.

Directors' report

for the year ended 28 February 2006

Mr Alcock, aged 42, has extensive experience in labour broking and marketing. He has been with Quyn since its listing and was employed in a managerial capacity with one of the group's constituent members for ten years prior to that.

HOLDING AND SUBSIDIARY COMPANIES

The company is not a subsidiary of any other company.

Details of investments in and loans to subsidiaries are set out in Appendix A to the financial statements.

QUYN GROUP SHARE INCENTIVE SCHEME

At 30 September 1999 3 700 000 shares were issued to the share incentive scheme. All shares have been allocated to eligible participants, 1 511 500 have been released and paid for, leaving a balance of 2 188 500 still to be released.

There are no options outstanding in respect of the scheme and no options were granted during the year under review. There have been no changes to the scheme during the year under review.

The share incentive scheme has been consolidated in these financial statements.

GOING-CONCERN

The financial statements have been prepared on the going-concern basis, since the directors have every reason to believe that the company has adequate resources in place to continue as a going concern in the foreseeable future.

SUBSEQUENT EVENTS

The group has proceeded with a general share repurchase in terms of the general authority granted at the last Annual General Meeting. The purpose of the share repurchase is to facilitate the introduction of empowerment partners with a minimal dilutionary effect.

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Balance sheet

as at 28 February 2006

	Note	Group 2006 R'000	Group 2005 R'000	Company 2006 R'000	Company 2005 R'000
ASSETS					
Non-current assets					
Property, plant and equipment	3	3 159	2 895	–	–
Investment properties	4	75 850	46 075	–	–
Investments	6	4 298	3 395	3 789	2 918
Investments in associates	7	129	131	–	–
Investments and loans to joint ventures	8	73	1 199	–	–
Operating lease debtors		3 969	2 625	–	–
Amounts owing by group companies	17	–	–	15 826	12 609
Deferred taxation	9	547	675	–	–
		88 025	56 995	19 615	15 527
Current assets					
Inventory	5	16 538	9 669	–	–
Accounts receivable		25 915	23 139	235	227
Taxation		–	398	–	–
Cash and cash equivalents		3 409	4 842	175	3
		45 862	38 048	410	230
TOTAL ASSETS		133 887	95 043	20 025	15 757
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	10	609	609	700	700
Share premium	10	8	8	1 065	1 065
Reserves		45 742	27 832	15 601	12 593
Total shareholders' interest		46 359	28 449	17 366	14 358
Non-current liabilities					
Borrowings	11	48 729	30 856	–	–
Deferred income	12	–	46	–	–
Deferred taxation	9	5 976	4 282	–	–
Amounts owing to group companies	17	–	–	2 333	1 349
		54 705	35 184	2 333	1 349
Current liabilities					
Current portion of borrowings	11	9 151	3 352	–	–
Short-term loans		209	23	–	–
Loans from associates	7	225	106	–	–
Accounts payable		16 454	21 000	326	50
Provisions	27	2 856	2 055	–	–
Taxation		1 356	580	–	–
Bank overdraft		2 572	4 294	–	–
		32 823	31 410	326	50
TOTAL EQUITY AND LIABILITIES		133 887	95 043	20 025	15 757

Income statement

for the year ended 28 February 2006

		Group		Company	
		2006	2005	**2006**	2005
	Note	**R'000**	R'000	**R'000**	R'000
Revenue	21	**217 776**	204 214	**–**	–
Income/(loss) before interest and revaluations	18	**13 654**	72	**3 008**	(8 211)
Revaluation of investment property		**12 832**	13 571	**–**	–
Investment income	19	**1 539**	2 115	**–**	–
Finance costs	20	**(7 648)**	(5 392)	**–**	–
Net income/(loss) before taxation		**20 377**	10 366	**3 008**	(8 211)
Taxation	22	**(2 592)**	(2 090)	**–**	–
Income/(loss) after taxation		**17 785**	8 276	**3 008**	(8 211)
Attributable to Shareholders of the company		**17 733**	8 276	**3 008**	(8 211)
Minority shareholders		**52**	–	**–**	–
		17 785	8 276	**3 008**	(8 211)
Earnings per share (cents) There is no dilution in earnings per share.	24	**29,2**	13,6		

Statement of changes in equity

for the year ended 28 February 2006

	Group		Company	
	2006	2005	**2006**	2005
	R'000	R'000	**R'000**	R'000
SHARE CAPITAL				
Ordinary share capital				
Balance at beginning of period	**609**	631	**700**	700
Consolidation of share trust	**–**	(22)	**–**	–
Balance at end of period	**609**	609	**700**	700
SHARE PREMIUM				
Balance at the beginning of the period	**8**	8	**1 065**	1 065
Balance at the end of the period	**8**	8	**1 065**	1 065
RESERVES				
Retained income				
Balance at the beginning of period:	**27 956**	18 651	**12 593**	20 804
IFRS adjustment to property, plant and equipment	**–**	293	**–**	–
	27 832	18 944	**12 593**	20 804
Income/(loss) attributable to ordinary shareholders	**17 734**	8 276	**3 008**	(8 211)
Foreign currency translation reserve realised	**–**	736	**–**	–
Balance at the end of the period	**45 690**	27 956	**15 601**	12 593
Non-distributable reserve				
Balance at beginning of period	**(124)**	–		–
Foreign currency translation reserve realised	**124**	(124)		–
Balance at the end of the period	**–**	(124)	**–**	–
Reserves attributable to ordinary shareholders	**45 690**	27 832	**15 601**	12 593
Reserves attributable to minority shareholders	**52**	–	**–**	–
Total reserves	**45 742**	27 832	**15 601**	12 593
Total equity	**46 359**	28 449	**17 366**	14 358

Cash flow statement

for the year ended 28 February 2006

	Note	Group 2006 R'000	Group 2005 R'000	Company 2006 R'000	Company 2005 R'000
Cash (utilised)/generated by operations	26.1	2 565	6 777	2 411	1 226
Interest paid		(7 642)	(5 392)		–
Interest received		1 539	2 115	1	–
Dividends received			31		–
Taxation paid		404	(2 150)		–
		(3 134)	1 381	2 412	1 226
Cash flows from investing activities					
Proceeds on disposal of intangibles			838		–
Acquisition of shares in joint venture		(4 100)	–		–
Proceeds on sale of property, plant and equipment		319	100		–
Acquisition of property, plant and equipment		(1 189)	(2 065)		–
Purchase of investment property		(15 650)	–		–
Loans to joint ventures repaid		1 128			
Repayment of loan from joint venture		120			
Purchase of financial assets		(1 055)		(7)	
Loans advanced to group companies				(2 752)	
Proceeds from loans from group companies				519	
		(20 427)	(1 127)	(2 240)	–
Cash flows from financing activities					
Loans repaid		–	(15 834)	–	(249)
Proceeds from borrowings		23 855	14 756	–	(1 023)
Finance lease payments		(5)	–	–	
		23 850	(1 078)	–	(1 272)
Movement in cash and cash equivalents		289	(824)	172	(46)
Cash and cash equivalents at beginning of period		548	1 372	3	49
Cash and cash equivalents at the end of the period	26.2	837	548	175	3

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Presentation of annual financial statements

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the Companies Act of South Africa. The annual financial statements have been prepared on the historical cost basis, except for the measurement of investment properties and certain financial instruments at fair value and incorporate the principal accounting policies set out below.

These accounting policies are consistent with the previous year, except for the changes set out below arising from the adoption of International Financial Reporting Standards.

(i) Transition to IFRS

The group's financial statements for the year ended 28 February 2006 are the first annual financial statements that comply with IFRS. The group has applied IFRS 1 in preparing these consolidated financial statements.

Quyn Holdings' transition date is 1 March 2004. The group prepared its opening IFRS balance sheet at that date. In preparing these consolidated financial statements in accordance with IFRS 1, the group applied the mandatory exceptions and certain of the optional exemptions from full retrospective application of IFRS.

Quyn Holdings has applied the exemption from IFRS 3 Business Combinations. It has not restated business combinations that took place prior to the 1 March 2004 transition date, and at transition date goodwill had been fully amortised.

Quyn Holdings has applied the exemption from IAS 39 Financial Instruments: Recognition and Measurement regarding the restatement of comparative information. The effect would be an adjustment to the method in calculating doubtful debts and is immaterial to the group.

Quyn Holdings has applied the exemption from IFRS 2 Share Based Payments relating to share incentive scheme shares allocated before 7 November 2002.

The reconciliation of equity and income arising from the adoption of IFRS have not been presented as the adjustments are not material.

(ii) Significant judgements

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts presented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial financial statements.

Major areas where judgement has been applied:

- valuations of investments
- provisions
- provisions against receivable
- the classification of assets and/or additions thereto

(iii) Measurement of uncertainty

The most significant uncertainty factor relates to the realisable value of investment properties which is reliant on factors such as interest rate fluctuations and demand.

b. Investments in subsidiaries

Subsidiaries are entities that the company controls through having the power, directly or indirectly, to govern the financial and operating policies of the entity so as to obtain benefits from its activities

Group annual financial statements

The group annual financial statements include those of the holding company and its subsidiaries. The results of the subsidiaries are included from the effective date of acquisition to the date of disposal.

On acquisition the group recognises the subsidiary's identifiable assets, liabilities and contingent liabilities at fair value except for assets classified as held-for-sale, which are recognised at fair value less costs to sell.

Intra-group balances and intra-group transactions are eliminated in the preparation of group financial statements Minority interests in subsidiaries are disclosed separately in the group financial statements.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

   b. **Investments in subsidiaries (continued)**

   Company annual financial statements

   In the company's separate annual financial statements, investments in subsidiaries are carried at cost less any accumulated impairment.

   The cost of an investment in a subsidiary is the aggregate of:

   - the fair value, at the date of exchange, of assets acquired, liabilities incurred or assumed, and equity instruments issued by the company; plus
   - any costs directly attributable to the purchase of the subsidiary.

   Any adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

   c. **Investment properties**

   (i) Initial measurement

   Investment properties are recognised as assets when it is probable that the future economic benefits that are associated with the investment properties will flow to the company; and

   the cost of the investment property can be measured reliably.

   Investment properties are initially recognised at cost. Transaction costs are included in the initial measurement.

   Costs include costs incurred initially and costs meeting the definition of an asset incurred subsequently to add to or to replace a part of a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

   (ii) Fair value

   Subsequent to initial measurement investment properties are measured at fair value.

   The group's investment properties are revalued annually to open market value, with changes in the carrying value recognised in the income statement.

   Rent receivable is spread on a straight-line basis over the period of the lease. The carrying value of the investment property excludes any amount reported as a separate asset as a result of recognising rental income on this basis.

   (iii) Investment properties do not include any amounts in respect of operating leases which have been capitalised.

   d. **Property, plant and equipment**

   The cost of an item of property, plant and equipment is recognised as an asset, when:

   - it is probable that future economic benefits associated with the item will flow to the company; and
   - the cost of the item can be measured reliably

   Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently in respect of additions and replacements which meet the definitions of an asset. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

   Property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses.

   Residual values and useful lives are reassessed at each accounting date.

   Depreciation is provided on all property, plant and equipment other than freehold land, to write down the cost, less residual value, on a straight line basis over their useful lives as follows:

Item	Useful life
Furniture and fixtures	6 years
Motor vehicles	5 years
Office equipment	5 years
IT equipment	3 years

   Residual values and useful lives are reassessed at each accounting date.

   The depreciation charge for each period is recognised in profit or loss, unless it is included in the carrying amount of another asset.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Property, plant and equipment (continued)

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

e. Associates

Associates are those companies in which the group holds an equity interest and over which it has the ability to exercise significant influence and which are neither subsidiaries nor joint ventures. Associates are accounted for on the equity method and the post-acquisition results are incorporated in the group financial statements from the dates the group exercises significant influence to the effective dates of disposal.

Equity accounted income, which is included in the respective carrying values of the investments, represents the group's proportionate share of the associate companies' retained income after accounting for dividends payable by those associates. Dividends received from associates are included in income from investments.

Provision is made for the group's share of losses incurred by associates limited to the carrying value of the investment unless the group has a legal or constructive obligation exceeding such carrying value.

Goodwill arising on the acquisition of associates is treated in terms of the group's accounting policy for goodwill and is included in the cost of investment.

Intra-group transactions are eliminated in the preparation of group financial statements.

f. Joint ventures

Joint ventures are those entities in respect of which there is a contractual agreement whereby the group and one or more other venturers undertake an economic activity, which is subject to joint control.

Joint ventures are accounted for by means of the proportionate consolidation method whereby the attributable share of each of the assets, liabilities, income and expenses and cash flows of the jointly-controlled entities is combined on a line-by-line basis with similar items in the group's annual financial statements. The consolidated cash flow statement includes the group's share of the cash flows of the jointly controlled entities. A proportionate share of intercompany items is eliminated.

g. Amounts owing to/from group companies

These include current accounts with subsidiaries, joint ventures and associates.

These financial instruments are carried at amortised cost.

h. Inventory

Land acquired for future development and sale in the ordinary course of business is reflected under current assets and is valued at the lower of cost or net realisable value for each specific property.

i. Goodwill

Goodwill represents the excess of the cost of a business combination over the interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired. Cost comprises the fair values of assets given, liabilities assumed and equity instruments issued, plus any direct costs of acquisition.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the income statement.

Goodwill is initially measured at cost, being the excess of the cost of the business combination over the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to the income statement.

Subsequently goodwill, acquired in a business combination, is carried at cost less any accumulated impairment.

Internally generated goodwill is not recognised as an asset.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

j. Financial instruments

(i) Initial recognition

The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

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

Financial assets and liabilities are recognised at fair value. In the case of financial assets or liabilities not classified at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument are added to the fair value.

(ii) Subsequent measurement

After initial recognition financial assets are measured as follows:

- Loans and receivables and held-to-maturity investments are measured at amortised cost using the effective interest method;
- Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, are measured at cost;
- Other financial assets, including derivatives, are measured at fair values, without any deduction for transaction costs which may incur on sale or other disposal.

After initial recognition financial liabilities other than derivatives are measured at amortised cost using the effective interest method.

The group is not party to any transaction involving financial derivate instruments.

(iii) Gains and losses

A gain or loss arising in a financial asset or financial liability is recognised as follows:

- A gain or loss on a financial asset or financial liability at fair value through profit or loss is recognised in profit or loss.
- A gain or loss on financial assets and financial liabilities carried at amortised cost is recognised in profit or loss when the financial asset or financial liability is derecognised or impaired, and through the amortisation process.

(iv) Derecognition

- The group derecognises financial assets if the contractual rights to cash flows have expired or are transferred without the retention of any risk or reward.
- The group derecognises financial liabilities when the obligations thereto have been discharged, cancelled or expired.

k. Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

If the company reacquires its own equity instruments, those treasury shares are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the company's own equity instruments.

l. Provisions and contingencies

Provisions are recognised when:

- the company has a present legal or constructive obligation arising from a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised, when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised.

QUYN

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m. Taxation

(i) Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

(ii) Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- the initial recognition of goodwill; or
- the initial recognition of an asset or liability in a transaction which:
- – is not a business combination; and
  – at the time of the transaction, affects neither accounting profit or taxable profit(tax loss).

(ii) Deferred tax assets and liabilities (continued)

A deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures, except to the extent that both of the following conditions are satisfied:

- the parent, investor or venturer is able to control the timing of the reversal of the temporary difference; and
- it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the the initial recognition of an asset or liability in a transaction that:

- is not a business combination; and
- at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences arising from investments in subsidiaries, branches and associates, and interest in joint ventures, to the extent that it is probable that:

- the temporary difference will reverse in the foreseeable future; and
- taxable profit will be available against which the temporary difference can be utilised.

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Deferred tax on the fair value revaluation adjustment to investment properties is provided as follows:

- on the excess of estimated residual value over cost at the capital gains tax rate, as the residual value is the amount that is expected to be recovered through sale.
- on the amount by which the fair value exceeds the estimated residual value at the normal tax rate, as this is the amount that is expected to be recovered through use.

(iii) Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, directly in equity, or
- a business combination.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

n. Cash and cash equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant risk in change in fair value.

Cash and cash equivalents are measured at fair value.

o. Impairment of assets

The company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

p. Leases

(i) Leases as lessor

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

(ii) Finance leases

The group recognises finance lease receivables on the balance sheet.

Finance income is recognised based on a pattern reflecting a constant periodic rate of return on the company's net investment in the finance lease.

The group is not party to any finance lease as lessor.

(iii) Operating leases

Operating lease income is recognised as an income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in the income statement.

(iv) Leases as lessee

Leases are classified as finance leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Finance leases are recognised as assets and liabilities in the balance sheets at amounts equal to the fair value of the leased property or, if lower, the present value on the minimum lease payments.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Any initial direct costs are added to the amount recognised as an asset.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability.
The finance charge is allocated to each period during the lease terms so as to produce a constant rate of expense on the remaining balance of the liability.

Any contingent rents are expensed in the period they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

QUYN

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

q. Employee benefits

(i) Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses and non-monetary benefits such as medical care) are recognised in the period in which the service is rendered and are not discounted.

The expected cost of the compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

(ii) Retirement benefits

The group has a defined contribution provident fund which is administered independently of the finances of the group by a registered private fund administrator. The defined contribution provident fund is subject to the Pensions Fund Act. Membership of the fund is optional for all employees employed at the time of inception of the fund but compulsory for all new employees. Current contributions to the provident fund are charged against income statement as an expense.

(iii) Post retirement benefits

The group's policy is not to provide any post retirement benefits.

r. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets (i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale) are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from borrowing costs capitalised.

All other borrowing costs are expensed in the period in which they are incurred.

s. Segment reporting

The group's primary reporting basis is business segments. The group is organised into two main operating activities namely property and payroll outsourcing services and labour broking. Financial information relating to business segments is presented in the schedule on page 32. Segmental 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 and liabilities comprise those assets and liabilities that are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

t. Revenue

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the balance sheet date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the company;
- the stage of completion of the transaction at the balance sheet date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.

2. RESTATEMENT OF COMPARATIVES

As a result of the first time adoption of IFRS the comparative figures in respect of the year ended 28 February 2005 have been restated.

3. PROPERTY, PLANT AND EQUIPMENT

Owned assets

Group R'000	2006 Cost	2006 Accumulated depreciation	2006 Carrying amount	2005 Cost	2005 Accumulated depreciation	2005 Carrying amount
Computer equipment	6 270	(5 811)	459	6 061	(5 656)	405
Furniture and fittings	2 867	(2 582)	285	2 826	(2 385)	441
Motor vehicles	2 217	(704)	1 513	1 913	(956)	957
Plant and machinery	1 140	(238)	902	1 140	(48)	1 092
	12 494	(9 335)	3 159	11 940	(9 045)	2 895

The carrying value of property, plant and equipment can be reconciled as follows:

Group R'000	Opening balance at carrying amount	Additions	Disposals	Deprecia-tion	Carrying amount
Computer equipment	405	256	–	(202)	459
Furniture and fittings	441	28	–	(184)	285
Motor vehicles	957	903	(156)	(191)	1 513
Plant and machinery	1 092	–		(190)	902
	2 895	1 187	(156)	(767)	3 159

Property, plant and equipment are encumbered as set out in note 11.

Company R'000	2006 Cost	2006 Accumulated depreciation	2006 Carrying amount	2005 Cost	2005 Accumulated depreciation	2005 Carrying amount
Computer equipment	669	(669)	–	669	(669)	–
Furniture and fittings	159	(159)		159	(159)	–
Motor vehicles	–	–		76	(76)	–
	828	(828)	–	904	(904)	–

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	Group		Company	
	2006 R'000	2005 R'000	**2006 R'000**	2005 R'000

4. INVESTMENT PROPERTIES

	Group 2006 R'000	Group 2005 R'000	Company 2006 R'000	Company 2005 R'000
Balance at the beginning of the year	**46 075**	42 950	**–**	–
Disposals	**–**	(10 350)	**–**	–
Net gain from fair value adjustment revaluations	**12 832**	13 475	**–**	–
Acquisitions	**7 193**	–	**–**	–
Acquisitions through combinations	**9 750**	–	**–**	–
Balance at the end of the year	**75 850**	46 075	**–**	–

Investment properties were independently valued at 28 February 2006 on the open market basis by the professional valuators at Quadrant Property Group who are registered with the South African Institute of Valuers.

The properties were valued utilising a market orientation approach which considers and analyses each property in relation to the greater comparable market and takes into account locality, improvements, market demand, tenants and lease details. Thereafter an open market valuation is determined which takes into account existing use value and alternative use value.

Investment properties are encumbered as per note 11. Details of investment properties are available for inspection at the group's registered office.

	Group		Company	
	2006 R'000	2005 R'000	**2006 R'000**	2005 R'000
The following amounts included in the income statement relate to these properties:				
Rental income	**8 039**	6 083	**–**	–
Direct operating expenses arising from income generating property	**1 950**	1 159	**–**	–

	Group	
	2006 R'000	2005 R'000

5. INVENTORY

	Group 2006 R'000	Group 2005 R'000
Undeveloped land	**16 538**	9 669
	16 538	9 669

6. INVESTMENTS

	Group		Company	
	2006 R'000	2005 R'000	**2006 R'000**	2005 R'000
– unlisted investments at fair value	**3 751**	3 000	**–**	–
– investments in subsidiaries	**–**	–	**3 789**	2 918
– listed securities at fair value	**547**	395	**–**	–
	4 298	3 395	**3 789**	2 918

Details of investments are available for inspection at the registered office of the company.

Refer to Appendix A on page 34 for details relating to the investments and loans of the company.

	Group 2006 R'000	Group 2005 R'000
7. ASSOCIATES		
Shares at cost and equity earnings	129	131
Loans from associates	(225)	(106)
	(96)	25

	% shareholding	Year-end
Principal associate undertakings		
Freegrange (Pty) Limited	20	30 Sept
Northriding Investments (Pty) Limited	33	30 June
Summarised financial position and result of operations:	R'000	
Assets	649	649
Liabilities	–	–
Turnover	–	–
Net profit	–	–

Both holdings are in the ordinary share capital of the undertaking concerned and are unchanged from the previous year. Both associates are involved in property holding and investment. The loans from associates are interest free and have no fixed terms of repayment.

	Group 2006 R'000	Group 2005 R'000
8. INVESTMENTS AND LOANS TO JOINT VENTURES		
Shares at cost	–	1
Loans to joint ventures	73	1 198
Alpcoll (Pty) Limited	47	46
Erf 68 Illovo (Pty) Limited	–	350
MDB Holdings (Pty) Limited	26	34
Somerset Mall Developments (Pty) Limited	–	746
South Island Investments (Pty) Limited	–	22
	73	1 199
Principal joint venture undertakings:		
– Alpcoll (Pty) Limited	50	31 Mar
– Atteridge Investments (Pty) Limited	50	28 Feb
– MDB Holdings (Pty) Limited	50	28 Feb
– Nelspruit Industrial JV	85	28 Feb
– Nelspruit Rocky Drift JV	85	28 Feb
– Tibcol (Pty) Limited	50	30 Jun
	R'000	
Summarised financial position and result of operations:		
Assets		
Non-current assets	42 183	
Current assets	3 913	
Liabilities		
Non-current liabilities	(13 983)	
Current liabilities	(1 128)	
Turnover	13 574	
Net profit	11 194	

All holdings are unchanged from the previous year. All joint ventures are involved in property holding and investment.

QUYN

9. DEFERRED TAXATION

The major components of the deferred tax assets and liabilities, together with movements during the year, are analysed as follows:

Group 2006 R'000	Balance at 28/02/2005	Charge to income for the period	Balance at 28/2/2006
Deferred tax asset			
Finance lease	159	–	**159**
Assessed losses	488	(67)	**421**
Provisions	28	(61)	**(33)**
Property, plant and equipment	–		
	675	(128)	**547**
Deferred tax liability			
Property, plant and equipment	134	24	**158**
Operating leases	420	(35)	**385**
Valuation surpluses	3 728	2 277	**6 005**
Provisions	–	(137)	**(137)**
Previously unrecognised tax credits	–	(435)	**(435)**
	4 282	1 694	**5 976**

Group 2005 R'000	Balance at 28/02/2004	Charge to income for the period	Balance at 28/2/2005
Deferred tax asset			
Finance lease	113	46	**159**
Assessed losses	7	481	**488**
Provisions	5	23	**28**
	125	550	**675**
Deferred tax liability			
Operating leases	361	59	**420**
Valuation surpluses	1 626	2 102	**3 728**
Property, plant and equipment	97	37	**134**
	2 084	2 198	**4 282**

At balance sheet date the company had an estimated unutilised tax loss of R3 071 309 (2005: R4 754 641) available for set-off against future profits, which has not been recognised as a deferred tax asset due to the unpredictability of the revenue stream.

At balance sheet date the group had estimated unutilised tax losses of R31 million (2005: R40 million) available for set-off against future profits, certain of which have not been recognised as deferred tax assets due to the unpredictability of the revenue stream.

Refer to note 13 which indicates the uncertainty relating to the final amount of the assessed losses due to the fact that some of the group companies have not been assessed for the tax years subsequent of 2001.

Should the group distribute part or all of its net profits or retained earnings this distribution will attract secondary tax on companies at the rate of 12,5% of such distribution.

	Group		Company	
	2006 R'000	2005 R'000	**2006 R'000**	2005 R'000
10. SHARE CAPITAL				
Authorised				
200 000 000 ordinary shares of 1 cent each	**2 000**	2 000	**2 000**	2 000
10 000 000 convertible, redeemable preference shares of 1 cent each	**100**	100	**100**	100
Issued				
70 007 454 ordinary shares of 1 cent each	**700**	700	**700**	700
Less:				
Held by subsidiary company 6 922 314 ordinary shares of 1 cent each	**(69)**	(69)	**–**	–
Held by the Quyn Share Trust 2 188 500 ordinary shares of 1 cent each	**(22)**	(22)	**–**	–
	609	609	**700**	700
Share premium	**8**	8	**1 065**	1 065

Details regarding the movement in share capital and share premium for the period under review are provided in the statement of changes in equity.

	Group 2006 R'000	Group 2005 R'000	Company 2006 R'000	Company 2005 R'000
11. BORROWINGS				
Secured:				
11.1 Absa Trust Limited	2 700	3 000		–
The loan is repayable in annual instalments of R300 000 commencing on 1 September 2005. Interest is currently charged at a fixed rate of 14%.				
The loan is secured by sureties provided by the company and a mortgage bond over portion 1 of erf 1237 and erven 1238, 1239 and 1240, Benoni.				
11.2 First National Bank Limited	1 036	–		–
Mortgage bond on Erf 9001 Richards Bay ext. 28 repayable over 60 months and bearing interest at prime less 1%.				
11.3 Absa Trust Limited	3 787	636	–	–
The loan is for a fixed period of five years expiring on 1 May 2009. Interest is currently charged at a fixed rate of 11,50%. The loan is secured by a mortgage bond over erf 550, Salt Rock, together with a suretyship from Colliers RMS (Pty) Limited.				
11.4 Investec Private Bank	7 796	3 346	–	–
The loan is for a fixed period expiring on 30 September 2007. Interest is currently charged at 1% below Investec Bank's prime rate. The loan is secured by a mortgage bond over the remainder of erf 2505, Hout Bay.				
11.5 Commitments under lease and instalment sale agreements	2 264	502		–
Commitments under a finance lease over a period of 60 months at an average interest rate of 22,77% secured over property, plant and equipment with a book value of Nil (2005: R1)	–	211		–
During the year this liability was settled and the assets relating thereto scrapped.				
Commitments under various instalment sale agreements ranging between 34 and 60 months. Interest rates range between 0,5% below prime interest rates and 15%, secured over property, plant and equipment and motor vehicles with a book value of R2 494 531 (2005: R138 200)	2 264	291		–
– Within 12 months R1 740 000				
– Exceeding 12 months and less than 60 months R524 000				

	Group 2006 R'000	Group 2005 R'000	Company 2006 R'000	Company 2005 R'000
11. BORROWINGS (continued)				
11.6 Nedcor Bank Limited	**25 623**	12 334		
The loan is repayable in monthly instalments of R96 078 from 1 January 2001. The instalments escalate at 10% every 12 months and are repayable over a period of 118 months with a final payment of R10 491 540 on 1 October 2010. Interest is charged at an effective rate of 15,5%. The loan is secured by a suretyship provided by Colliers RMS as well as a pledge of the shares in NIB 82 Share Block (Pty) Limited, known as erf 51, Illovo Township.				
11.7 Nedcor Bank Limited	**6 023**	6 023		
The loan is repayable in full on the expiry date of the loan, being 1 July 2013. Interest is charged at 1,5% below the prime overdraft rate. The loan is secured by suretyships provided by Colliers RMS and its joint venture partner as well as a mortgage bond registered over the remainder of erf 601 Sandown ext 24.				
11.8 Nedcor Bank Limited	**4 911**	5 771		
The loan is repayable in monthly instalments of R91 134 from 1 October 2001 escalating at 10% every 12 months, and are payable over a period of 98 months with a final payment of R1 885 227 on 31 December 2009. Interest is charged at an effective rate of 16,9%. The loan is secured by suretyships provided by Colliers RMS and its joint venture partner as well as a pledge of the shares in Alpcoll Shareblock (Pty) Limited.				
Total secured loans	**54 140**	31 612		
Unsecured				
Devex Bridge Developments (Pty) Limited	**781**	918		
The Cutthroat Trust	**–**	60		
Robin Nixon	**108**	83		
JNF Trust	**481**	162		
HL Hall and Son (Pty) Limited	**2 370**	1 373		
This company is a joint venturer in the Nelspruit Industrial and Rocky Drift Joint Venture.				
These loans are unsecured, bear interest at market rates and have no fixed terms of repayment.				
Total unsecured loans	**3 740**	2 596		
Total borrowings	**57 880**	34 208		
Short-term	**9 151**	3 352		
Long-term	**48 729**	30 856		
	57 880	34 208		

The total borrowings do not exceed the borrowing powers of the company as set out in the articles of association.

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	Group		Company	
	2006	2005	**2006**	2005
	R'000	R'000	**R'000**	R'000

12. DEFERRED INCOME

	2006 R'000	2005 R'000		
Deferred income arose in respect of the profit on a sale and leaseback transaction which is to be amortised over the term of the lease.	**–**	46		
Balance previous year	**46**	101		
Less: Amortised	**(46)**	(55)		

	Group	
	2006	2005
	R'000	R'000

13. CONTINGENT LIABILITIES AND ENCUMBRANCES

Group:

	2006 R'000	2005 R'000
Bank guarantees in favour of various town councils	**338**	444
Suretyships by Quyn Holdings Limited in favour of Momentum Life, limited to a maximum of R1 million.	**1 000**	1 000
Suretyships on behalf of Ikusasa Communications (Pty) Limited in favour of Wild and Marr (Pty) Limited, limited to a maximum of R4 450 000. A claim has been made due to a default in the obligations of Ikusasa Communications (Pty) Limited to the extent of R1 617 896, including legal costs. Quyn Holdings Limited is currently disputing the claims against it.	**1 618**	1 618

South African Revenue Services
The South African Revenue Services (SARS) has carried out an audit of the employees' tax deducted from the contract employees employed by a subsidiary company, in prior years and has raised an assessment for additional employees' tax that SARS contends should have been deducted and paid over to SARS in respect of such employees.

The amount of the assessment has not been substantiated by SARS and based on opinions from tax consultants, the subsidiary company has objected to the assessment. The extent of any exposure to the group as a result of this matter cannot be reliably measured and accordingly no provision has been raised in the financial statements.

SARS has raised assessments in respect of income taxation relating to 2000 and 2001 against a subsidiary company. The unsubstantiated assessment indicates additional taxation of R8 990 152 payable. An objection to the assessments has been raised with SARS. A provision has not been raised.

The company and various of its subsidiary companies have last received tax assessments for the 2001 tax year. This delay in receiving assessments raises a possible contingency as the companies cannot be absolutely certain as to the extent of their tax liability/ assessed losses for the period from 2002 onwards.

	2006 R'000	2005 R'000
Operating lease commitments for the group in terms of premises and equipment	**9 942**	12 161
– within 12 months	**3 617**	3 352
– exceeding 12 months and less than 60 months	**6 325**	8 809
Arising from interests in joint ventures:		
Guarantees given to banks in respect of bank facilities utilised by jointly controlled entities:		
Suretyships in respect of the loan granted by Absa Bank Limited to South Island Investments (Pty) Limited for erf 44, Illovo		–
Suretyships in favour of Nedbank Limited for the mortgage loan facility granted to Tibcol (Pty) Limited in the amount of R16 million. Colliers RMS (Pty) Limited has given a limited suretyship of R8 million.	**8 000**	8 000

	Company 2006 R'000	Company 2005 R'000
13. CONTINGENT LIABILITIES AND ENCUMBRANCES (continued)		
Security provided within the group:		
Unlimited suretyships to Nedbank Limited for overdraft facilities granted to Colliers RMS North (Pty) Limited. These facilities are currently nil and the surety will be cancelled upon deregistration of Colliers RMS North (Pty) Limited.	**unlimited**	unlimited
Unlimited suretyships in favour of Nedbank Limited by Quyn Holdings Limited, Quyn Financial Services (Pty) Limited, Quyn Sure (Pty) Limited, Quyn Outsource (Pty) Limited, Quyn Integrated Solutions (Pty) Limited, Just Names Consulting (Pty) Limited.	**unlimited**	unlimited
Cession of loan funds in favour of Nedbank Limited by Quyn Holdings Limited, Quyn Financial Services (Pty) Limited, Quyn Sure (Pty) Limited, Quyn Outsource (Pty) Limited, Quyn Integrated Solutions (Pty) Limited, Just Names Consulting (Pty) Limited.	**5 000**	5 000
Cession of loan funds in favour of Nedbank Limited by Quyn Holdings Limited for the facilities of:		
– Quyn Outsource (Pty) Limited	**25 000**	25 000
– Colliers RMS North (Pty) Limited	**–**	30 000
The above contingencies are for an unlimited period.		
14. CAPITAL COMMITMENT		
Group		
Commitment for the acquisition of land:		
Commitment contracted for but not provided for	**–**	14 000

15. RISK MANAGEMENT

All divisions within the group are exposed to the risk of credit in the normal course of their business. Credit terms will only be granted to customers upon whom stringent credit checks have been performed. In the human resources division, unless credit approval is in place, salaries and wages are only paid to employees after receipt of cash from the client.

In the property division there is a risk of incurring expenses on a development or project prior to having the project finance in place. The group does extensive research into a project in advance of raising the finance and ensures that there is a commitment by outside financiers before any substantial development expenditure takes place. In property management the company deducts its fees from rent collected and does not enter into any head leases for properties managed on behalf of clients.

The group, and particularly the property division, is exposed to liquidity risk. The risk is managed by reducing debt wherever possible, raising finance for projects in advance of incurring expenses, performing long-term cash flow projections and maintaining an overdraft facility with its bankers.

Certain of the financial assets and liabilities of the group bear interest at floating rates. The group cash flow will therefore be affected by increases and decreases in the level of interest rates. The group carefully manages its exposure to changes in interest rates.

16. RELATED PARTIES

Group

16.1 During the year the group entered into the following related party transactions:

16.1.1 Consultancy agreements with Devex Bridge Development (Pty) Limited, a company controlled by a director, Mr RP Fertig, in terms of which property operating subsidiaries paid fees totalling R600 000 (2005: Nil) to Devex Bridge Debvelopment (Pty) Limited.

16.1.2 Consultancy agreements with JNF Investments CC, a financial services company controlled by the wife of a director, Mr WP Alcock, in terms of which group companies paid fees totaling R376 800 (2005: Nil) to JNF Investments CC.

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16. RELATED PARTIES (continued)

16.2 Identification of other related parties

Subsidiaries and sub-subsidiaries – refer note 6 and Appendix A.

Associates – refer note 7

Joint ventures – refer note 8

Directors as listed in the directors' report and shareholders' information.

16.3 Transactions with related parties

No intercompany transactions were disclosed as these eliminate on consolidation.

Company

16.4 Identification of related parties

Subsidiaries and sub-subsidiaries – refer note 6 and Appendix A.

Directors as listed in the directors' report and shareholders' information.

16.5 Transactions with related parties

Management fees were received from group companies to the value of R745 000 (2004: R3 820 643).

	2006 R'000	2005 R'000
Key management		
The group made the following short-term employee payments to key management		
Remuneration	3 318	2 988
Retirement, medical and death benefits	596	573
Other	1 479	824
	5 393	4 385

17. AMOUNTS OWING BY/(TO) GROUP COMPANIES

	Company 2006 R'000	2005 R'000
Quyn Sure (Pty) Limited	(989)	–
Colliers Outsourcing Services (Pty) Limited		5
Molapo Quyn Outsourcing (Pty) Limited		23
Colliers Financial Services (Pty) Limited	1 292	1 333
Quyn Outsource (Pty) Limited	1 459	1 929
Just Names Consulting (Pty) Limited	(1 344)	(1 349)
Colliers R.M.S (Pty) Limited	15 302	12 166
Quyn International Outsourcing (Pty) Limited	3 956	4 312
Colliers Outsourcing Services (Pty) Limited	524	
Quyn Integrated Solutions (Pty) Limited		13
Less: Provisions against loans		
Quyn Outsource (Pty) Limited	(1 459)	(1 491)
Quyn International Outsourcing (Pty) Limited	(3 956)	(4 312)
Colliers Financial Services (Pty) Limited	(1 292)	(1 333)
Quyn Zambia (Pty) Limited		(13)
Molapo Quyn Outsourcing (Pty) Limited		(23)
	13 493	11 260
Amounts owing by group companies	15 826	12 609
Amounts owing to group companies	(2 333)	(1 349)
	13 493	11 260

These amounts represent fluctuating current accounts which vary according to the cash flow requirements of the individual group company.

The amount due to Quyn International Outsourcing (Pty) Limited has been subordinated in favour of other creditors until such time as its assets, fairly valued exceed its liabilities.

Notes to the financial statements

for the year ended 28 February 2006

	Group 2006 R'000	Group 2005 R'000	Company 2006 R'000	Company 2005 R'000
18. INCOME/(LOSS) BEFORE INTEREST AND REVALUATIONS				
Income/(loss) before interest and revaluations is arrived at after taking the following into account:				
Audit fees				
– current year	743	168	–	–
Depreciation				
– owned assets	834	1 035	–	50
Goodwill realised	–	(48)	–	–
Legal fees	256	588	28	55
Operating lease payments				
– premises	4 483	6 780	–	–
– equipment	696	996	–	71
– vehicles	1	9	–	–
(Profit)/loss on disposal of property, plant and equipment	(163)	55	–	–
Amortised deferred profit on the sale and leaseback of computer equipment	–	(55)	–	–
Loss on sale of investments	–	1 822	–	–
Writedown of investments and loans	–	–	577	9 570
Profit/(loss) on fair value adjustments to investments	–	140	(1 317)	–
Impairment of property, plant and equipment	–	232	–	14
Professional fees	3 270	2 846	–	300
Total staff costs	29 121	30 832	274	–
Contributions to retirement funds	3 136	2 780	–	–
19. INVESTMENT INCOME				
Interest received	1 539	2 115	–	–
20. FINANCE COSTS				
Interest paid	7 648	5 392	–	–
Interest paid – Overdraft	876	487	–	–
Interest paid – Secured loans	6 602	4 765	–	–
Interest paid – Instalment finance	170	140	–	–

QUYN

	Group		Company	
	2006 R'000	2005 R'000	**2006 R'000**	2005 R'000
21. REVENUE				
The main categories of revenue are:				
Property management fees	**21 067**	21 257		–
Broking fees	**144 686**	135 220		–
Administration fees	**7 823**	11 830		–
Commission and project co.-ordination fees	**27 793**	26 025		–
Rentals and operating cost recoveries	**13 292**	8 564		–
Sundry	**3 115**	1 318		–
	217 776	204 214		–
22. TAXATION				
SA normal taxation				
– current	**659**	379	**–**	–
– deferred taxation	**1 822**	1 648	**–**	–
Secondary taxation on companies	**111**	63	**–**	–
	2 592	2 090	**–**	–
Reconciliation of tax rate				
	%	%	**%**	%
Tax on net income at standard rate	**29,0**	30,0	**29,0**	(30,0)
Secondary tax on companies	**0,5**	0,6	**–**	–
Deferred tax asset not recognised	**30,3**	17,5	**–**	25,9
Disallowed expenses	**–**	–	**–**	4,1
Utilisation of assessed loss	**(44,4)**	(14,6)	**(29,0)**	–
Prior year adjustment	**(2,7)**	4,3	**–**	–
Capital gains tax adjustment	**–**	(17,7)	**–**	–
Effective tax rate	**12,7**	20,1	**–**	–

	Group		Company	
	2006	2005	**2006**	2005
	R'000	R'000	**R'000**	R'000

23. DIRECTORS' EMOLUMENTS

Name	Months paid 2006	Months paid 2005	Fees R'000	Remun-eration R'000	Retirement, medical, accident and death benefits R'000	Other Benefits R'000	Group 2006 R'000	2005 R'000
Non-executive directors								
SF Cairns			–	–	–	–		40
Total (A)			–	–	–	–		40
Executive directors								
RP Fertig	**12**	12	–	594	119	15	**728**	980
WP Alcock	**12**	12	–	364	74	6	**444**	728
JA Holland	**–**	11	–	–	–	–	**–**	620
BW Kaiser	**12**	12	–	1 033	157	6	**1 196**	928
Total (B)			–	1 991	350	27	**2 368**	3 256
Total emoluments (A + B)			–	1 991	350	27	**2 368**	3 296

There are no directors' service contracts in place.

QUYN

24. EARNINGS PER SHARE AND DIVIDENDS PER SHARE

	2006 R'000	2005 R'000
Earnings per share		
Earnings/(loss) per shares (cents)	29,2	13,6
Weighted average number of shares in issue (000's)	60 897	60 897
Headline earnings per share (cents)		
2006		
Net profit per income statement	17 781	8 276
(Profit)/loss on sale of property, plant and equipment	(130)	39
Impairment of property, plant and equipment		232
Realisation of negative goodwill		(48)
Loss on sale of investments		1 777
Revaluation of investment property	(10 404)	(11 155)
Headline earnings	7 247	(879)
Headline earnings/(loss) per share (cents)	11,9	(1,5)

There was no dilution in headline earnings/(loss) per share.

Dividends per share

No dividends were declared during either period.

Notes to the financial statements

for the year ended 28 February 2006

	Payroll Services and Labour Broking		Property		Eliminations		Total	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005
	R'000	R'000	**R'000**	R'000	**R'000**	R'000	**R'000**	R'000
25. BUSINESS SEGMENTS								
Revenue								
Total sales	**157 966**	148 420	**65 238**	59 810	**(5 428)**	(4 016)	**217 776**	204 214
Segment result	**2 226**	(1 028)	**24 260**	14 671		–	**26 486**	13 643
Interest (paid)	**(171)**	(160)	**(7 477)**	(5 232)		–	**(7 648)**	(5 392)
Interest received	**742**	494	**797**	1 621		–	**1 539**	2 115
Operating income/(loss)	**2 797**	(694)	**17 580**	11 060		–	**20 377**	10 366
Share of net profits of associates		–	**–**	–		–		–
Income taxation	**271**	(20)	**(2 863)**	(2 070)		–	**(2 592)**	(2 090)
Outside shareholders' interest	**(52)**		**–**	–		–	**(52)**	
Net profit	**3 016**	(714)	**14 717**	8 990		–	**17 733**	8 276
Other information								
Segment assets	**14 320**	15 126	**119 316**	78 541	**–**	–	**133 636**	93 667
Investment in associates	**–**	–	**(96)**	25	**–**	–	**(96)**	25
Corporate assets	**15 302**	14 426	**982**	515	**(16 284)**	(14 941)	**–**	–
Consolidated total assets	**29 622**	29 552	**120 202**	79 081	**(16 284)**	(14 941)	**133 540**	93 692
Segment liabilities	**14 278**	15 733	**74 038**	51 558	**–**	–	**88 316**	67 291
Corporate liabilities	**982**	13 584	**15 302**	12 682	**(16 284)**	(26 266)	**–**	–
Consolidated total liabilities	**15 260**	29 317	**89 340**	64 240	**(16 284)**	(26 266)	**88 316**	67 291
Depreciation and amortisation	**475**	714	**359**	647	**–**	–	**834**	1 036
Capital expenditure	**1 997**	1 498	**990**	567	**–**	–	**2 987**	2 065

The relevant segments are separate accounting entities and all revenue and costs are those directly attributable to the relevant segment.

A geographical segmental report is not presented as the majority of the group's operations are carried out in the Gauteng area.

QUYN

	Group		Company	
	2006 R'000	2005 R'000	**2006 R'000**	2005 R'000

26. NOTES TO CASH FLOW STATEMENT

26.1 Cash generated by operations

	Group 2006 R'000	Group 2005 R'000	Company 2006 R'000	Company 2005 R'000
Income/(loss) before taxation	**20 377**	10 366	**3 008**	(8 211)
Adjusted for: Non-cash items and separately disclosable items				
Interest paid	**7 642**	5 392	**–**	–
Interest received	**(1 539)**	(2 115)	**1**	–
Dividends received	**–**	(31)	**–**	–
Depreciation	**834**	1 035	**–**	50
Amortisation of deferred profit on sale and leaseback	**–**	55	**–**	–
Loss/(profit) on disposal of property, plant and equipment	**(163)**	(17)	**–**	–
Provision for diminution in investments and loans	**–**	–	**–**	8 683
Loss/(profit) on sale of investments	**–**	1 292	**–**	–
Goodwill and intangibles amortised and realised	**–**	(48)	**–**	–
Impairment of property, plant and equipment	**39**	231	**–**	14
Revaluation of investment property	**(12 832)**	(13 475)	**–**	–
Impairment/(revaluation) of investments	**–**	(1 744)	**(871)**	888
Taxation paid	**–**	2 149	**–**	–
Foreign exchange differences	**124**	–	**–**	–
Movement in operating lease assets and accruals	**1 345**	–	**–**	–
Other non-cash items	**173**	497		–
Operating profit/(loss) before working capital changes	**16 000**	3 587	**2 138**	1 424
Changes in working capital				
(Increase)/decrease in accounts receivable	**(2 776)**	(510)		–
Increase/(decrease) in accounts payable and provisions	**(3 745)**	(291)	**273**	(198)
Movement in inventories	**(6 869)**	3 991		–
Deferred income movement	**(45)**			
	2 565	6 777	**2 411**	1 226

26.2 Cash and cash equivalents

	Group 2006 R'000	Group 2005 R'000	Company 2006 R'000	Company 2005 R'000
Cash and cash equivalents comprise:				
Bank and cash balances on hand	**3 409**	4 842	**175**	3
Bank overdrafts	**(2 572)**	(4 294)		–
	837	548	**175**	3

27. PROVISIONS

	Group 2006 R'000	Group 2005 R'000	Company 2006 R'000	Company 2005 R'000
Provision for leave pay:				
Opening balance	**2 055**	2 357	**–**	4
Movement during the year	**801**	(302)	**–**	(4)
Closing balance	**2 856**	2 055	**–**	–

Appendix A – investments in subsidiaries

for the year ended 28 February 2006

	Issued share capital	Effective % holding	Cost of shares R'000	Indeb-tedness R'000	Total R'000
SUBSIDIARY COMPANIES					
Company 2006					
Best Prepaid Rentals (Pty) Limited	100	100	–	–	–
Colliers Financial Services (Pty) Limited	1	100	–	1 292	1 292
Quyn Outsource (Pty) Limited	1	100	–	1 459	1 459
Quyn Remuneration Services (Pty) Limited	100	100	–	–	–
Quyn Sure (Pty) Limited	100	100	1 094	(989)	105
Colliers RMS (Pty) Limited	101	100	2 695	15 302	17 997
Colliers Outsourcing (Pty) Limited	50 000	80	*	524	524
Just Names Consulting (Pty) Limited	100	100	*	(1 344)	(1 344)
Quyn International Outsourcing (Pty) Limited	100	100	*	3 956	3 956
Less: Provisions against loans					
Colliers Financial Services (Pty) Limited				(1 292)	(1 292)
Quyn Outsource (Pty) Limited				(1 459)	(1 459)
Quyn International Outsourcing (Pty) Limited				(3 956)	(3 956)
			3 789	13 493	17 282
Company 2005					
Best Prepaid Rentals (Pty) Limited	100	100	–	–	–
Colliers Financial Services (Pty) Limited	1	100	–	1 333	1 333
Quyn Outsource (Pty) Limited	1	100	–	1 929	1 929
Quyn Remuneration Services (Pty) Limited	100	100	–	–	–
Quyn Sure (Pty) Limited	100	100	207	–	207
Colliers RMS (Pty) Limited	101	100	2 695	12 167	14 862
Colliers Outsourcing (Pty) Limited	50 000	80	*	5	5
Just Names Consulting (Pty) Limited	100	100	*	(1 349)	(1 349)
Quyn International Outsourcing (Pty) Limited	100	100	*	4 312	4 312
Quyn Integrated Solutions (Pty) Limited	100	100	*	13	13
Quyn Zambia	1	100	16	–	16
Quyn Malopo (Pty) Limited	120	50	*	23	23
Less: Provisions against loans					
Colliers Financial Services (Pty) Limited				(1 333)	(1 333)
Quyn Outsource (Pty) Limited				(1 491)	(1 491)
Quyn International Outsourcing (Pty) Limited				(4 312)	(4 312)
Quyn Malopo (Pty) Limited				(23)	(23)
Quyn Integrated Solutions (Pty) Limited				(13)	(13)
			2 918	11 261	14 179

*Held indirectly

Intercompany loans are interest free and have no fixed terms of repayment. All of the above companies are incorporated in South Africa.

The loans from Quyn Holdings Limited to Colliers Financial Services (Pty) Limited and Quyn Outsource (Pty) Limited have been subordinated in favour of other creditors. The subordinated loans amount to R2 751 000 (2005: R2 796 000).

Shareholders' information

QUYN

ANALYSIS OF SHAREHOLDING – AT FINANCIAL YEAR END

Range of shareholders	Number of shareholders	% of shareholders	Number of shares	% of issued shares
1 – 1 000	118	23,1	69 276	0,1
1 001 – 50 000	322	63,1	2 823 174	4,0
50 001 – 100 000	14	2,7	1 019 422	1,5
100 001 – 500 000	34	6,7	8 545 798	12,2
500 001 – 1 000 000	8	1,6	5 318 140	7,6
1 000 001 – 5 000 000	11	2,2	26 299 332	37,6
more than 5 000 000	3	0,6	25 932 312	37,0
Total	510	100,0	70 007 454	100,00

MAJOR SHAREHOLDERS – HOLDINGS OVER 5%

	Number of shares	% of shares
Diamond Edge Business Opportunities	14 000 000	20,0
QuynSure (Pty) Limited	6 922 312	9,9
Kas Depository Trust Company	5 010 000	7,2

INTERESTS OF DIRECTORS

The details of the beneficial and non-beneficial interest of the directors (whether directly or indirectly) in the share capital of Quyn Holdings Limited are:

Name of director	Beneficial holdings Direct	Beneficial holdings Indirect	Non-beneficial holdings Direct	Non-beneficial holdings Indirect	Percentage of ordinary shares
2006					
RP Fertig	**1 803 512**	**5 143 662**	–	–	**9,92**
BW Kaiser	**2 643 750**	–	–	–	**3,78**
SF Cairns	–	–	–	–	–
WP Alcock	**47 500**	–	–	–	**0,07**
	4 494 762	**5 143 662**	–	–	**13,77**
2005					
RP Fertig	1 803 512	5 143 662	–	–	9,92
BW Kaiser	2 643 750	–	–	–	3,78
SF Cairns	–	–	–	–	–
WP Alcock	47 500	–	–	–	0,07
	4 494 762	5 143 662	–	–	13,77

There have been no changes in the interests of directors between the year and the date of this report

SHAREHOLDER SPREAD

Total issued ordinary share capital: 70 007 454

	Number of shareholders in SA Nominal number	%	Number of shareholders other than SA Nominal number	%	Total shareholders Nominal number	%
Public	491	96,3	13	2,5	504	98,8
Directors and associates	5	1,0	–	–	5	1,0
Trustees of the employee share incentive scheme	1	0,2	–	–	1	0,2
Total	497	97,5	13	2,5	510	100,0

PERFORMANCE ON THE JSE SECURITIES EXCHANGE SOUTH AFRICA

	Share price (cents)
Opening – 1 March 2005	3
Closing – 28 February 2006	25
Range – highest price	26
– lowest price	3
Volume traded in financial period	2 776 208
Value traded in financial period	R593 864

Notice of annual general meeting

(Incorporated in the Republic of South Africa)
(Registration number 1998/012245/06)
(Share code: QUY ISIN code: ZAE000017257)

Notice is hereby given that the fifth annual general meeting of members of Quyn Holdings Limited will be held in the Boardroom at 36 Fricker Road, Illovo, Sandton on Friday, 29 September 2006, at 10:00 for the following purposes:

1. To receive and adopt the annual financial statements for the 12 months ended 28 February 2006
2. To sanction the decision of the directors not to pay any dividends.
3. To determine the remuneration of the directors.
4. To re-elect Mr RP Fertig who retires from the board of directors in terms of the company's articles of association and who, being eligible, offers himself for re-election.
5. To re-elect Mr WP Alcock who retires from the board of directors in terms of the company's articles of association, and who, being eligible, offers himself for re-election.
6. To appoint the auditors of the company and to approve the auditors' remuneration.
7. To grant authority to the directors to issue shares as set out in ordinary resolutions numbers 1 and 2 below and to authorise the repurchase of shares by the company as set out in special resolution number 1 below.
8. To transact any other business capable of being transacted at an annual general meeting.

ORDINARY RESOLUTION NUMBER 1

"Resolved that all the authorised but unissued securities of the company be and they are hereby placed under the control of the directors of the company as a general authority to them to allot and issue the same at their discretion in terms of and subject to the provisions of Section 221 of the Companies Act and the JSE Securities Exchange South Africa listing requirements."

ORDINARY RESOLUTION NUMBER 2

"Resolved that, subject to:

2.1 the passing of ordinary resolution number 1 above; and

2.2 not less than 75 per cent of those shareholders of the company present in person or by proxy and entitled to vote at the meeting at which this resolution is proposed voting in favour of this resolution;

the directors of the company be and they are hereby authorised and empowered, by way of a general authority, to allot and issue for cash, without restriction, all or any of the authorised but unissued securities in the capital of the company placed under their control as they in their discretion may deem fit, subject to the provisions of the JSE Securities Exchange South Africa listing requirements."

The restrictions placed by the JSE Securities Exchange South Africa on such general authority for allotments and issues for cash are as follows:

– The authority is valid until the next annual general meeting but in any event not later than 15 months from the date of meeting.
– Any such issue must be of a class of securities already in issue and can only be made to public shareholders as defined in the listing requirements.
– Issues in the aggregate in any one financial year will not exceed 15% of the number of securities of the company's issued share capital.
– A paid press announcement giving full details, including the impact on net asset value and earnings per share, will be published at the time of any issue representing, on a cumulative basis within a financial year, 5% or more of the number of securities in issue.
– In determining the price at which the issue of securities will be made, the maximum discount permitted will be 10% of the average closing price of the securities as determined over the 30 days prior to either the date of the paid press announcement or, where no announcement is required and none has been made, the date of issue of such securities.
– Subject to the approval of not less than 75% of the votes cast by shareholders present or represented by proxy and entitled to vote thereat.

SPECIAL RESOLUTION NUMBER 1

Repurchase of securities

To consider and, if deemed fit, pass with or without notification the following resolution was passed as a special resolution:
"RESOLVED THAT: the acquisition by the company of shares issued by it, on such terms and conditions as may be determined by the directors and the acquisition by any subsidiary of the company of shares issued by the company on terms and conditions as determined by the directors.

(a) the general authority granted to the directors shall be valid only until the company's next annual general meeting and shall not extend beyond 15 (fifteen) months from the date of this resolution;

(b) the general authority for the company or by its subsidiaries to acquire its securities shall be limited to a maximum of 20% of the company's issued securities in any applicable class in any one financial year;
(c) any repurchase may not be made at a price more than 10% above the weighted average of the market value of the security for 5 (five) business days immediately preceding the date of such repurchase (inclusive of any specific authority);
(d) the general authority may be varied or revoked by special resolution, prior to the next annual general meeting of the company; and
(e) should the company either directly or indirectly through its subsidiaries cumulatively repurchase 3% of its own securities in terms of this general authority it shall make an announcement in accordance with the listing requirements of the JSE Securities Exchange South Africa ("JSE").
(f) the repurchase will be affected through the order book operated by the JSE trading system without any prior understanding or arrangement.

Reasons for and effects of special resolution number 1 is to enable the directors of the company up to and including the date of the next annual general meeting of the company to approve the acquisition by the company, of its own securities and which will, upon registration, have that effect.

The board of directors may use the authority granted under special resolution number 1 where circumstances such as market conditions, revenue dispensations or any other circumstances which may be in the best interests of the company and its shareholders, in the opinion of the directors, warrant the use of such authority.

The directors, at the time of taking an executive decision to effect a repurchase on the open market, will:

- provide the JSE with the latest audited annual financial statements or reviewed interim financials;
- provide the JSE with a forecast balance sheet, income statement and cash flow statement covering the 12-month period subsequent to the date of the latest audited financial statements or reviewed interim results, as the case may be, which forecasts will be reviewed by the auditors of the company.

The directors are of the opinion, after considering the possible effects on an acquisition by the company of its own securities, that:

- the company shall be able, in the ordinary course of its business, to pay its debts;
- the consolidated assets of the company, fairly valued in accordance with Generally Accepted Accounting Practice, are in excess of the consolidated liabilities of the company;
- the company shall have adequate working capital for its operations in the following year; and
- the company shall have adequate capital.

For the purposes of considering the special resolution for the company or as a subsidiary of the company to repurchase shares issued by the company, the information below has been included in the annual report in which this notice of annual general meeting is included:

Directors and administration – page 38 of the report
Major shareholders – page 35 of the report
Directors' interests – page 35 of the report
Share capital – page 22 of the report
Litigation statement – page 5 of the report
Directors' responsibility statement – page 3 of the report

Voting and proxies

Every holder of ordinary shares present in person or by proxy at the meeting, or in the case of a body corporate represented at the meeting shall be entitled to one vote on a show of hands and on a poll shall be entitled to one vote for every ordinary share held. A proxy form is enclosed for those members who wish to be represented at the meeting but are unable to attend. In order to be effective, a duly completed proxy form must be deposited at the registered office of the company not less than forty-eight hours before the time for holding the meeting.

By order of the board

BW Kaiser
Company Secretary

Illovo

Directors and administration

EXECUTIVE DIRECTORS
RP Fertig (Chief Executive Officer)+*
WP Alcock
BW Kaiser+*

NON-EXECUTIVE DIRECTOR
SF Cairns (Chairman)+*

\+ *Member of the Audit Committee*
* *Member of the Remuneration Committee*

SECRETARY AND REGISTERED OFFICE
BW Kaiser
36 Fricker Road
Illovo
Sandton, 2196
(PO Box 62213, Marshalltown, 2107)

AUDITORS
BDO Spencer Steward (Johannesburg) Inc
Chartered Accountants (SA)
13 Wellington Road
Parktown
Johannesburg, 2193
(Private Bag X60500, Houghton, 2041)

Number of employees during 2005 are 226 (2005: 349)

TRANSFER SECRETARIES
Computershare Investor Services 2004 (Pty) Limited
(Registration number 1994/03973/06)
70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

BANKERS
Nedbank
A division of Nedcor Bank Limited
(Registration number 1951/000009/06)
Portfolio division
3rd Floor, Nedbank House
12 Fredman Drive
Sandown, 2196
(PO Box 784088, Sandton, 2146)

COMPANY REGISTRATION NUMBER
1998/012245/06

COUNTRY OF INCORPORATION AND DOMICILE
South Africa

SHARE CODE
QUY

ISIN CODE
ZAE000017257

Shareholders' diary

Financial year-end	February
Annual general meeting	September/October
Interim report – half-year to 31 August	September/October
Preliminary announcement of annual results	May
Annual financial statements	August

Printed by Ince (Pty) Ltd

QUYN

(Incorporated in the Republic of South Africa)
(Registration number 1998/012245/06)
(Share code: Quy ISIN code: ZAE000017257)

Proxy form

For use by shareholders of Quyn Holdings Limited

ANNUAL GENERAL MEETING TO BE HELD IN THE BOARDROOM AT 36 FRICKER ROAD, ILLOVO, SANDTON, ON FRIDAY, 29 SEPTEMBER 2006, AT 10:00

A member entitled to attend and vote is entitled to appoint a proxy to attend, speak and vote in his stead and such proxy need not be a member of the company.

I, ________________________________

of ________________________________

being a member of the above company, hereby appoint

________________ of ________________

or, failing him/her, ________________ of ________________

or, failing him/her, the chairman of the annual general meeting, as my proxy to vote or abstain from voting on my behalf at the annual general meeting of the company to be held on Friday, 29 September 2006, at 10:00 and at any adjournment thereof as follows:

Ordinary business	In favour of	Against	Abstain
1. Resolution to adopt the financial statements			
2. Resolution to sanction the declaration of no dividends			
3. Resolution to determine the remuneration of the directors			
4. Resolution to elect Mr RP Fertig as a director of the company			
5. Resolution to re-elect Mr WP Alcock as a director of the company			
6. Resolution to appoint the auditors of the company			
7. Resolution to approve the auditors' remuneration			
8. Ordinary resolution number 1: placing the unissued shares under the control of the directors			
9. Ordinary resolution number 2: authorising the issue of shares for cash			
10. Special resolution number 1: permitting the company to repurchase shares			

Signed this ____________ day of ____________ 2006

Signature of member ________________

Assisted by (where applicable) ________________

Notes

1. Indicate instruction to proxy by way of a cross in the spaces provided above.
2. Unless otherwise instructed, a proxy may vote as he/she thinks fit.
3. This proxy form and the general or special power of attorney or other authority, if any, must be signed, dated and returned so as to reach the registered office of the company at least forty-eight hours before the meeting.
4. Members who have dematerialised their shares in the company and are registered in their own names are members who appointed Computershare Custodial Services as their Central Securities Depository Participants (CSDP) with the express instruction that their uncertificated shares are to be registered in the electronic sub-register of members in their own name.

INSTRUCTIONS ON SIGNING AND LODGING THIS FORM OF PROXY:

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided overleaf, with or without deleting 'the chairman of the meeting', but any such deletion must be initialled by the shareholder. Should this space be left blank, the proxy will be exercised by the chairman of the meeting. The person whose name appears first on the form of proxy and who is present at the meeting to act as proxy to the exclusion of those whose names follow.

2. A shareholder's voting instructions to the proxy must be indicated by the insertion of an "X" or, alternatively, the number of shares such shareholder wishes to vote, in the appropriate spaces provided. Failure to do so will be deemed to authorise the proxy to vote or to abstain from voting at the meeting as he/she thinks fit in respect of all the shareholder's shares. A shareholder or his/her proxy is not obliged to use to use all the shares held by the shareholder, but the total number of shares, or those in respect of which abstention is recorded, may not exceed the total number of shares held by the shareholder.

3. 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 transfer secretaries.

4. To be valid the complete form of proxy must be lodged with the transfer secretaries of the company, Computershare Investor Services 2004 (Pty) Limited, 70 Marshall Street, Johannesburg, 2001, (PO Box 61051, Marshalltown, 2107), to be received by them not later than Wednesday, 27 September 2006.

5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the transfer secretaries or waived by the chairman of the meeting.

6. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms thereof, should such shareholder wish to do so.

7. The completion of any blank spaces overleaf need not be initialled. Any alterations or corrections to this form of proxy must be initialled by the signatory/ies.

8. The chairman of the meeting may accept any form of proxy which is completed, other than in accordance with these instructions and notes, provided that the chairman is satisfied as to the manner in which shareholder wishes to vote.

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