To be widely recognised as the South African black-owned company that transformed into a global technology solutions leader.

Envisioned future

We will constantly seek to set the pace when it comes to Industry Thought Leadership. Our eagerness to learn and commitment to make a difference will allow for our clients to unequivocally regard us as their partner of choice. Our innovative and entrepreneurial abilities will enable us to consistently develop solutions to business problems – shifting boundaries that will establish us as a dominant leader in our chosen markets, across the globe. We will be a magnet for talent, with our people being enthusiastic, loyal and energised; always developing, always growing, reaping the rewards of the company they helped create. These will be a blend of sophistication, passion and a graciousness of spirit for one another, our clients and our community at large; where joy is found whilst pursing the creation of a legacy we can be proud of.

Contents

Company profile

Gijima is a leading information and communication technology (ICT) services group that offers end to end infrastructure management and professional services. The company has over 80 points of presence in southern Africa as well as offices in Australia, Canada, Chile and Turkey. We have gained recognition as a preferred, integrated ICT partner to a considerable client base of large information technology users in both the private and public sectors. Our intellectual capacity, business model and encompassing geographic footprint is unrivalled in the South African market and provides clients with sophisticated and diverse service delivery options in the areas of business solutions, systems integration, infrastructure and communications services. Our goal is to be a global IT player anchored in Africa.

Gijima's competencies and its niche industry focus include broad experience and market penetration in the financial services, retail, hospitality, manufacturing and mining markets, as well as the public sector. As one of the leading technology companies in southern Africa in terms of physical infrastructure and geographic footprint, we have the capability and capacity to provide services to large organisations as well as to medium sized entities.

Gijima has an enviable, loyal and supportive client base, long-term institutional shareholding, proven service track record and the strongest empowerment credentials in the listed ICT industry. 90% of the top 100 JSE listed companies including nine of South Africa's leading corporations are clients of Gijima. These relationships generally span many years and remain a high focus area for the Group.

Gijima has a diversified and comprehensive range of ICT consulting and delivery capabilities. Together with an in depth knowledge of systems integration, the Group has a solid foundation from which to develop vertically integrated, industry focused solutions for its clients across a broad spectrum of industries. Employing more than 3 800 people Gijima's specialised business knowledge in its chosen industry verticals enables us to provide comprehensive and integrated solutions to clients in those markets. The Group's proven operating model incorporates client care into the plan-build-run leverage cycle of technology solutions, which has found favour internationally.

With our 36% unencumbered direct black shareholding and a combined 44% black shareholding, Gijima is ranked as the leading listed BEE ICT services and solutions company in South Africa as reflected by our Level 3 Broad Based Black Economic Empowerment rating. The Gijima Board and Executive Committee is comprised of 50% and 43% black executives respectively.

Five year review

for the year ended 30 June 2010

The financial highlights have been calculated in accordance with the financial definitions set out on page 104.

	30 June 2010 R'000	30 June 2009 R'000	30 June 2008 R'000	30 June 2007 R'000	30 June 2006 R'000
Income statements					
Revenue	**2 943 417**	3 014 340	2 514 741	2 017 426	1 951 041
EBITDA before exchange rate gains and losses on translation	**285 674***	283 253	156 007	107 576	99 189
EBITDA before exchange rate gains and losses on translation (%)	**9,71**	9,40	6,20	5,33	5,08
EBITDA	**285 674**	232 600	203 818	120 138	106 675
EBITDA (%)	**9,71**	7,72	8,10	5,96	5,47
Operating profit	**240 988**	196 449	171 270	94 666	71 721
Operating profit (%)	**8,19**	6,52	6,81	4,69	3,68
Headline earnings	**159 205**	111 137	112 857	53 452	28 252
Headline earnings (%)	**5,41**	3,69	4,49	2,65	1,45
Statements of financial position					
Cash and cash equivalents	**339 917**	484 391	171 182	170 446	174 011
Total assets	**1 614 527**	1 522 853	1 178 160	1 011 512	952 682
Ordinary shareholders' funds	**501 620**	427 687	319 533	264 154	264 271
Number of shares in issue	**961 565**	974 742	964 667	964 667	964 667
Weighted average number of shares	**968 666**	972 782	964 667	964 667	964 667
Financial statistics					
Headline earnings per ordinary share (cents)	**16,44**	11,42	11,70	5,54	2,93
Basic earnings per ordinary share (cents) from continuing operations	**16,37**	11,39	11,63	5,57	2,51
Loss per ordinary share (cents) from discontinuing operations	**–**	–	–	–	(0,14)
Cash (used in)/generated from operating activities per weighted average ordinary share (cents)	**(3,42)**	30,31	4,49	(1,02)	9,76
Net asset value per ordinary share (cents)	**52,17**	43,88	33,12	27,38	27,40
Selected returns and ratios					
Effective tax rate (%)	**32,75**	36,68	29,30	28,57	43,67
Current ratio (times)	**1,87**	1,55	1,59	1,57	1,35
Return on equity (headline earnings) (%)	**31,74**	25,99	35,32	20,24	10,69
Average trade receivables collection days	**85,55**	69,59	70,84	64,27	61,04
Number of employees	**3 848**	3 929	3 657	3 290	3 373
Revenue per employee	**765**	767	688	613	578
Operating profit per employee	**63**	50	47	29	21

**From the 2010 financial year IAS 21.15 impacted the foreign gains and losses*

Value added statement

for the year ended 30 June 2010

	Group 2010 R'000	Group 2009 R'000
Wealth creation		
Group revenue	2 943 417	3 014 340
Cost of materials and services	(1 210 750)	(1 453 497)
Value added	1 732 667	1 560 843
Net financing expenses	(11 766)	(21 508)
Total wealth created	1 720 901	1 539 335
Wealth distribution		
Workforce		
Salaries, wages, bonuses, pension, medical aid, other benefits and contractor fees	1 436 864	1 319 918
Attributable to non-controlling shareholders and associates	(4 447)	–
Central and local governments	89 635	72 488
Tax	75 059	64 163
Rates and taxes	7 179	5 126
Skills development levy (net of refunds)	7 397	3 199
Reinvested in the Group	198 849	146 929
Depreciation, amortisation and impairment	44 686	36 151
Profit for the period from continuing operations	154 163	110 778
Total wealth distributed	1 720 901	1 539 335
Taxes paid and collected		
VAT	190 689	255 907
PAYE	281 385	251 476

Chairman's report

Gijima is a robust, healthy, focused and efficient company with a wealth of talent and a strong, long-standing client base

In the short space of five years, Gijima has grown in stature, firmly stamped its mark on the ICT industry in South Africa and become a major force to be reckoned with in a very competitive market.

The company has come a long way since the merger between a predominantly-white technology group, AST, and an up-and-coming entrepreneurial black player in the ICT space, Gijima, to form GijimaAst in May 2005.

What has made this merger remarkable and groundbreaking is the fact that today, despite various sceptics' predictions, the company has shown significant year on year growth over the past five years. It is recognised as an employer of choice; is profitable with cash in the bank; has more than doubled its top line to R3 billion; improved margins consistently; pays dividends to its loyal shareholders; and has been acknowledged as the most transformed ICT company listed on the JSE, for the second year running, according to the annual *Financial Mail Empowerdex* survey.

Thus far, it has been an exhilarating ride. I would like to reflect briefly on the exciting journey that Gijima has travelled these past five years.

Reflecting on the merger

Years of hard work lie behind the successful integration of two separate companies to create one cohesive and functioning unit. There were some tough times and some tough decisions that had to be made. But, the vision and commitment of our experienced management team tirelessly drove the transformation process and enabled GijimaAst to arrive victorious on the other side, even during the periods of technology-sector turbulence that saw many of its rivals disappear completely.

I am pleased to be able to report that the Gijima of today is a robust, healthy, focused and efficient company with a wealth of talent and a strong, long-standing client base. Our innovative and diverse range of technology products and services is designed to help our clients maximise their business efficiencies through the smart application of tailor-made technology solutions.

As we celebrate five years of the successful merger with AST and our name change to Gijima, it is satisfying to reflect on the company's achievements but, for me, it is more important to look at the road ahead and map our course going forward to grow the business and capitalise on opportunities.

Business environment

The financial year under review has again been a challenging one, not only for Gijima but for the ICT sector and the global economy as a whole. I am particularly proud of the fact that, in these difficult conditions and despite a slight drop in revenue, Gijima has increased headline earnings for the fifth year in a row and maintained its dividend. There is no sign of any significant improvement in market conditions as we head into 2011. However, I am confident that, once again, we will demonstrate that we can rise to the challenge and adapt to and overcome current market realities. Gijima will keep on innovating, assessing its performance and market requirements, and reinventing itself in order to ensure that we continue to do what we do best – to anticipate and deliver on our clients' needs.

We have demonstrated over the past five years that, given the opportunity, a black-owned, controlled and managed IT company can succeed. We aimed to take Gijima into the top three IT companies in SA. We have succeeded – we are already one of the top three and we will keep our competition constantly looking over its shoulder.

The company, with its solid and competent management team ably led by CEO Jonas Bogoshi and CFO Carlos Ferreira, and strongly supported by a committed and value-adding Board of directors, has delivered on its clearly articulated vision and sound strategy of "Vision Possible", to achieve strong organic growth across the organisation.

Gijima currently employs just under 4 000 staff members, who are the true ambassadors of the company and whose focus to deliver excellent service has benefited our strong client base in growing their businesses. We have increased our points of presence from 70 to 80 and have opened offices in Chile and Turkey in addition to our existing Namibia, Canada and Australia offices. Over and above the international offices we deliver point solutions to clients in several other sites.

Client dispute

It is now public knowledge that a dispute exists between the company and the Department of Home Affairs (DHA) regarding the Who Am I Online (WAIO) contract that was declared invalid and unenforceable by the department in April 2010. This transpired two years after Gijima started performing in terms of the contract and was a huge surprise to the company. We strongly contend that the said contract is indeed valid and enforceable and as such, we are prepared to safe guard the interests of all our stakeholders. In this regard, we obtained two independent legal opinions that both support our contention. We further engaged a leading international information and technology research company to conduct an independent review on Gijima's performance in terms of the said contract and the results confirmed that the work delivered by the company is indeed in compliance with industry best practice. We have been engaged with the DHA for the past five months in an endeavour to resolve this impasse. We are hopeful that an amicable solution benefiting both the DHA and the company will be found. We are not willing to take the department to court but, should circumstances necessitate that action, the company will be obliged to do so. We are mindful of the fact that going to court is never the best option to conflict resolution but, as directors of the company it is our fiduciary duty to protect the interests of our shareholders at all times. Therefore the company reserves its right to litigate should the need arise. Due to the seriousness of this matter and the negative impact it has had on the company, the Board has been kept abreast of developments with some Board members more involved in the quest to find closure on this matter. A letter has been forwarded to the DHA articulating our position on the matter and we are looking forward to a positive outcome.

Proposed dividend declaration

In view of the moderate increase in normalised earnings and our relatively sound liquidity position, the Board has declared a final cash dividend of 2,5 cents per share which, coupled with the interim cash dividend of 2,5 cents paid on 23 March 2010, is in line with last year's dividend of 5,0 cents per share.

Future growth

We want to position Gijima as a global player, providing tried and tested home-grown solutions to both local and international clients. The company should be number one in all the markets in which it operates, remain the employer of choice and maintain its strong empowerment credentials.

There are still huge growth opportunities in both South Africa, Africa and beyond our continent. Gijima is also keen to play a significant role to assist other African governments in improving their IT systems, so that they too can deliver fast, efficient and cost-effective services to their citizens. Gijima intends pursuing these and other opportunities.

We are entering a new phase of the business and, while we continue to deliver on our strategy of organic growth, we will also evaluate acquisition opportunities that add value and complement our existing business. We need to capitalise further on our unique solutions and follow our clients as they expand across the continent and globally.

As we start the journey over the next five years, I believe we can deliver on the true meaning of Gijima – and I, for one, am looking forward to the ride!

Appreciation

I would like to take this opportunity to thank all our stakeholders who have contributed in their own way to the success of Gijima this past year: our many long-standing and valued clients to whom we owe our existence; our most capable management team for staying the course during a challenging year; our valued employees and their supportive families; our solid partners and suppliers and shareholders for their continued investment in this African dream.

It would be remiss of me, at this time, not to make special mention of, and extend my sincere appreciation to Ms Londiwe Mthembu and Dr Judy Dlamini who served on the Board from August 2008 till February 2010 and June 2005 to August 2010 respectively. I thank you for your invaluable contribution. To the current Board members, your contribution will forever be valued and remember that you are pillars of our strength and our captains. Thank you for believing in the idea and steering the ship in the right direction.

Remember, "None of us is as good as all of us."

"BE SMART! GIJIMA!"

Robert Gumede
Non-executive Chairman

Chief Executive Officer's review

Overview

The 2009/10 financial year has been a challenging one for the Information and Communication Technology (ICT) industry. The adverse economic climate and the general reduction in capital expenditure affected most companies and Gijima was no exception. After a reasonably satisfactory first half, the second half was impacted by slow growth in ICT spending in both the public and private sectors.

Gijima has been affected further by its unresolved dispute with the Department of Home Affairs (DHA) over the 'Who Am I Online' (WAIO) contract, which the Department contends is invalid. We contend that the contract is valid and enforceable and have obtained two strong legal opinions to support our contention. We are satisfied that we have fulfilled our obligations and continue to perform in terms of the contract. An independent review of the contract by a leading international information and technology research and advisory company has concluded that the work delivered to date is in compliance with industry best practice. Gijima and the Department are currently in discussions to resolve the issue,

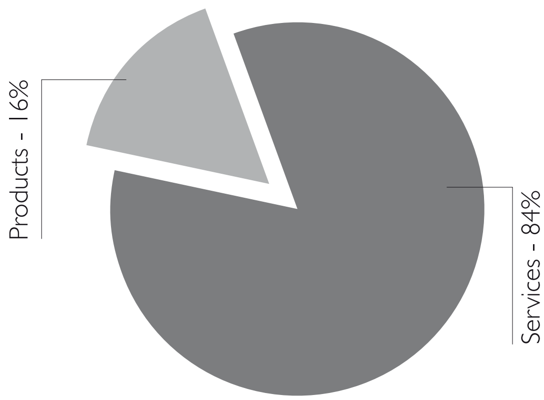
Overall, there has been little growth in the ICT industry in the 2010 calendar year, with public sector spending remaining depressed and the recovery of private sector growth slower than expected. Despite this, Gijima ended the year to 30 June 2010 with increased profits from revenues slightly down from last year. Considered over the five years since the merger of Gijima and AST, the Group delivered a solid performance. Revenue has grown at a compound annual growth rate of 8,6%, operating profit at 30,4% and headline earnings per share at 47,3% over the period.

We believe this is a good performance within difficult trading circumstances and it is testimony to the resilience of our business model, which focuses on a client-centric approach, contractual income, cost containment and cash management. We continue to focus the business on multi-year annuity contracts, large complex systems integration projects and services business. Services constitute 84% of our business compared to 82% in the previous year.

Although the increase in profits and headline earnings was more modest than had been anticipated at the half-year stage, it continues Gijima's sustained growth across successive business cycles. Both of our operating divisions – Professional Services and Managed Services – increased their EBITDA margins, with an overall real increase of 2% for the company to 9,7%.

Gijima is now a focused ICT services group, providing end-to-end solutions, with a predominant and growing proportion of its earnings coming from designing and implementing innovative services that meet client needs in South Africa and those of mining industry clients on five continents.

Services vs Products



Gijima is realigning its business model to an industry focused and client centric organisation

Chief Executive Officer's review continued

Gijima's goal is to be a global IT player anchored in Africa, and to be recognised as the number one IT company in the markets in which it operates. Our plan is to follow our clients as they expand internationally, to market our mining, public service, financial and manufacturing solutions globally, and to build an ecosystem of partners to sell our products and services.

The company has retained its AA (Level 3) empowerment rating from Empowerdex, the economic empowerment rating agency, for the reporting period under review, and continues to comply with all seven pillars of the DTI's Broad-Based Black Economic Empowerment (BBBEE) scorecard rating. For the second consecutive year, Gijima was rated the most empowered ICT company listed on the JSE, as rated by the *Financial Mail* (FM).

A highlight of the second half of the year was the celebration of Gijima's fifth anniversary in May 2010, which was marked by the rebranding of the Group to Gijima from the previous GijimaAst. The AST name has served the company well over the past five years, demonstrating continuity and enhancement. As we reposition ourselves in the market, we need to ensure that we continue to build unique solutions that will differentiate us. The name change is effective from the start of the current financial year.

Our Products and Services Portfolio

The 2,4% decline in revenue for the year reflects current market conditions and the impact of the WAIO contract dispute. It also reflects Gijima's continued strategic choice to concentrate on higher-margin operations such as services. The sale of products, including hardware, is no longer a core part of the Gijima business, but supports our services divisions. Gijima's continued focus on higher margin business contributed to the 8% increase in headline earnings per share, excluding foreign exchange translation differences.

Managed Services division

The Managed Services division reported a modest revenue growth of 2% to R1,52 billion and operating profit was down 4% to R107 million. Some of the business units in this division have a high product sales exposure and the division was therefore the most impacted by the low capital expenditure by clients.

Gijima remains the number one desktop outsourcing company in South Africa and the distributed computing services environment continued to provide solid performance. We took advantage of economies of scale brought about by our extensive geographic presence to realign the business model and in line with our strategy we extended our capacity to provide remote support and monitoring to our clients. Our clients have reacted positively to the speed and convenience of these services.

The hosted data services and security offerings are gaining greater market traction. Earlier during the year we acquired a small niche security company called Cubico. The company provides South African developed vulnerability assessment solution (Foresight™) to clients. This offering closes one of the gaps in our portfolio of products and services that we identified some time ago. Its extensive functionality and attractive pricing make a compelling value proposition for most large companies.

The unified communication business was disappointing during the last financial year. The general economic downturn and network product sales in particular negatively affected volumes. During the financial year management acted decisively and with speed to realign the business to the prevailing market condition and we are already seeing some early signs of improvement.

The advent of cloud computing and virtualisation remain the topical concepts for managed services. Whilst there are misconceptions and exaggerations regarding the potential benefits of cloud computing, its impact on the provisioning and consumption of IT services cannot be ignored. Cloud computing is a model for enabling convenient network access to shared computing resources. Its key characteristics are on demand, self service and scalability. We have increased our investment to expand the capability to provide cloud computing services and will be launching new services in the new financial year.

Awards

IBM

- Top software business partner
- Top partner for most IBM certificates countrywide
- Top partner for most innovative global financing solution

Microsoft

- 2010 Winner – server platform partner of the year
- 2010 Finalist – security and identity solutions partner of the year
- 2010 Finalist– Systems management solutions partner of the year

NEC

- Best systems integrator partners 2008 – 2009
- Platinum partner 2009

Professional Services division

The Professional Services division reported a decline in revenue of 6% to R1,46 billion and relatively flat earnings of R158 million. The division's largest revenues are derived from systems integration. It is in this area that the WAIO contract dispute negatively impacted both revenue and operating profits. Other systems integration projects are proceeding well, with several new systems that commenced recently in public sector, financial services, mining and manufacturing clients.

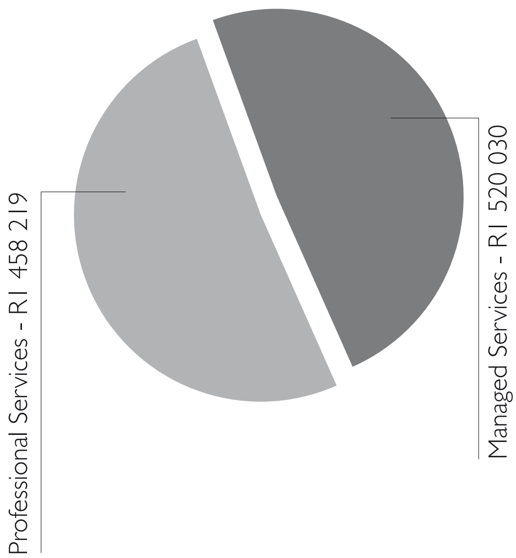
In the systems integration space we invested in the development of an ERP solution for the SME market and it is planned to be launched in the new financial year. This solution is based on an open ERP platform and will be offered in a 'Software as a Service' (SaaS) model. We believe this model of paying for a service and per usage will be a compelling proposition for this market.

Despite several new contract wins, our ERP integration business returned a disappointing performance due to simultaneous delays on a number of its large projects. The SAP Support Hub remains one of the largest of its kind in Africa serving several multinational clients. The industries we are dominant in are showing signs of good recovery and indications are that spend will improve in the space we serve. Our service to our support clients has historically been excellent and this should stand us in good stead when renewing those contracts that are up for term renewal. The business has also just completed a restructuring to ensure we focus on specific areas within the SAP space. This has brought a renewed focus on sales coverage, marketing, eminence building and attracting and retaining the best skills in the market.

The Group's human capital management offering, such as IT skills development and training, occupational hygiene, and contractor and permanent placements, showed a respectable return in what has been a very tough market. During the year under review we focused our initiatives on improving operational and service delivery capability and to create a platform for enhanced growth. In the new financial year the business will refine its go to market approach to provide innovative and integrated solutions to the typical skills challenges in the ICT industry. In addition we aim to provide increased services for national employment creation as well as health and safety initiatives.

Our mining technical solutions unit, GMSI (Gijima Mining Solutions International), managed a healthy rebound after a very difficult previous financial period, when the global financial crisis caused a severe pull back in capital expenditure by our clients. The launch of mineRP, a product that integrates traditionally disparate systems required for the mining operation, has been well accepted by the market. In the mining technical space we diversified both our offerings and the client base. Accordingly 40% of our revenue now comes from new offerings and our client base includes 40% new clients with whom we had limited or no dealings previously.

Professional Services vs Managed Services



Chief Executive Officer's review continued

Our clients

Gijima remains a well balanced business, with 48% of our revenue coming from the public sector and the remaining 52% from the private sector. Financial Services comprised 15% of our revenue, Mining 17%, Manufacturing 12% with the rest of the private sector making up the remaining 8%.

The public sector revenue contribution increased from 44% in the last financial year to 48% despite Government spending remaining sluggish, due mainly to slow decision making in ICT projects. The increase in public sector revenues is largely through our focus on the development and delivery of large and complex projects. This is indicated by the awarding of new contracts in this financial year from the Department of Rural Affairs and Land Reform – a multi-year project to develop an electronic deeds registry – and the South African National Roads Agency (SANRAL) project to bring open tolling to Gauteng's freeways. Those contracts were awarded in the first half of the year, with implementation and revenues commencing in the second half. The pipeline for the public sector remains healthy.

The manufacturing industry's revenue contribution during the 2010 financial year increased slightly on the prior year's revenue. The last quarter saw a slight decline in growth due primarily to a persistently strong Rand. Our client base in this sector remained loyal to Gijima. We were successful in winning new projects and renewing certain key outsource contracts – including a three year renewal for ArcelorMittal SA.

In the financial services industry, capex remained tight and decision cycles remained uncharacteristically long. The need to drive costs down drove a renewed interest in outsourcing. Gijima was successful in extending the breadth of its products and services into this sector. These included both infrastructure projects and professional services in Absa, FNB and Sanlam. The improved interest in outsourcing by the industry bodes well for Gijima.

The mining industry was one of the industries that was the hardest hit by the global financial crisis, as was evidenced by a poor financial performance in this sector on a global basis. During the year under review the sector experienced modest recovery and this was closely tracked by the steady increase in demand for our systems and consulting competence. We were successful in winning new projects in Anglo American, BHP Billiton and Exxaro and successfully renewed an outsource contract with De Beers.

Prospects

Market conditions are not expected to improve markedly during the next financial year. The forecast for IT expenditure growth in South Africa for 2010 is 2,5%. This is lower than the global growth rate of 3,2%.

Worldwide ICT products and services are continuously commoditising. This trend is driven primarily by innovation and the quest to lower costs. Increased commoditisation leads to maturing of markets and this in turn leads to consolidation of service providers. In mature markets service providers separate into large dominant players and smaller niche players. The South African market is also experiencing this phenomenon. We plan to expand in our key focus areas through both organic and inorganic growth.

In the industry the sourcing pendulum constantly swings between insourcing and outsourcing of information technology services. This is the longest that the pendulum has stayed longer on the 'outsource side'. This is testimony to the fact that outsourcing and the key processes underpinning it have matured. In South Africa there is growth in the acceptance of the outsourcing model by both the private and the public sector. We believe that this trend augurs well for us due to our extensive experience in outsourcing. Gijima is also realigning its business model to an industry focused and client centric organisation. As the outsourcing market matures, our key differentiation will be our deep intimacy with our clients.

South Africa is experiencing an explosion in bandwidth capacity. Investment in fibre for both long haul and last mile is taking place and it is expected that the undersea cable capacity around the African continent will grow from 2160 GB/s in 2009 to 12450 GB/s in 2013. This increase in capacity will drive growth in managed services – which will include managed or hosted voice services, managed security services, Software as a Service and application hosting. It is estimated that the compound annual growth rate of these services between 2009 and 2013 will be in excess of 20%. Whilst we derive good revenue and profit from hosting services we will scale our capability, through either partnership or acquisition, to take advantage of this expected growth.

South Africa is slightly behind the world on the adoption curve for cloud computing. Services providers like Gijima face two key challenges when confronted with a new technology or concept – is the idea real or a passing fad, and is the organisation ahead of or behind its competitors in adopting the idea. A number of large original equipment manufacturers (OEMs) have committed resources to cloud computing and are expecting most of their growth to come from products and services related to cloud computing. Most software vendors are introducing new pay-per-use licence models in line with the cloud computing approach. Cloud computing is real and will have a profound impact on how IT services are provided and consumed.

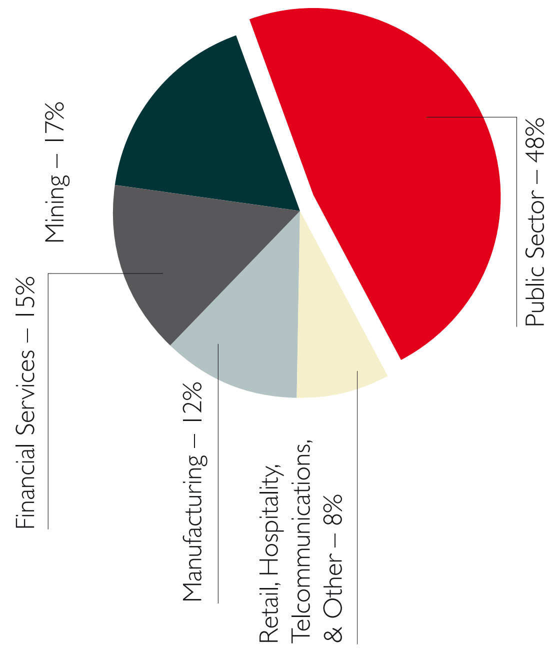
Gijima recognised this trend early last year and we formed international alliances and increased our capital investment to create capability to provide cloud computing services. Our goal was to develop scalable and flexible world-class services and also to offer our clients flexibility in the consumption of these services, a number of which we will launch in the new financial year. We continue to build on our industry-unique solutions in order for Gijima to be recognised as the ICT industry specialist that delivers quality and excellent services.

Our people are our greatest assets. We continue to invest in our employees in order to cultivate and retain world-class talent. The employee attrition rate for the year under review was 8,5% against the industry average of 14%. In addition, an initiative is underway to establish and engender a high performance culture, and a process and culture of innovation within the organisation. At Gijima, diversity is a competitive advantage – we believe that a diverse group is more likely to come up with innovative thinking than a homogeneous people.

Going forward, we believe we are well positioned to take advantage of the current market trends.

Jonas Bogoshi
Chief Executive Officer

Industry verticals



Chief Financial Officer's review

Revenue

The Group's revenue declined by 2,4% for the year. This is reflective of muted market conditions as well as the impact of the WAIO contract dispute, dealt with in more detail in the directors' report on page 48. It also reflects Gijima's continued strategic choice to concentrate on higher-margin operations such as services. The sale of products, including hardware, is not a core part of the Gijima business, but supports our services divisions.

Gijima has continued to increase its public sector revenues because we focus on the development and delivery of large complex projects. This is indicated by significant new contracts in this financial year from the public sector that were awarded in the first half of the year, with implementation and revenues commencing late in the second half. We have also concluded a number of significant new private sector deals and contract renewals.

Depreciation and amortisation

The depreciation and amortisation charge increased to R44,7 million (2009: R36,1 million) due to the Group's increased investment in computer equipment and software to improve operations. It also includes a trade name amortisation charge.

Operating profit

Normalised figures exclude exchange rate gains or losses on translation of inter-group accounts denominated in foreign currencies. Gijima's profits are no longer impacted by the exchange rate gains or losses on translation of inter-group accounts denominated in foreign currencies recorded in prior years. These translation differences are, from 1 July 2009, recorded within the company's statement of comprehensive income, in line with International Accounting Standard 21: The Effects of Changes in Foreign Exchange Rates.

Gijima's EBITDA margin improved to 9,7% from the normalised 9,4% achieved in 2009.

Together with a slight drop in year-on-year revenues, Gijima reported a marginal decline in normalised operating profit to R241 million from the previous year's normalised operating profit of R247 million.

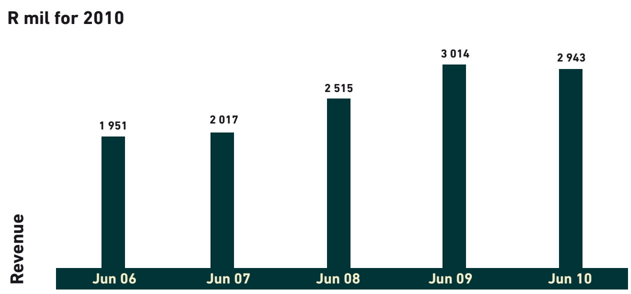
Financial expense

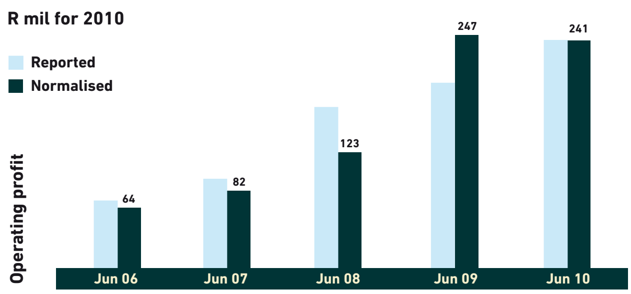
Due to the reduced debt of the business, coupled with significantly higher cash balances retained during the year, the net financial expense reduced by 45% year on year.

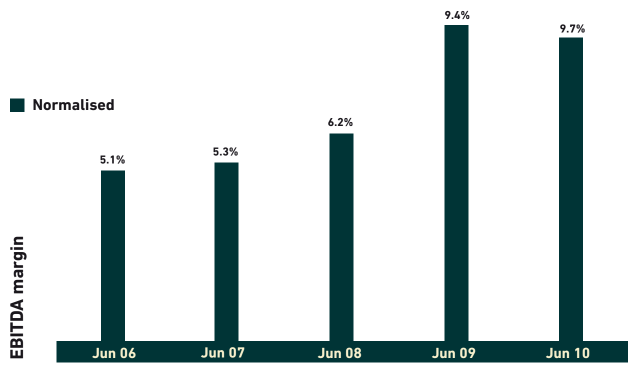
Tax

An effective tax rate of 32,8% (2009: 36,7%) was reported as a result of the IAS 21 treatment of inter-group non-operational loan accounts, coupled with certain international structure tax charges and Secondary Tax on Companies paid on dividends.

Highlights

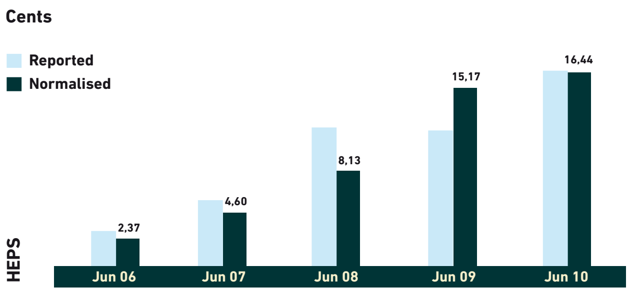






Chief Financial Officer's review continued

Gijima will continue to invest in areas that will create opportunities for growth and the continued sustainability of the Group



The income tax liability on revenue of the outstanding debtor's balance relating to the client dispute is conditional upon a successful resolution between both parties. This revenue has been excluded from taxable income resulting in a deferred tax liability and a calculated tax loss.

Attributable profit

Gijima maintained its strong growth in profit after tax, which rose to R154,2 million (2009: R110,8 million), reflecting an increase of 39.2% (4,2% if exchange rate loss in 2009 is eliminated) and profit attributable to owners of the parent company, which rose to R158,6 million (2009: R110,8 million), reflecting an increase of 43,1% (7,7% if exchange rate loss in 2009 is eliminated). Headline earnings improved to R159,2 million (2009: R111,3 million) with headline earnings per share increasing by 43,9% (8,3% if exchange rate loss in 2009 is eliminated).

Amendments to IAS 27 that are effective on or after 1 July 2009 require that losses in subsidiaries (included as negative "other comprehensive income" as detailed in the consolidated income statements) be allocated to the non-controlling interest even if doing so causes the non-controlling interest to be in a deficit position. R4,4 million relating to losses incurred by Gijima's Namibian operations have been allocated to the non-controlling interest in compliance with the amendments to IAS 27.

Dividend

In view of the moderate increase in normalised earnings and our relatively sound liquidity position, the Board declared a final cash dividend of 2,5 cents per share in addition to the maiden interim dividend that was paid to shareholders at the close of business on Friday, 19 March 2010. The final cash dividend will be paid on 29 November 2010 to shareholders registered in the records of the company on 26 November 2010.

Cash flow

Cash generated from operations before working capital changes improved by 32% to R309 million. Working capital of R225 million was absorbed during the period. A large percentage of this relates to the lack of payment from DHA pending resolution of the WAIO contract dispute.

The Group's current ratio at financial year end improved to 1,87 times compared to 1,55 times at 30 June 2009.

Contingent liabilities

At 30 June 2010 the Group had contingent liabilities in respect of registered performance bonds, bank lease and other guarantees to the value of R3,8 million (2009: R10,0 million).

Future priorities

Gijima will continue its prudent management of cash and liquidity in these uncertain times. We will continue to invest in areas that will create opportunities for growth and the continued sustainability of the Group.

Carlos Ferreira
Chief Financial Officer

Capital expenditure

The Group incurred capital expenditure of R36,6 million (2009: R78,8 million) during the year under review, the majority of which relates to investment in income generating computer equipment and software.

Debt restructuring

Gijima's debt has been restructured. The Board has taken a strategic decision to retain longer-term secured funds in order to meet its projected funding requirements for continued growth over the next few years. All existing debentures maturing in June 2010 and July 2011 were redeemed and new debentures of R300 million with two-year and five-year maturity dates were issued in June 2010. Through this issuance the Group has been able to secure its anticipated funding requirements for future years at highly competitive rates on the strength of its trade receivables.

Business acquired

During the year under review the Group acquired the business and proprietary software of Cubico Solution CC (Cubico). Cubico's main business activity is to develop and sell its proprietary software, 'Foresight™'. Foresight is security vulnerability assessment software, used to detect vulnerabilities within organisations' IT operations.

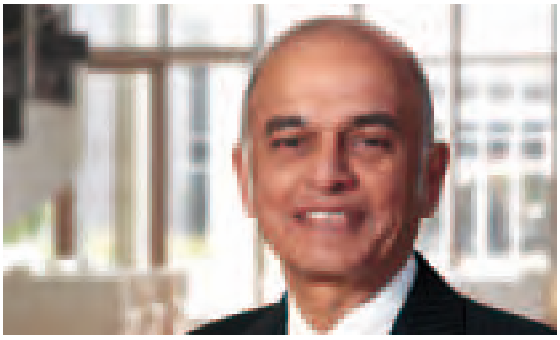
Gijima board of directors

Robert Gumede
Non-executive Chairman
Date of appointment: May 2005

John Miller
Non-executive Director
Date of appointment: October 2000
Qualifications: AEP (UNISA)

Carlos Ferreira
Chief Financial Officer
Date of appointment: May 2005
Qualifications: BCom (Hons), MBA

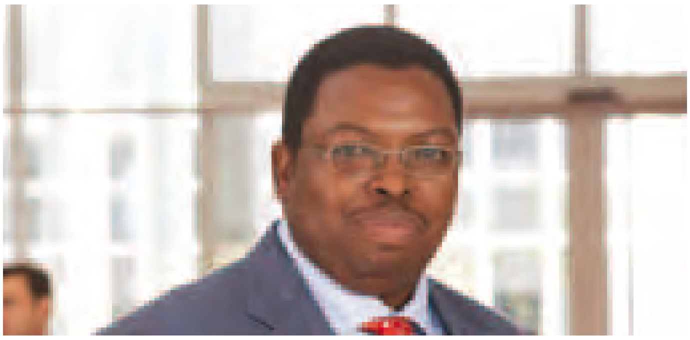
Londiwe Mthembu*
Independent Non-executive Director
Date of appointment: August 2008
Qualifications: BCompt (Hons)



Ashwin Trikamjee†
Independent Non-executive Director
Date of appointment: 13 August 2010
Qualifications: BJuris

Jacobus van der Walt
Independent Non-executive Director
Date of appointment: April 1999
Qualifications: BSc Engineering (Industrial)

Jonas Bogoshi
Chief Executive Officer
Date of appointment: July 2007
Qualifications: BSc Computer Science



Malcolm Macdonald
Independent Non-executive Director
Date of appointment: April 1999
Qualifications: BCom, CA (SA), ACIMA

Andrew Mthembu
Independent Non-executive Director
Date of appointment: June 2005
Qualifications: BSc (Chemistry, Biology)
BSc (Civil Engineering),
MSc (Construction Management),
AMP and EMP

Dr Judy Dlamini*
Independent Non-executive Director
Date of appointment: June 2005
Qualifications:
MBChB (Ntl), DOH (UFS),
MBA (Wits)

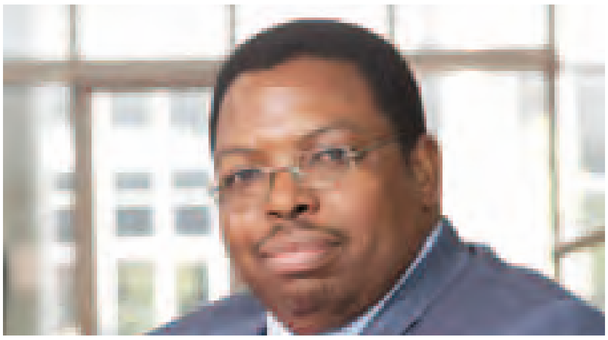
* *Resignations*
Mrs Londiwe Mthembu resigned on 26 February 2010
Dr Judy Dlamini resigned on 31 August 2010

† *Appointment*
Mr Ashwin Trikamjee was appointed on 13 August 2010

Gijima executive committee

Jonas Bogoshi
Chief Executive Officer
Date of appointment: July 2007
Qualifications: BSc Computer Science

Carlos Ferreira
Chief Financial Officer
Date of appointment: May 2005
Qualifications: BCom (Hons), MBA



Pieter Boshoff
Managing Executive, Professional Services
Date of appointment: September 1998
Qualifications: Senior Dip Datametrics, BCom Information Systems

Thoko Mnyango
Managing Executive, Marketing, Communications and Transformation
Date of appointment: October 1998
Qualifications: BJuris, Dip Marketing Management

Michael Ferreira
Managing Executive, Human Resources
Date of appointment: May 1999
Qualifications: BCom (Hons) Industrial Psychology, Dip Labour Relations

Carlos De Figueiredo
Managing Executive, Group Sales
Date of appointment: January 2008
Qualifications: Dip Electronics, EDP

Chris Mahlakwane*
Managing Executive, Western Cape Region
Date of appointment: April 2006
Qualifications: Professional Dip in Management, MBA

Stephen Bosman*
Managing Executive, Strategy & Governance
Date of appointment: May 2008
Qualifications: BEng (Industrial), MEng, PhD (Engineering)

Emson Moyo
Chief Technology Officer
Date of appointment: July 2010
Qualifications: BSc (Hons) Eng, MSc Eng, MBA, DBA in process

* *Resignations*
Mr Chris Mahlakwane resigned on 26 February 2010
Mr Stephen Bosman resigned on 30 June 2010

Corporate governance

Corporate practice and conduct

We affirm our commitment to the principles of openness, integrity and accountability and to providing timeous, relevant and meaningful reporting to all stakeholders as set out in the respective King Reports on Corporate Governance for South Africa. The Board is satisfied that the Group has complied with the Code of Corporate Practices and Conduct as set out in the King Report on Corporate Governance for South Africa, 2002 (King II) during the year under review and has reported on its compliance to these recommendations in its annual reports up to 2009. The King Report on Governance for South Africa, 2009 (King III) became effective on 1 March 2010. The Board is currently in the process of evaluating its current governance processes and practices against the recommendations of King III in order to identify gaps and to implement appropriate measures in order to address these gaps where it believes this to be in the best interest of the company.

The information below is based on the current governance practices and processes.

Board of directors

Gijima has a unitary board structure comprising non-executive and executive directors. The majority of non-executive directors are independent.

The Board is responsible for directing and controlling strategy and activities and for providing leadership and guidance to executive management in terms of an approved charter which delegates authority to the Chief Executive Officer.

At 30 June 2010, the Board comprised two executive directors (Messrs Bogoshi and Ferreira) and six non-executive directors (Messrs Gumede, Macdonald, Miller, Mthembu, Van der Walt and Dr Dlamini).

Ms LBR Mthembu resigned on 26 February 2010 and Dr NJ Dlamini resigned with effect from 31 August 2010. Mr AH Trikamjee was appointed to the Board as a new independent non-executive director on 13 August 2010.

The non-executive directors and independent non-executive directors contribute an objective and independent viewpoint on all major decision processes and standards of conduct. The company provides a formal induction process for newly appointed directors. The offices of Chairman and Chief Executive Officer are separated. The Nomination and Transformation Committee assesses the performance of the Chairman, Chief Executive Officer and executive directors. The term of office of executive directors is 36 months.

The Board meets quarterly when practically possible, with additional meetings when necessary, and although specific authority has been delegated to Board committees and management as appropriate, the Board retains full and effective control over the company and monitors management's implementation of the Board's approved plans and strategy.

As a result of the high level of activities during the period under review a number of special Board meetings had to be called at short notice, resulting in not all directors being able to attend every meeting. The following Board meetings (excluding special meetings) were held during the year:

Member	20 Aug	19 Nov	18 Feb	10 Jun
Bogoshi, PJ	P	P	P	P
Dlamini, NJ	P	P	A	P
Ferreira, CJH	P	P	P	P
Gumede, RW	P	P	P	P
Macdonald, M	P	P	P	P
Miller, JE	P	A	P	P
Mthembu, AFB	P	P	P	P
Mthembu, LBR	P	P	A	R
Van der Walt, JCL	P	P	P	A

P – Present/A – Apology/R – Resigned

All directors have access to the services and advice of the company secretary and are entitled to seek independent professional advice at the company's expense. The Board has unrestricted access to all information, documents and property. All directors are provided with appropriate and timely information, including detailed Board packs prior to all Board and Board committee meetings.

In terms of the articles of association one third of directors retire every year, but if eligible they may be re-elected by the shareholders at the annual general meeting. At the last annual general meeting (November 2009), Messrs Gumede, Macdonald and Miller were re-elected as directors to the Board.

Board committees

Various Board committees have been established and operate within charters approved by the Board. The Board committees are free to take independent outside professional advice when required and at the expense of the company.

Nomination and Transformation Committee

The Nomination and Transformation Committee makes nominations to the Board on the appointment of new executive and non-executive directors, including recommendations on the composition of the Board generally and the balance between executive and non-executive directors. As such, there exists a clear division of responsibilities at Board level to ensure a balance of power and authority, and no one individual has unfettered powers of decision making. The nomination process itself is formal and transparent and a matter of consideration for the Board as a whole. The committee is also responsible for identifying and nominating candidates to fill Board vacancies and to put succession plans in place. The members at 30 June 2010 were:

- Dr NJ Dlamini – Chairperson and Independent Non-executive Director
- Mr M Macdonald – Independent Non-executive Director
- Mr AFB Mthembu – Independent Non-executive Director
- Mr RW Gumede – Non-executive Director

The committee also assists the Board in implementing and monitoring the black economic empowerment and employment equity programmes and policies, directing affirmative procurement initiatives, monitoring the skills development policy and the development of a social responsibility programme. The committee also mandated the Employment Equity Forum. The Forum, under the governance of the committee, focuses on all employment equity issues in compliance with the Employment Equity Act (Act 55 of 1998). Under the guidance of Dr Dlamini, the Gijima Woman Forum was established. The Forum (comprising 18 members representing female employees throughout all levels of the organisation) aims at assisting Gijima to achieve its strategic business objectives. In future, the Nomination and Transformation Committee will be responsible for addressing and attending to the social and ethical responsibilities of the company as well. A Code of Ethics had been approved by the Board, requiring the company to maintain the highest personal ethical standards in conducting its business.

During the past financial year, meetings were held and attended as follows:

Member	6 Aug	7 Jun
Dlamini, NJ	P	P
Macdonald, M	P	P
Mthembu, AFB	P	P
Gumede, RW	P	P

P – Present/A – Apology

Audit Committee

The Audit Committee comprises independent non-executive directors only. In terms of the Corporate Laws Amendment Act of 2006, which became effective on 14 December 2007, all members of the committee are required to be non-executive directors who act independently. The committee is responsible for monitoring the adequacy of financial controls and reporting. It is charged with, *inter alia,* reviewing the audit plans of the external and internal auditors, ascertaining the extent to which the scope of the audits can be relied upon to detect weaknesses in internal controls and ensuring that interim and year-end financial reports meet accepted accounting standards. The Audit Committee also sets the principles for recommending the use of the external auditors for non-audit services. Regular meetings are scheduled and attended by the Chief Executive Officer, Chief Financial Officer and representatives of the external and internal auditors. External and internal auditors have direct access to the Chairman of the Audit Committee.

The following persons were members as at 30 June 2010:

- Mr M Macdonald
  – Chairman and Independent Non-executive Director
- Mr JCL van der Walt
  – Independent Non-executive Director

The composition of the Audit Committee currently complies with section 269A of the Companies Act, Act 61 of 1973 (the Act). Once a suitable candidate is found, the Board would appoint another independent non-executive member to the Board of Directors to also serve as a member of the Audit Committee, in line with King III. A suitable candidate is being actively sourced by the Board.

Gijima does not have a separate Risk Committee, as all matters are addressed by the Audit Committee. In line with King II and King III recommendations, the internal audit function reports directly to the Audit Committee and the internal audit charter is authorised and approved by the Board. The committee will in future be referred to as the Audit and Risk Committee. Internal audit has access to the chairmen of the Audit Committee and the Board. The internal audit function reviews internal controls and makes appropriate recommendations via the Audit Committee to the Board. The Audit Committee recommends the risk review and risk evaluation to the Board.

Risk management

Risk philosophy and strategy

Our philosophy is to follow an integrated, enterprise-wide approach to risk management that comprises:

- Annual strategic risk assessments;
- Risk assessments on all tenders, bids and proposals exceeding a specified value;
- Ongoing monitoring and updating of risks;
- Defining, establishing and maintaining risk management strategies, policies, procedures and templates;
- Embedding of risk management principles in the day-to-day business activities;
- Board acceptance of overall accountability and responsibility for risk management;
- Maintaining a risk management department at corporate level to assist the Audit Committee and Board in reviewing the risk management process;
- Maintaining a comprehensive system of internal controls to ensure that risks are mitigated and that the company's strategic objectives are attained;
- Identification and monitoring of key risk areas and key risk indicators on an ongoing basis to ensure effectiveness and efficiency of the internal control system; and
- Separate disclosure to the Chief Executive Officer and the Audit Committee of any significant control failings or weaknesses and their impact or expected impact.

We view risk from a negative perspective, but recognise that the review process may identify areas of opportunity where effective risk management can be turned to competitive advantage.

Accountability

The Board has overall responsibility for the total risk management process and system of internal control, which is reviewed regularly for effectiveness. The Board is also responsible for setting risk and control strategies and policies in consultation with executive management. The Board, together with executive management, is accountable for communicating these risk and control strategies and policies throughout the company, and this process has been in place for the period under review up to the date of approval of the annual report and financial statements. The Board determines the level of risk it is willing to manage in the pursuit of growth and in maximising opportunities. The Board reviews the system of risk management and the strategic risk register on a quarterly basis.

Management is accountable to the Board for designing, implementing and monitoring the process of risk management and integrating it into the day-to-day activities of the organisation. Management is also accountable to the Board for providing assurance that it has fulfilled its mandate and the manner in which this has been done.

Strategic risks facing the company are tabled at meetings of both the Audit Committee and the Board. Risk owners report progress on the mitigation of strategic risks to the corporate risk management function on a regular basis. The mitigation of tactical risks also serves at the monthly business unit review meetings.

As part of the risk management tools, an independent Ethics Hotline service is in place providing employees with a confidential, yet effective means to voice any concerns.

During the past financial year, meetings of the Audit Committee were held and attended as follows:

Member	19 Aug	17 Feb	3 Jun
Macdonald, M	P	P	P
Mthembu, LBR	P	A	R
Van der Walt, JCL	P	P	P

P – Present/A – Apology/R – Resigned

In terms of the appropriateness of the Chief Financial Officer, the Audit Committee has considered his experience and expertise, and is satisfied.

Remuneration Committee

The Remuneration Committee is primarily responsible for formulating remuneration strategy and policies and the terms and conditions of employment of executive directors and senior executives.

The following persons were members as at 30 June 2010:

- Mr AFB Mthembu – Chairman and Independent Non-executive Director
- Mr JCL van der Walt – Independent Non-executive Director
- Mr RW Gumede – Non-executive Director
- Dr MHR Bussin – Outside independent member

Meetings of the Remuneration Committee took place on the following dates:

Member	6 Aug	11 Feb
Bussin, MHR	A	P
Mthembu, AFB	P	P
Van der Walt, JCL	P	P
Gumede, RW	P	A

P – Present/A – Apology

Executive Committee

The day-to-day running of the company is conducted by the Executive Committee, which meets on a monthly basis and consists of executive directors and senior managing executives of divisions. It is responsible for setting the strategic direction of the company and for the strategic management of the company and for monitoring the implementation thereof according to the Board's directives.

Company secretary

During the course of 2010, the company secretarial function for Gijima Group Limited was outsourced to a specialist firm, namely iThemba Governance and Statutory Solutions (Pty) Ltd. The company secretary is appointed by the Board. All directors have access to the advice and services of the company secretary, who is responsible to the Board for ensuring compliance with procedures and regulations of a statutory nature. Furthermore all directors are entitled to seek independent professional advice concerning the affairs of the Group at the Group's expense, should they believe that course of action would be in the best interests of the Group. Information on the change in company secretary following the period under review is provided on page 47 of this report.

The company secretary attends all Board and subcommittee meetings, and has full access to employees, information and resources.

Share dealings

There are processes in place to ensure that no directors and officers of the company may trade in the company's shares during a closed period determined by the Board, in terms of a formal policy.

No director or employee may deal, whether directly or indirectly, in Gijima Group Limited shares on the basis of unpublished price-sensitive information. Directors and employees are subject to an embargo on trading in shares during closed periods when the company is operating under a cautionary announcement and in the period between the close of annual and half-yearly reporting periods and the publishing of results.

Sustainability at a glance

People

Focus area	Initiative
Employees Talent management Skills development Staff retention Staff welfare Client service	Talent management programmes Development and learnership programmes Increased training spend Performance incentives Growth potential within company Employee assistance programme Women's Forum
Communities Education and training Upgrading of facilities Financial assistance for community welfare	Social investment in rural communities, financial assistance, upgrading of facilities and training provided.

Planet

Focus area	Initiative
Planet Alignment of processes with environmental sustainability objectives Greenhouse gas (GHG) emissions and carbon footprint Energy usage and efficiency Client involvement in sustainability practices Sustainability partnerships with industry leading organisations	Promote environmentally-friendly business operations. Minimise environmental impact. Reduce carbon footprint. Improve efficiency in utilisation of computing resources

Profit

Focus area	Initiative
Profit Sustained and sustainable profit growth across successive business cycles.	Continued focus on service contracts which provide multi-year income. Increased use of new technology to improve efficiencies and reduce costs. Sufficient working capital to fund future growth.

Gijima
Technology People

Achieved	Target
Improved employee perception on prevailing culture of the company. Developed high-performance leadership. Employees who create and contribute. Increased training spend.	Make Gijima a place where employees can live their dreams and aspirations by serving clients and growing their unique skills set. Enhanced career and professional development Become Employer of Choice in the industry
Upgrading, installation and maintenance of computer labs in disadvantaged schools and communities. Provision of training and education in disadvantaged communities Sponsorship of orphanage and day care centre. Financial assistance for community needs Staff involvement in community development initiatives	Ongoing investments focused on education and training, health care, reconstruction and development, arts, culture, and sports. Involvement of staff in community development initiatives thus promoting Gijima brand.
State-of-the-art building showcasing green technology infrastructure with an environmentally friendly lighting and cooling system. Significant reduction of carbon dioxide emission from the newly installed generators. Significant thermal efficiency of the building. Involvement of clients in financially viable sustainability solutions and technologies Reduction of paper and consumables usage	Ethical commitment to sustainable living. Ongoing promotion of environmental sustainability and energy efficiencies Sustained educational initiatives to create environment awareness in employees and clients Ongoing reduction of carbon footprint
Normalised Headline Earnings per share increased with 8% (compound annual growth in HEPS of 47.31% over the past five years against modest 8.5% growth in revenue over the same period). EBITDA margin (normalised) increased to 9.7%. Debt of R300 million secured with two and five year maturity dates.	Deliver superior shareholder returns. Achieve double-digit EBITDA margin.

Transformation report

Thoko Mnyango
Managing Executive, Marketing, Communications and Transformation

Black economic empowerment

Gijima is fully committed to supporting all BBBEE initiatives as an opportunity for further growth and development in line with the ambit and spirit of the Broad-Based Black Economic Development Act, the Employment Equity Act and the ICT Transformation Charter. The Group has carved a niche for itself as a leading provider of ICT solutions in the business sector where strong BEE credentials are critical in the awarding of new business.

The triple bottom line and the Gijima brand

In our endeavour to become the market leader in the ICT industry, all transformation initiatives are aimed at creating a solid and legitimate company that is compelling to invest in, to do business with and to work for. We believe that long-term value, based on profit, people and concern for the environment, is good for business and equally a part of democratic transformation in Africa. All initiatives towards the triple bottom line are also aimed at promoting the Gijima brand.

Communication

We value the contribution of our people and therefore our communication strategy is aimed at creating and sustaining a well-informed, involved, focused and aligned workforce striving towards service excellence. The focus of transformation at Gijima is not to enrich select individuals, but rather to enrich the entire company.

Our achievements over the past year

- Despite the difficulties experienced by the world economies, including South Africa, due to the recession, Gijima still managed to make substantial progress in promoting black economic empowerment and socio-economic transformation in line with the ICT Transformation Charter during the past year. We have been rated number one BEE ICT Services Provider listed on the JSE by *Financial Mail* for two consecutive years as well as number twelve of the top JSE listed companies in the country across all industries. Our BBBEE status has been rated by Empowerdex (Pty) Ltd with the following achievements:

- AA rating
- Level 3 contributor and a value adding supplier
- Black ownership: 43,98%
- Black women ownership: 16,91%
- Black board representation of 50%
- Black executive/top management representation of 43%
- Black senior management representation of 29%
- Increased overall black representation of 45%
- Exceeding the compliance target on preferential procurement of 50% by 12% and enterprise development target of 3% of NPAT by 2,78%
- Reaching our target on contributions towards Corporate Social Investment (1% of NPAT)

The following initiatives and programmes are some examples of our commitment to uplifting the living standards of the people in South Africa:

- Investments in secondary and primary education by optimising computer technology and networks in schools in the North West, Gauteng, Limpopo, Mpumalanga and KwaZulu-Natal provinces;
- Improving the infrastructure of a day-care centre in the Olievenhoutbosch informal settlement;
- Provision of financial assistance to 13 grade 12 learners with disabilities from previously disadvantaged communities for receiving computer literacy training at Action for Blind and Disabled Children in Roodepoort;
- Provision of financial assistance to an orphanage in Mabopane, north of Tshwane;

- Provision of financing and labour for the building of a house in Orange Farm for a disadvantaged family that could otherwise not have afforded a decent home;
- Discussing, measuring and improving human relations through employee involvement initiatives;
- The provision of learnerships/internships for qualifying unemployed candidates from previously disadvantaged communities;
- Introduction and implementation of diversity training where 220 staff members have already been exposed to the workshops;
- The latest addition is the introduction of the Gijima Women Forum, which we believe will further strengthen the existing people's forum structures aimed at assisting the organisation to achieve its transformational and business objectives. The need to redress work imbalances of the past in terms of gender, colour and youth still exists. Although we have come a long way in the past five years, we still have some way to go in terms of appointing the right calibre of women and youth into key positions; and
- Continuous involvement in the development and sustainability of qualifying small enterprises (QSEs).

Although the company made substantial progress during the past year as highlighted above, we believe that improvement still needs to be made in the following areas as per our five year plan:

- Ensure management control by black people especially women and increase the number of disabled employees;
- Increase participation of black people and women in all occupational levels in the company to reflect the Employment Equity plan approved by the Employment Equity Committee and Chief Executive Officer. The internal people process initiative will align the employment equity objectives with the strategic human capital agenda. Each unit incorporates all transformational elements as part of the resourcing initiatives;
- Continue to develop and nurture existing and new BBBEE enterprises who deliver products and services to Gijima to ensure that we spend at least 3% of NPAT on such development. Ensure an increment of procurement from black women owned enterprises; and
- Continue with active corporate social investment initiatives and projects indicating our commitment in the role of a socially responsible corporate citizen. To this end, it is envisaged to spend at least 1% of NPAT per annum on such initiatives.

Thoko Mnyango
Managing Executive, Marketing, Communications and Transformation

Technology people

Michael Ferreira
Managing Executive,
Human Resources

Introduction

As a technology Services and Solutions Provider, the people element of Gijima is critical to the success of the organisation. Our flexible approach to staffing resulted in a small decline in the headcount during the financial year, but as we have more than 50% of our employees based at client sites supporting mission critical systems, we can clearly state that they touch the lives of most South Africans on a daily basis. These include our involvement in Public Sector, Financial Services Sector, Mining and Manufacturing, Retail and Tourism. Our aim is also to develop the potential of the scarce South African ICT skills base and we do this through investing in our own employees but also by attracting bright young students to the world of technology. By doing this, we can increase our team of TECHNOLOGY PEOPLE to serve our clients.

Key people strategies

The key people strategies that Gijima focused on during the year were the development of the middle management of the company, repositioning the Talent Management Process in the business and creating an environment to stimulate cross-functional and cross-organisational collaboration. We further focused on skills development and resourcing as elements of the People Process to establish Gijima as Employer of Choice in the ICT sector.

As a result, more than 150 middle managers went through detailed company specific development blocks to first gather more insight in them and then learn more about all business related topics from negotiating skills to financial and legal issues. The result of these interventions was very encouraging and we experienced a lift in the general business acumen of this group of leaders.

The people process and talent management in Gijima were reaching new heights as each unit did a comprehensive analysis of the talent and skills in the respective areas. As a result, the resource planning process and talent management initiatives are better planned and executed.

Human capital development initiatives

The development of our employees is measured against our internal Resource and Skills Plans, the legislative criteria as provided to us through the various institutions and our objectives to bring young skills from various entry level forums into the organisation. This includes initiatives through the ISETT SETA, internal business units as well as our Human Capital and Distributed Computing Divisions. Our spend on skills development increased and almost R10 million was spent on individual training initiatives. We also had a significant investment in Leadership and accredited graduate programmes.

We established a new relationship with the Belgium Campus in Gauteng and are looking forward to receiving the first results of this initiative by the end of the calendar year. Some of our flagship projects include the following:

Emerging Talent Programme

The fifth Emerging Talent Programme (ETP) had 38 young members successfully completing the programme. The ETP can be described as a "fast tracking" initiative of the group succession programme. It is aimed at the development of the leadership capability of the company and focuses on:

- The development of a management as well as technical leadership capability;
- The development of an understanding of the total business of Gijima; and
- Establishment of networks across the company.

To date 137 employees have graduated from the ETP. In line with the Gijima transformation policy 50% of the graduates are women and 70% are PDIs.

Management Development Programme

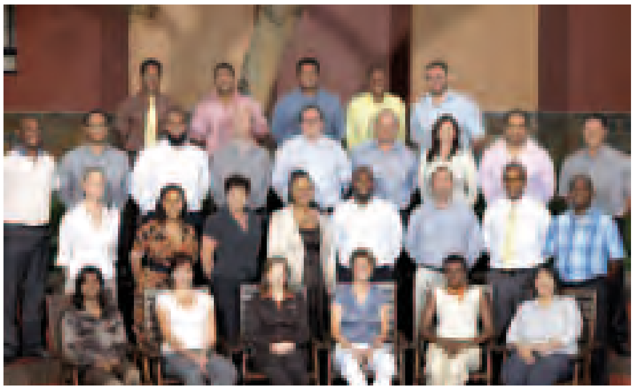
This is the third year that Gijima has partnered with the Gordon Institute of Business Science (GIBS) for the facilitation of the Management Development Programme (MDP). The programme is aimed at developing the company's management competencies and business excellence. It consists of several classroom sessions on topics such as financial management and accounting, innovation and leadership. The main deliverable – and probably the most challenging part of the course – is the submission of an Action Learning Project (ALP). The topics for these projects are defined by Exco and are aimed at obtaining up-to-date, business critical information and proposals for application in the company.

Twenty-four staff members successfully completed the programme this year.

ITBLP Learnership Programme

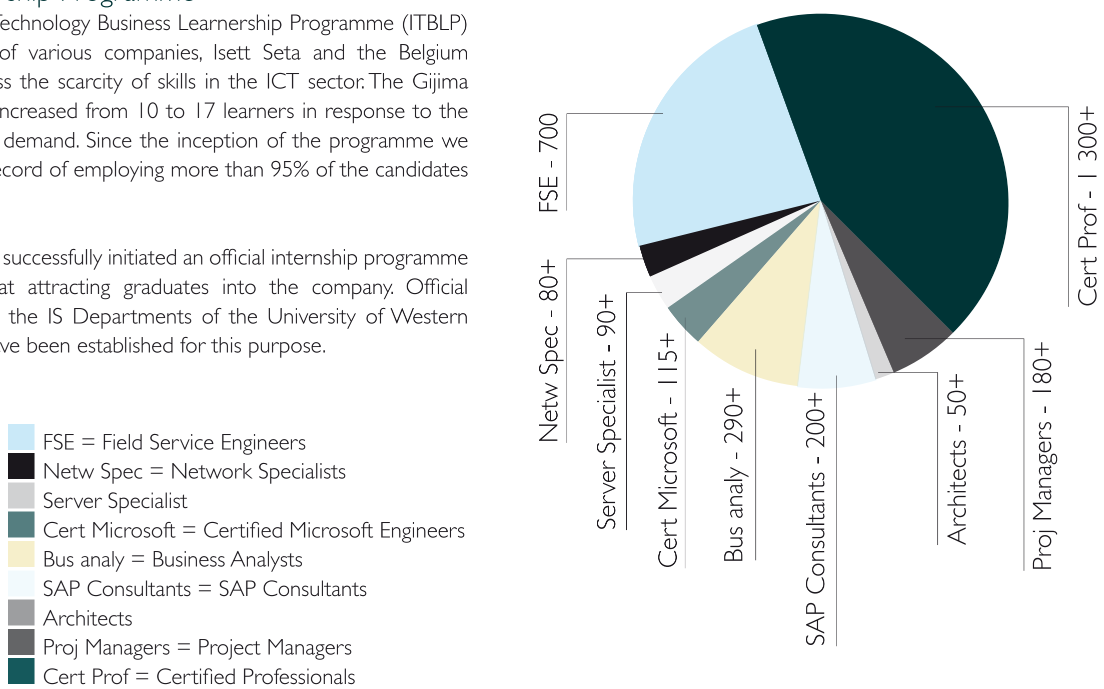
The Information Technology Business Learnership Programme (ITBLP) is the response of various companies, Isett Seta and the Belgium campus to address the scarcity of skills in the ICT sector. The Gijima 2010 intake was increased from 10 to 17 learners in response to the internal company demand. Since the inception of the programme we have the proud record of employing more than 95% of the candidates in Gijima.

This year we have successfully initiated an official internship programme which is aimed at attracting graduates into the company. Official partnerships with the IS Departments of the University of Western Cape and Wits have been established for this purpose.



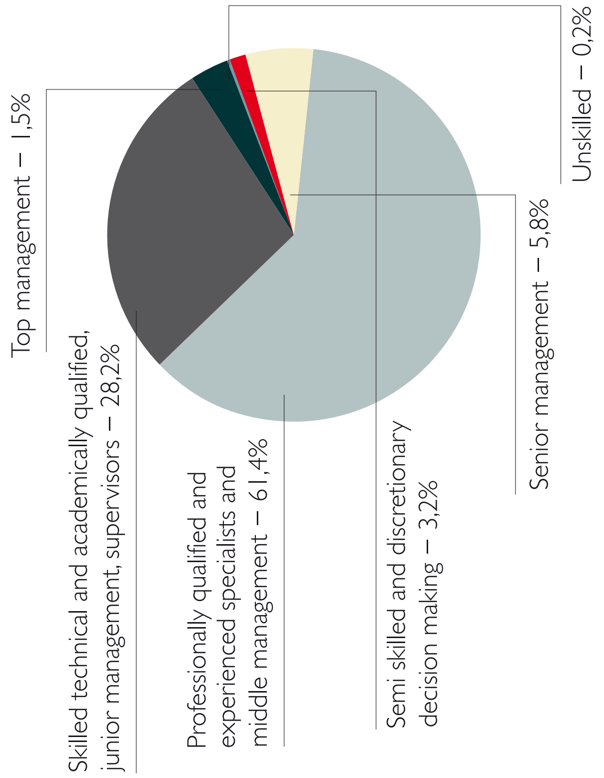
The class of 2010 is:
Front: from left to right: Suraya Pillay, Anja Schirmer, Fiona Anderson (GIBS), Gill Cross (GIBS), Mercy Tshuma and Michelle Bowers
Second row: Yolandi Taljard, Tshidi Ramoshaba, Tirrie Steynberg, Buyile Ngcobo, Gugu Mzuzu (deceased), Peter Lethina, Hendrik Seopa (resigned)
Third row: Sydney Brown, Shawn Rorke, Quasim Kalla, George Siemens, Pieter Steyn (resigned), Rudi Taljaard, Martine Scheepers, Mohamed Osman, Gerhard Nolte
Back row: Kree Govender, Adrian Pulliah, Pravesh Motiram, Oupa Kgasago, Johan du Buson

ICT skills



Technology people continued

Salary costs by level



Middle Management Development Programme

More than one hundred and fifty of Gijima middle managers completed the first Middle Management Development Programme (MMDP). The MMDP has specifically been instituted to develop the people management capabilities of supervisors and junior managers.

Employment equity

The transformation of Gijima as one of the top empowered companies in South Africa is a critical strategic drive and our black staff complement increased to more than 45% during the financial year although the employment rate slowed down and the staff turnover reduced to 8,5%. More than 390 black staff were recruited during the financial year and a ratio of 70% black staff is maintained in all corporate training and development initiatives.

Staff numbers and skills

At the end of the financial year, the company had a headcount of 3 848 comprising the following:

- Permanent – 2 853
- Contract – 839
- Temps – 52
- International – 104

The annual salary cost for South African based permanent employees as at the end of June amounted to R1 020 950 000:

Employee movement

The year saw a slight decrease in headcount as the company adjusted the staff complement with the demand for skills. 569 appointments were made in the company of which 70% were black appointments. The bulk of the appointments, 69%, were contractors to create flexibility in the labour complement of the skills set. During the period the staff turnover reduced to 8,5%, which is much lower than the industry norm and a further improvement from the previous year.

Employee Assistance Programme

G3 is Gijima's Employee Assistance Programme (EAP) for all employees and their immediate family members.

The programme is administered by an independent firm with a 20-year track record of serving employee groups. They provide confidential and professional short-term counselling and advice services to assist employees and their immediate family members with matters such as personal and work-related problems, relationship problems, trauma, HIV/AIDS, marital counselling, depression, parenting, health issues, substance abuse, and dealing with change.

G3 stands for:
Glegal – Legal advice
Gfinance – Making sense of finances
Gcounsel – Assistance with personal counselling

The company provided wellness days to all employees and promotes work/life balance in line with the needs and expectations of our workforce. The Group retirement schemes performed exceptionally well against peers and the mandate from the trustees to promote care free retirement prospects to our employees.

We measure performance against technology, human capital and global impact

Technology people as part of the Gijima family

The Employer of Choice drive of the company continued with the focus more on the technical resources and making Gijima a place where they can live their dreams and aspirations by serving the clients and growing their unique skills set. To enhance career and professional development, all roles in the company were reviewed and profiled against the latest international best practice. This will be implemented across the spectrum of skills in the company. A drive towards Innovation and Fun was initiated by our employees and we are proud of the enthusiasm with which both were accepted by the employees.

Michael Ferreira
Managing Executive, Human Resources

Information Technology Business Leadership Programme (ITBLP) 2010 participants

Field Service Engineer (FSE) Programme 2009/10 participants

Statement of responsibility

for the year ended 30 June 2010

The directors are responsible for the preparation and fair presentation of the Group annual financial statements and the annual financial statements of GIJIMA GROUP LIMITED, comprising the statements of financial position at 30 June 2010, and the income statements, statements of comprehensive income, statements of changes in equity and the statements of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the directors' report, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

The directors' responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management as well as the preparation of the supplementary schedules included in these financial statements.

The directors have made an assessment of the Group and company's ability to continue as a going concern and have no reason to believe that the Group and company will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the Group and company annual financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of the annual financial statements

The Group annual financial statements and the annual financial statements of GIJIMA GROUP LIMITED, as identified in the first paragraph, were approved by the Board of Directors on 23 September 2010 and are signed on their behalf by:

RW Gumede
Non-executive Chairman

PJ Bogoshi
Chief Executive Officer

CJH Ferreira
Chief Financial Officer

Company secretary's certification

for the year ended 30 June 2010

I certify, in accordance with the Companies Act, Act 61 of 1973, as amended, that for the year ended 30 June 2010 GIJIMA GROUP LIMITED 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.

R Bisschoff
iThemba Governance and Statutory Solutions (Pty) Ltd
Company Secretary

Report of the independent auditors

for the year ended 30 June 2010

To the members of GIJIMA GROUP LIMITED

We have audited the Group annual financial statements and the annual financial statements of GIJIMA GROUP LIMITED, which comprise the statements of financial position at 30 June 2010, and the income statements, the statements of changes in equity and statements of cash flows for the year then ended and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the directors' report

Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the consolidated and separate financial position of GIJIMA GROUP LIMITED at 30 June 2010, and its consolidated and separate financial performance and consolidated and separate 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.

Emphasis of matter

Without qualifying our opinion we draw attention to the paragraphs in the directors' report headed "Client dispute". Details are given of the dispute and indicate that there is uncertainty with regard to the resolution of the dispute and as the ultimate outcome of the dispute cannot presently be determined, no provision for any liability for any result has been made in these financial statements.

KPMG Inc

Per J Vliegenthart
Chartered Accountant (SA)
Registered Auditor
Director
23 September 2010

Directors' report

Your directors have pleasure in submitting the annual financial statements of the company and the Gijima Group for the year ended 30 June 2010 and report as follows:

Nature of business

Gijima Group Limited is the holding company for the interests of the Gijima Group and provides services in the ICT sector.

Group results

A general review of the operations of the company is given in the qualitative commentary and the Chief Executive Officer's Report.

The financial statements on pages 46 to 101 set out the financial position, results from operations and cash flows of the Group in full for the financial year ended 30 June 2010.

Proposed dividend declaration

In view of the moderate increase in normalised earnings and our relatively sound liquidity position, the Board has declared a final cash dividend of 2,5 cents per share, which, coupled with the interim cash dividend of 2,5 cents paid on 23 March 2010, is in line with last year's dividend of 5,0 cents per share. The dividend is payable to shareholders recorded in the books of the company at the close of business on Friday, 26 November 2010. The proposed dividend is to be confirmed at the annual general meeting to be held on Friday, 12 November 2010. An announcement confirming the payment of the proposed dividends will be made on SENS on Friday, 12 November 2010 and in the press on Saturday, 13 November 2010.

The salient dates are as follows:

Last date to trade *cum* dividend	Friday, 19 November 2010
Securities start trading *ex* dividend	Monday, 22 November 2010
Record date	Friday, 26 November 2010
Payment date	Monday, 29 November 2010

The dividend is declared in the currency of the Republic of South Africa.

Share certificates may not be dematerialised or re-materialised between Monday, 22 November 2010 and Friday, 26 November 2010, both dates inclusive.

Subsidiary undertakings

The interests in subsidiary companies are material in the light of the Group's financial position and results, and are set out on page 101.

Acquisitions and disposals during the year

The Group acquired the business of Cubico CC during the year, which business has been integrated into the Hosting Business Unit. (Refer note 8.)

Board of Directors and management

The following persons were directors as at 30 June 2010, and their personal details appear under the section 'Board of directors' on page 24.

Mr RW Gumede (Non-executive Chairman);
Mr PJ Bogoshi (Chief Executive Officer);
Mr CJH Ferreira (Chief Financial Officer):
Dr NJ Dlamini (Non-executive Director):
Mr M Macdonald (Non-executive Director):
Mr JE Miller (Non-executive Director):
Mr AFB Mthembu (Non-executive Director);
Mr JCL van der Walt (Non-executive Director).

The following changes in the Board have taken place since the last annual report:

Resignations:

Ms LBR Mthembu resigned on 26 February 2010.
Dr NJ Dlamini resigned on 31 August 2010.

Appointments:

Mr AH Trikamjee was appointed on 13 August 2010.

Company secretary and registered office

The company secretary is iThemba Governance and Statutory Solutions (Pty) Ltd. The address of the secretary is:

Block 5, Suite 102
Monument Office Park
79 Steenbok Avenue
Monument Park

The registered address of the company is:

Jupiter Building
Gijima Office Park
47 Landmarks Avenue
Kosmosdal
Samrand
Centurion
0157

Mr JC Rademan resigned as company secretary on 14 October 2009. Ms HM Smith was appointed as company secretary on 14 October 2009 and resigned as company secretary on 30 March 2010. iThemba Governance and Statutory Solutions (Pty) Ltd was appointed as company secretary with effect from 1 April 2010.

Interest of directors in the capital of the company

At 30 June 2010, the directors of Gijima Group Limited held beneficially in aggregate 363 049 718 Gijima Group Limited shares. The following directors held shares in the company:

	As at 30 June 2010		
	Direct	Indirect	Total
Directors			
Dlamini NJ	–	6 000	6 000
Ferreira, CJH	1 061 802	21 526 352	22 588 154
Gumede, RW	1 800 447	332 610 064	334 410 511
Macdonald, M	–	995 488	995 488
Miller, JE	3 042 122	–	3 042 122
Van der Walt, JCL	72 059	1 935 384	2 007 443

	As at 30 June 2009		
	Direct	Indirect	Total
Directors			
Dlamini NJ	–	6 000	6 000
Ferreira, CJH	1 061 802	21 526 352	22 588 154
Gumede, RW	1 800 447	332 610 064	334 410 511
Macdonald, M	–	995 488	995 488
Miller, JE	3 042 122	–	3 042 122
Van der Walt, JCL	72 059	1 935 384	2 007 443

From the end of the financial year to the date of this report, the interest of directors remained unchanged.

Directors' report continued

Share capital

Gijima Group Limited had an issued share capital of 981 459 166 ordinary shares on 30 June 2010. There were no shares allotted and issued in the capital of Gijima Group Limited to executive directors and management pursuant to the terms and conditions of the Share Linked Bonus Scheme during the year under review.

As at 30 June 2010 19 893 857 shares were held by Gijima Holdings (Pty) Ltd (2009: 6 717 051).

Fixed assets

There was no change in the nature of the fixed assets of the Group or in the policy regarding their use.

Capital expenditure

The capital expenditure for Gijima during the period under review was R36,6 million, primarily in respect of purchases of computer software, computer equipment, office furniture, equipment and fittings to maintain operations. Capital commitments as at 30 June 2010 to incur future expenditure were R471 000.

Client dispute

Gijima entered into the Who Am I Online (WAIO) contract with the Department of Home Affairs (DHA) in July 2008. This large and multi-year project seeks to modernise the business of the DHA in line with international best practice. It includes the elimination of manual and paper-based systems for the issue of visas, passports and identity documents and the implementation of border control management systems at ports of entry in South Africa.

Gijima is one of the largest ICT companies in South Africa with extensive experience in implementing complex projects in the public and private sectors. Consortium partners on the project include various reputable multinational companies.

On 13 April 2010 Gijima received a letter from the Director-General of the DHA contending that it became apparent to the DHA that on various grounds, the contract is invalid and unenforceable. The DHA disputes that Gijima has or had any valid and enforceable agreement with the DHA, and in the premise and in any event, denies that Gijima is entitled to any payment from the DHA.

There has previously been no suggestion from DHA that the contract is not valid and unenforceable. Gijima has been performing in terms of the contract for two years and the DHA's claim that the contract is invalid and unenforceable was therefore completely unexpected. Gijima contends that the contract is valid and enforceable and has obtained legal opinions to support its contention, Gijima is satisfied that it has fulfilled its obligations and continues to perform in terms of the contract. An independent review of the contract by a leading international information and technology research and advisory company has concluded that the work delivered to date is in compliance with industry best practice.

Various meetings and discussions have been taking place between Gijima and representatives of the DHA with a view of resolving the present impasse between the parties. All these discussions have been held without prejudice and no formal written response from DHA has been received to date supporting their view as to why the agreement is deemed to be invalid and unenforceable. Gijima remains committed to pursuing a commercial resolution in order to avoid litigation to resolve this dispute.

Since inception of the project to date Gijima has recognised revenue of R1 183 million on this contract, representing 14% of Gijima's total revenue of R8 472 million over the same period, of which some R476 million was recognised in the year under review.

The statement of financial position at 30 June 2010 contains trade and other receivables of R237 million relating to the WAIO contract, which represents 25% of Gijima's total trade and other receivables at that date.

There is uncertainty with regard to the resolution of the dispute and as the ultimate outcome of the matter cannot presently be determined, no write down has been made for net receivables and revenue recognised not invoiced yet that may be unenforceable, nor has a provision for any liability that may result, been made in these financial statements.

Gijima remains confident that the impasse will be resolved to the benefit of both the DHA and the company. Accordingly, the financial statements are prepared on the going concern basis.

Our auditors have included an "emphasis of matter" in their report to the shareholders, not qualifying their audit but drawing specific attention to this uncertainty.

Going concern

The Board considers the going concern concept in the context of its deliberations on the annual financial statements. The Board has satisfied itself that the Group has adequate annuity revenue going forward, a budget for the next year reflecting growth on the current year's results and a cash forecast that indicates that the Group will be able to honour its liabilities. The Group's financial statements have accordingly been prepared on a going concern basis.

Events after balance sheet date

The name of the company was changed from Gijima AST Group Limited to Gijima Group Limited on 23 August 2010. The name of GijimaAst Holdings (Proprietary) Limited was changed to Gijima Holdings (Proprietary) Limited on 27 July 2010.

Special resolutions

The following special resolution was passed during the year at the Annual General Meeting of shareholders held on 13 November 2009:

Resolution

""That the directors be and hereby are authorised, by way of general approval and in terms of Article 6.6.10 of the Articles of Association, to acquire, on behalf of the company or its subsidiaries, ordinary shares issued by the company ("ordinary shares"), in terms of Sections 85 and 89 of the Companies Act and the JSE Listings Requirements, provided that:

- *any such acquisition of ordinary shares ("the acquisition") shall be implemented on the open market of the JSE, through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counterparty (reported trades are prohibited) and in accordance with the Company's Articles of Association;*
- *such general authority shall only be valid until the next annual general meeting but not beyond 15 months from the date of passing this special resolution;*
- *an announcement will be published as soon as the Company has cumulatively acquired 3% of the ordinary shares in issue as from the date of this approval, and for each 3% thereof in aggregate acquired thereafter, containing full details of such acquisition;*
- *in terms of this general authority, the acquisition may not exceed, in aggregate in any one financial year, 20% of the Company's issued share capital of that class as at the beginning of the financial year;*
- *in determining the price at which the ordinary shares issued by the Company are repurchased by it in respect of the acquisition in terms of this general authority, the maximum price at which such ordinary shares may be repurchased will not be greater than 10% above the weighted average of the market value of ordinary shares for the five business days immediately preceding the date of the acquisition of such ordinary shares;*
- *only one agent is appointed at any point in time to effect the acquisition in terms of this resolution;*
- *the Company may only undertake an acquisition of ordinary shares if after such acquisition it still complies with paragraphs 3.37 to 3.41 of the Listings Requirements of the JSE concerning member spread requirements;*
- *the Company or its subsidiary may not repurchase ordinary shares pursuant to the acquisition during a prohibited period as defined in paragraph 3.67 of the Listings Requirements of the JSE; and*
- *in the case of an acquisition by a subsidiary of the Company, the authority shall be valid only if:*
  - *the subsidiary is authorised by its Articles of Association;*
  - *the shareholders of the subsidiary have passed a special resolution authorising the acquisition; and*
  - *the number of ordinary shares to be acquired is not greater than 10% of the number of issued shares in the Company."'*

Reason for and effect of the special resolution

The reason for and effect of the special resolution is to grant the Company or its subsidiaries a general authority in terms of the Companies Act to acquire the ordinary shares of the Company.

The directors of the Company have no specific intention to effect the provisions of this special resolution, but will continually review the Company's position, having regard to prevailing circumstances and market conditions, in considering whether to effect the provisions of this special resolution.

Directors' report continued

The Board has considered the impact of the acquisition and is of the opinion that, taking into consideration the maximum number of ordinary shares that could be repurchased pursuant to the acquisition:

- the Company and the Group would, in the ordinary course of business, be able to repay its debts for a period of 12 months after the date of the notice of the annual general meeting;
- the assets of the Company and the Group, fairly valued in accordance with the accounting policies used in the latest audited annual Group financial statements, would exceed the liabilities of the Company and the Group for a period of 12 months after the date of the notice of the annual general meeting;
- the ordinary capital and reserves of the Company and the Group would be adequate for a period of 12 months after the date of the notice of the annual general meeting;
- the working capital of the Company and the Group would be adequate for a period of 12 months after the date of the notice of the annual general meeting; and
- the Company will provide its sponsor and the JSE with all documentation as required in Schedule 25 of the JSE Listing Requirements, and will not commence any repurchase programme until the sponsor has signed off on the adequacy of its working capital, advised the JSE accordingly and the JSE has approved the documentation.

Special resolutions

The following special resolution was passed after 30 June 2010 at a General Meeting of shareholders held on 26 July 2010:

Resolution

"RESOLVED THAT, subject to compliance with the requirements of the Companies Act, Act 61 of 1973, as amended, and the Listings Requirements of the JSE Limited, the name of the Company be and is hereby changed from "Gijima AST Group Limited" to "Gijima Group Limited" and that the memorandum and articles of association of the Company be and are hereby amended accordingly."

Reason for and effect of the special resolution

The reason for the special resolution is to change the name of the Company to Gijima Group Limited for the following reasons:

(a) Following the merger between the entities previously known as AST Group Limited and Gijima (which merger became effective on 5 May 2005) to form the entity known today as Gijima AST Group Limited, it always has been the intention to eventually simplify the names of the companies in the Group and to omit the "AST" portion from the names thereof. The Board of Directors of Gijima AST Group Limited and GijimaAst Holdings (Proprietary) Limited have taken a decision that the company was now well established and that the "AST"-portion in the name would no longer be required;

(b) The combined named created confusion and was continuously being used incorrectly, misspelt or mispronounced; and

(c) The legal entity name will correspond with the "Gijima" trademarks owned by GijimaAst Holdings (Pty) Ltd, a wholly-owned subsidiary of the Company.

The effect of the special resolution is to amend the Company's memorandum and articles of association accordingly.

Amendments to articles of association

No amendments were made to the company's articles of association during the course of the financial year.

Directors' interest in contracts

During the year the following contracts were entered into in which directors of the company had an interest:

- Gijima Holdings (Pty) Ltd had contracted Seekers Travel as its travel agency as from 1 August 2008. Seekers Travel is ultimately owned by Tourvest Holdings (Pty) Ltd, a company where Messrs RW Gumede, AFB Mthembu and CJH Ferreira as well as Dr NJ Dlamini are minority shareholders directly or through various intermediary holding companies and family trusts.
- Gijima Holdings (Pty) Ltd had contracted Gen Technologies (Pty) Ltd on a minor portion of the 'Who am I online' project. Gen Technologies (Pty) Ltd is a subsidiary company of Guma Investment Holdings (Pty) Ltd. Messrs RW Gumede and CJH Ferreira have an interest and are also directors of Guma Investment Holdings (Pty) Ltd.

Both transactions were done on an arm's length basis with the approval of the Board and were to the advantage of the Group.

Apart from the above the directors had no material interest in any other third party or company responsible for managing any of the business activities of the Group.

Management by third parties

No third person or any company in which a director had an interest managed any of the businesses of the company or its subsidiaries during the reporting period.

Auditors

KPMG Inc. will continue in office as external auditors of the Gijima Group in accordance with section 270 (2) of the Companies Act.

Insurance

The directors are of the opinion that the Gijima Group is sufficiently covered by means of its insurance policies for all of the Group's liabilities. Willis, the Group's insurance brokers, assists the Group annually in determining its liabilities and exposure for which insurance coverage is needed. The Board annually evaluates and approves the appropriateness of the coverage per class of insurance.

Accounting policies

GIJIMA GROUP LIMITED (the company) is a company domiciled in South Africa. The consolidated and separate financial statements of the company for the year ended 30 June 2010 comprise the company and its subsidiaries (together referred to as the Group) and jointly controlled entities. The Group is primarily involved in the provision of Information and Communications Technology (ICT) services in various sectors of the economy.

1. Statement of compliance

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations, the South African Companies Act and the AC500 interpretation as issued by the Accounting Profession Council of SAICA.

The financial statements were authorised for issue by the directors on 23 September 2010.

2. Basis of preparation

The consolidated and separate financial statements are presented in South African Rand, which is the company's functional currency and the Group's presentation currency, rounded to the nearest thousand. They are prepared on the historical cost basis except for the following:

- Financial instruments at fair value through profit or loss are measured at fair value.
- Liabilities for equity-settled share-based payment arrangements are measured at fair value.

The methods used to measure fair values are discussed further in note 21.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the following accounting policy notes:

- Note 5.2 – Lease classification
- Note 6 – Measurement of the recoverable amounts of cash-generating units containing goodwill
- Note 7 – Valuation of financial instruments
- Note 11.2 – Measurement of share-based payments
- Note 12 – Provisions
- Note 16 – Utilisation of tax losses

Except as described below, the accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements:

2.1 Determination and presentation of operating segments

IFRS 8 *Operating Segments* is adopted as of 1 July 2009. Previously operating segments were determined and presented in accordance with IAS 14. The Group currently and previously presented operating segments based on information that is internally provided to the CEO, who is the Group's chief operating decision-maker. There is therefore no change in comparative figures. (Refer note 1.)

Segment results reported to the CEO include items directly attributable to a segment as well as those items that can be allocated on a reasonable basis. Unallocated items comprise mainly other corporate expenses, exchange rate gains and losses on translation and net financial expense.

2.2 Business combinations

The Group adopted the new revised IFRS 3 *Business Combinations* whereby combinations occurring on or after 1 July 2009 are accounted for by applying the acquisition method. The change in accounting policy is applied prospectively and had no impact on earnings per share. (Refer notes 6 and 8.)

2.3 Presentation of financial statements

The Group applies the revised IAS 1 *Presentation of Financial Statements*, which became effective for the Group as of 1 July 2009. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income.

Comparative information was re-presented to be in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there was no impact on earnings per share.

2. Basis of preparation continued

2.4 Borrowing cost

The Group applied the revised IAS 23 (2007) *Borrowing Costs* as of 1 July 2009. Borrowing costs relating to qualifying assets with commencement dates for capitalisation on or after 1 July 2009 are capitalised as part of the cost of such assets. Previously the Group recognised all borrowing costs as an expense. In accordance with the transitional provisions of this standard there was not a requirement to restate comparative figures. The change in accounting policy had no impact on earnings per share.

2.5 Net investment in foreign operations

The current accounting policy was expanded to incorporate the effects of IAS 21.15 *(The Effects of Changes in Foreign Exchange Rates)*. The effect is that the Group's profits are no longer impacted by exchange rate gains and losses on translation on inter-group loan accounts denominated in foreign currencies. These translation differences are, from 1 July 2009, recorded in the company's statement of comprehensive income. This treatment follows management's assessment and classification of the underlying inter-group loan accounts as part of Gijima's net investment in the relevant non-trading foreign operations.

The accounting policies have been applied consistently by Group entities.

2.6 IAS 27 amendment – *Consolidated and Separate Financial Statements*

The amendments to IAS 27 require that profits and losses (including negative "other comprehensive income" as detailed in the revised IAS 1) have to be allocated to the non-controlling interest even if doing so causes the non-controlling interest to be in a deficit position. The standard is effective for periods commencing on or after 1 July 2009 and is applied prospectively.

3. Basis of consolidation

3.1 Subsidiaries

Subsidiaries are entities controlled by the company. Control exists when the company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries in the company's separate annual financial statements are stated at cost less impairment losses.

3.2 Special purpose entity

The Group has established a special purpose entity (SPE) for the trade receivables securitisation. The Group does not have any direct or indirect shareholdings in the entity. The SPE is consolidated as, based on an evaluation of the substance of its relationship with the Group and the SPE's risks and rewards, the Group concluded that it controls the SPE. The SPE controlled by the Group was established under terms that impose strict limitations on the decision-making powers of the SPE's management and that result in the Group receiving all of the benefits related to the SPE's operations and net assets, being exposed to risks incident to the SPE's activities, and retaining the majority of the residual or ownership risks related to the SPE or its assets.

3.3 Joint ventures

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreements. The consolidated financial statements include the Group's proportionate share of the entities' assets, liabilities, revenue and expenses with items of a similar nature on a line by line basis, from the date that joint control commences until the date that joint control ceases.

3.4 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.5 Acquisition of non-controlling interests

The recognition of an increase and decrease in ownership interests in subsidiaries without a change in control is accounted for as an equity transaction in the consolidated financial statements. Accordingly, any premium or discount on subsequent purchases of an equity instrument from the non-controlling interest is recognised directly in the parent shareholders' equity.

Accounting policies continued

4. Foreign currency

4.1 Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to South African Rand at the foreign exchange rate ruling at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for the effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Foreign exchange differences arising on translation are recognised in profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to South African Rand at foreign exchange rates ruling at the dates the fair value was determined.

4.2 Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to South African Rand at foreign exchange rates ruling at the reporting date. The revenues and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to South African Rand at rates approximating to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on the translation are recognised directly in other comprehensive income.

4.3 Net investment in foreign operations

Exchange differences arising from the translation of the net investment in foreign operations, and of related hedges are recognised in other comprehensive income. Since 1 July 2004, the Group's date of transition to IFRS, until 30 June 2010, such differences have been taken to the non-distributable reserve. They are released into profit or loss upon disposal.

In line with accounting policy 2.5, when the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented within equity in the non-distributable reserve.

5. Property, plant and equipment

5.1 Owned assets

Items of property, plant and equipment, except for land and buildings, are measured at cost less accumulated depreciation and accumulated impairment losses (refer accounting policy 9).

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Cost may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Borrowing costs related to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of such asset.

The revaluation model is applied to land and buildings. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value, and the entire class is re-valued.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Gains or losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within 'other expenses' in profit or loss. When re-valued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

5.2 Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in the same manner as owned items of property, plant and equipment.

Other leases are operating leases and the leased assets are not recognised in the Group's statement of financial position.

5. Property, plant and equipment continued

5.3 Subsequent costs

The Group recognises in the carrying amount of an item of property, plant and equipment, the cost of replacing part of such an item when that cost is incurred, if it is probable that the future economic benefits embodied with the part will flow to the Group and its cost can be measured reliably, the carrying amount of the replaced part is derecognised. The costs of day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

5.4 Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership at the end of the lease term. The estimated useful lives for the current and comparative periods are as follows:

• Buildings	50 years
• Furniture, fittings and office equipment	6 – 7 years
• Electronic and computer equipment	3 – 5 years
• Leasehold improvements	5 – 11 years
• Mainframe equipment	5 – 6 years
• Vehicles	4 – 5 years

The depreciation methods, useful lives and residual values are reassessed at each reporting date.

6. Intangible assets

6.1 Goodwill and trade name

Until 30 June 2009 business combinations were accounted for by applying the purchase method. Business combinations occurring on or after 1 July 2009 are accounted for by applying the acquisition method. Goodwill arises on acquisition of subsidiaries, associates and joint ventures. The trade name consists of the Gijima trade name which arose from the acquisition of the information technology business of Gijima during the 2005 financial year. The useful life has been assessed as 20 years and amortised as such. The Group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally the fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is not amortised but is tested annually for impairment (refer accounting policy 9).

The trade name is stated at cost less accumulated amortisation. The trade name is allocated to cash-generating units and is amortised over its useful life. The appropriateness of the useful life of the trade name is assessed on an annual basis.

6.2 Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss when incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible, the Group intends to and has sufficient resources to complete development and to use or sell the asset and the development costs can be measured reliably. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of normal overheads that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in profit or loss as incurred. Capitalised development expenditure is measured at cost less accumulated amortisation and impairment losses.

6.3 Software

Software which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

6.4 Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

6. Intangible assets continued

6.5 Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill and intangible assets with an indefinite useful life are tested for impairment at each reporting date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives for the current and comparative periods are as follows:

- Trade name 20 years
- Software 3 – 5 years

7. Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

Accounting for financial income and expenses is discussed in note 15.

Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

7.1 Recognition and derecognition

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e. the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

7.2 Subsequent measurement

7.2.1 Investments

Financial instruments held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in profit or loss.

7.2.2 Trade and other receivables

Trade and other receivables are stated at their amortised cost less impairment losses, using the effective interest method.

7.2.3 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Cash and cash equivalents are stated at amortised cost.

7.2.4 Trade and other payables

Trade and other payables are stated at amortised cost, using the effective interest method.

7.2.5 Derivative financial instruments

Derivative financial instruments are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivative financial instruments are stated at fair value and changes therein are recognised immediately in profit or loss.

Economic hedges

Hedge accounting is not applied to derivative instruments that economically hedge monetary assets and liabilities denominated in foreign currencies. Changes in the fair value of such derivatives are recognised in profit or loss as part of foreign currency gains and losses.

7.2.6 Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

7. Financial instruments continued

7.3 Offsetting a financial asset and a financial liability

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a current legally enforceable right to set off the recognised amount and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the Group will not offset the transferred asset and the associated liability.

8. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average principle. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of finished goods and work in progress comprises design costs, materials, direct labour and other direct costs.

9. Impairment

9.1 Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss.

9.2 Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (refer accounting policy 9.3).

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest groups of assets that generate cash inflows from continuing use that are largely independent of the cash flows of other assets or groups of assets (the 'cash-generating unit'). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised through profit and loss.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

Accounting policies continued

9. Impairment continued

9.3 Calculation of recoverable amount

Non-financial assets

The recoverable amount of the Group's non-financial assets carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets).

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

9.4 Reversals of impairment

Non-financial assets

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

10. Share capital

10.1 Ordinary share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are recognised directly in equity, net of any tax effects.

10.2 Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid is recognised as a deduction from equity. Incremental costs directly attributable costs are recognised directly in equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from retained earnings.

10.3 Dividends

Dividends are recognised as a liability in the period in which they are declared.

11. Employee benefits

11.1 Defined contribution plans

A defined contribution plan is a post-employment benefit under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Group operates a defined contribution pension plan and a defined contribution provident fund. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

11.2 Share-based payment transactions

The Group operates an equity-settled share-based compensation plan for senior employees and executives.

Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is recognised as an employee expense on a straight-line basis over the vesting period and a corresponding entry to equity. The expense takes into account the best estimate of the number of shares that are expected to vest, except for when forfeiture is only due to share prices not achieving the threshold for vesting.

Non-market conditions such as time based vesting conditions and non-market performance conditions are included in assumptions about the number of notional shares that are expected to vest. At each reporting date, the entity revises its estimates on the number of notional shares that are expected to vest, except for when forfeiture is only due to share prices not achieving the threshold for vesting. It recognises the impact of the revision of original estimates, if any, in profit or loss, with a corresponding adjustment to equity. When the notional shares are exercised or share awards vest, the proceeds received, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium.

11. Employee benefits continued

11.3 Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

An accrual is recognised for the amount expected to be paid under short-term cash bonus-accrual, commissions-accrual or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

12. Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation, that can be estimated reliably, as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

12.1 Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

12.2 Restructuring

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Future operating costs are not provided for.

12.3 Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with the contract.

13. Revenue

Revenue from the sale of goods is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer and the amount of revenue can be measured reliably. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of retentions and allowances, trade discounts and volume rebates. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods or continuing management involvement with the goods. Early settlement discounts paid to customers have been set off against revenue.

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

13.1 Sale of goods and software licences

Revenue from the sale of software licences and goods is recognised when significant risks and rewards of ownership of the software and goods are transferred to the buyer in accordance with the relevant agreement.

13.2 Long-term and fixed-price contracts

Revenue from long-term and fixed-price contracts is based on the stage of completion. The stage of completion is determined by reference to the time spent to date in relation to the total estimated time and materials required to complete the contract agreed with customers.

13.3 Time and material contracts

Revenue from time and material contracts is recognised based on the actual time spent and materials used to date.

14. Expenses

14.1 Leased payments

14.1.1 Operating lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

14.1.2 Finance lease payments

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

14.1.3 Interest paid

The interest expense component of finance lease payments is recognised in profit and loss using the effective interest rate method.

Accounting policies continued

15. Financial income and expenses

Financial income comprises interest income of funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Financial expenses comprise interest expense on borrowings, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets and losses on hedging instruments that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method.

16. Income tax

Income tax expense comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity or statement of comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries, joint ventures and associates to the extent that they will probably not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

17. Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees if settled on an equity basis.

18. Segment reporting

The Group's reportable segments are based on two business segments: Managed Services and Professional Services. The Group presents reportable segments based on information that is internally provided to the CEO, who is the Group's chief operating decision-maker. Segment results reported to the CEO include items directly attributable to a segment as well as those items that can be allocated on a reasonable basis. Unallocated items comprise mainly other corporate expenses, exchange rate gains and losses on translation and net financial expense.

19. Non-current assets held-for-sale and discontinued operations

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held-for-sale. Immediately before classification as held-for-sale, the assets (and all assets and liabilities in a disposal group) are remeasured in accordance with the Group's accounting policies. Then, on initial classification as held-for-sale, non-current assets and disposal groups are measured at the lower of carrying amount and fair value less costs to sell, except where these assets are already measured at fair value or are otherwise excluded from the measurement rule by IFRS 5. Any impairment loss on a disposal group is first allocated to goodwill, and then to the remaining assets and liabilities on a pro-rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets and employee benefit assets, which continue to be measured in accordance with the Group's accounting policies.

Impairment losses on initial classification as held-for-sale are included in profit or loss, even when there is a revaluation which has previously been recognised in equity with respect to that asset. The same applies to gains and losses on subsequent remeasurement. Gains are not recognised in excess of any cumulative impairment losses.

20. New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 30 June 2010, and have not been applied in preparing these consolidated financial statements:

20. New standards and interpretations not yet adopted continued

Improvements to IFRSs (2009) – various standards. Effective for periods beginning on or after 1 January 2010.

IFRS 2 amendment *Share-based Payment: Group Cash-settled Share-based Payment Transactions.* The amendments expand the scope of IFRS 2 to include group cash-settled share-based payments and is effective for periods beginning on or after 1 January 2010. Arrangements that are settled in cash or other assets based on the price or value of the entity or another group entity's equity instruments should be accounted for as share-based payments. An entity that receives the goods or services will be required to account for the share-based payment in its separate financial statements, even if it has no obligation to settle the transaction. This entity will classify the share-based payments as equity-settled if it has an obligation to transfer its own equity instruments or if it does not have an obligation to settle the transaction. Any other share-based payment will be classified as cash-settled. The entity that has the obligation to settle the transaction will account for the arrangement as equity-settled if it has to settle in its own equity instruments. Any other settlement arrangement will be accounted for as cash-settled. It is not expected to have an impact on the consolidated financial statements.

IAS 32 amendment *Financial Instruments: Presentation – Classification of Rights Issues* is effective for periods beginning on or after 1 February 2010. It requires that rights, options or warrants to acquire a fixed number of the entity's own equity instruments for a fixed amount of any currency are equity instruments if the entity offers the rights, options or warrants pro rata to all of its existing owners of the same class of its own non-derivative equity instruments. It is not expected to have an impact on the consolidated financial statements.

IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* is effective for periods beginning on or after 1 July 2010, whereby equity instruments issued to a creditor to extinguish all or part of a financial liability would represent "consideration paid". The equity instruments will be measured on initial measurement at their fair value, unless such fair value cannot be reliably measured, in which case the fair value of the financial liability will be used. The difference between the carrying amount of the financial liability (or part thereof) extinguished and the initial measurement amount of the equity instruments shall be recognised in profit or loss. It is not expected to have an impact on the consolidated financial statements.

21. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

21.1 Inventories

The fair value of inventories determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

21.2 Trade and other receivables

The fair value of trade and other receivables, excluding construction work in progress, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

21.3 Derivatives

The fair value of forward exchange contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

21.4 Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option. For finance leases the market rate of interest is determined by reference to similar lease agreements.

21.5 Share-based payment transactions

The fair value of employee share options is measured using a binomial lattice model. The fair value of share appreciation rights is measured using the Black-Scholes formula. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the zero-coupon interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

21.6 Interest rates used for determining fair values

The interest rates used to discount estimated cash flows, where applicable, are based on the government yield curve at the reporting date plus an adequate constant credit spread, and were as follows:

	2010	2009
Loans and borrowings	**9,95% to 11,4%**	10% to 13,5%
Leases	**8% to 11,4%**	10,15% to 13,5%

Income statements

for the year ended 30 June 2010

		Group		Company	
		2010	2009	2010	2009
	Note	R'000	R'000	R'000	R'000
Revenue	2.1	**2 943 417**	3 014 340	**–**	–
Other operating income		**3 913**	1 241	**–**	–
Income		**2 947 330**	3 015 581	**–**	–
Employee benefits expense	2.12	**(1 436 864)**	(1 319 918)	**–**	–
Operating (costs)/income		**(1 210 115)**	(1 399 451)	**9 041**	26 590
Foreign currency losses	2.6	**(1 409)**	(50 653)	**–**	–
Other expenses		**(13 268)**	(12 959)	**–**	–
Earnings before interest, tax, depreciation and amortisation charges (EBITDA)		**285 674**	232 600	**9 041**	26 590
Depreciation and amortisation charges		**(44 686)**	(36 151)	**–**	–
Operating profit before financing costs	2	**240 988**	196 449	**9 041**	26 590
Financial income	3.1	**22 609**	14 005	**73 282**	34 351
Financial expenses	3.2	**(34 375)**	(35 513)	**–**	–
Net financial (expense)/income	3	**(11 766)**	(21 508)	**73 282**	34 351
Profit before tax		**229 222**	174 941	**82 323**	60 941
Income tax expense	4	**(75 059)**	(64 163)	**–**	–
Profit for the year		**154 163**	110 778	**82 323**	60 941
Attributable to:					
Owners of the parent		**158 610**	110 778	**82 323**	60 941
Non-controlling interest	14	**(4 447)**	–	**–**	–
		154 163	110 778	**82 323**	60 941
Earnings per ordinary share (cents)					
– Basic	5	**16,37**	11,39	**–**	–
– Diluted	5	**16,31**	11,39	**–**	–

Refer to note 5 for headline earnings per share.

Statements of comprehensive income

for the year ended 30 June 2010

		Group		Company	
		2010	2009	2010	2009
	Note	R'000	R'000	R'000	R'000
Profit for the year		**154 163**	110 778	**82 323**	60 941
Other comprehensive income					
Currency translation differences for foreign operations	2.6	**9 812**	34 129	**–**	–
Currency translation on the net investments for foreign operations	2.6	**(11 169)**	–	**–**	–
Revaluation of property, plant and equipment	6	**–**	2 181	**–**	–
Tax effect on other comprehensive income	4	**(55)**	299	**–**	–
Other comprehensive income for the period, net of income tax		**(1 412)**	36 609	**–**	–
Total comprehensive income for the year		**152 751**	147 387	**82 323**	60 941
Attributable to:					
Owners of the parent		**157 198**	147 387	**82 323**	60 941
Non-controlling interest		**(4 447)**	–	**–**	–
Total comprehensive income for the year		**152 751**	147 387	**82 323**	60 941

Statements of financial position

as at 30 June 2010

	Note	Group 2010 R'000	Group 2009 R'000	Company 2010 R'000	Company 2009 R'000
Assets					
Non-current assets		**300 776**	306 045	**284 058**	275 017
Property, plant and equipment	6	**91 334**	91 976	**–**	–
Investment in subsidiaries	7	**–**	–	**284 058**	275 017
Intangible assets	9	**138 285**	133 664	**–**	–
Deferred tax assets	10	**71 157**	80 405	**–**	–
Current assets		**1 313 751**	1 216 808	**–**	–
Inventories	11	**42 554**	36 581	**–**	–
Trade and other receivables	12	**927 944**	691 823	**–**	–
Current tax assets		**184**	2 838	**–**	–
Cash and cash equivalents	13	**343 069**	485 566	**–**	–
Total assets		**1 614 527**	1 522 853	**284 058**	275 017
Equity and liabilities					
Total shareholders' equity		**497 173**	427 687	**284 058**	275 017
Equity attributable to parent shareholders		**501 620**	427 687	**284 058**	275 017
Non-controlling interest	14	**(4 447)**	–	**–**	–
Non-current liabilities		**416 222**	311 778	**–**	–
Interest-bearing borrowings	15	**300 706**	257 709	**–**	–
Operating lease liability		**27 821**	25 353	**–**	–
Amounts due to vendors	16	**6 065**	–	**–**	–
Deferred tax liabilities	10	**81 630**	28 716	**–**	–
Current liabilities		**701 132**	783 388	**–**	–
Trade and other payables	17	**687 095**	646 309	**–**	–
Short-term borrowings	18	**–**	100 000	**–**	–
Provisions	19	**6 119**	14 723	**–**	–
Bank overdrafts	13	**3 152**	1 175	**–**	–
Amounts due to vendors	16	**2 039**	–	**–**	–
Current tax liabilities		**2 727**	21 181	**–**	–
Total equity and liabilities		**1 614 527**	1 522 853	**284 058**	275 017

Statements of cash flows

for the year ended 30 June 2010

		Group		Company	
		2010	2009	2010	2009
	Note	R'000	R'000	R'000	R'000
Cash flows from operating activities					
Cash generated from operations	26.1	**84 224**	362 612	**–**	–
Interest received	26.2	**22 161**	13 874	**–**	–
Interest paid	26.3	**(37 746)**	(35 723)	**–**	–
Dividend paid		**(73 105)**	(34 351)	**(73 105)**	(34 351)
Dividend received		**–**	–	**73 105**	34 351
Tax paid	26.4	**(28 697)**	(11 610)	**–**	–
Net cash (used in)/generated from operating activities		**(33 163)**	294 802	**–**	–
Cash flows from investing activities					
Purchase of intangible assets		**(7 114)**	(21 227)	**–**	–
Purchase of property, plant and equipment		**(29 436)**	(57 623)	**–**	–
Business acquired	8	**(4 900)**	–	**–**	–
Proceeds from the sale of property, plant and equipment		**54**	41	**–**	–
Net cash used in investing activities		**(41 396)**	(78 809)	**–**	–
Cash flows from financing activities					
Repayments of short-term borrowings		**(201 003)**	(2 758)	**–**	–
Repayment of interest-bearing borrowings		**(256 000)**	–	**–**	–
Own shares acquired		**(12 912)**	–	**–**	–
Share issue expenses		**–**	(26)	**–**	–
Proceeds from short-term borrowings		**100 000**	100 000	**–**	–
Proceeds from interest-bearing borrowings		**300 000**	–	**–**	–
Net cash (used in)/generated from financing activities		**(69 915)**	97 216	**–**	–
Net (decrease)/increase in cash and cash equivalents		**(144 474)**	313 209	**–**	–
Cash and cash equivalents at the beginning of the year		**484 391**	171 182	**–**	–
Cash and cash equivalents at the end of the year	13	**339 917**	484 391	**–**	–

Statements of changes in equity

for the year ended 30 June 2010

	Share capital R'000	Share premium R'000	Distributable reserves R'000	Non-distributable reserves R'000	Total R'000	Non-controlling interest R'000	Total equity R'000
Group							
Balance at 1 July 2008	964	646 525	(233 309)	(94 647)	319 533	–	319 533
Total comprehensive income for the year							
Profit for the year			110 778		110 778		110 778
Other comprehensive income							
Currency translation differences			–	34 559	34 559		34 559
Revaluation of building (Namibia)			–	2 050	2 050		2 050
Total other comprehensive income	–	–	–	36 609	36 609	–	36 609
Total comprehensive income for the year	–	–	110 778	36 609	147 387	–	147 387
Transactions with owners, recorded directly in equity							
Share-based payment transactions			556		556		556
Dividend paid			(34 351)		(34 351)		(34 351)
Share issue	17	13 515	(13 532)		–		
Share issue expenses		(26)			(26)		(26)
Own shares acquired	(7)	(5 405)			(5 412)		(5 412)
Total transactions with owners	10	8 084	(47 327)	–	(39 233)	–	(39 233)
Balance at 30 June 2009	974	654 609	(169 858)	(58 038)	427 687	–	427 687
Total comprehensive income for the year							
Profit for the year			158 610		158 610	(4 447)	154 163
Other comprehensive income							
Currency translation differences			–	9 757	9 757		9 757
Currency translation on net investments			–	(11 169)	(11 169)		(11 169)
Total other comprehensive income	–	–	–	(1 412)	(1 412)	–	(1 412)
Total comprehensive income for the year	–	–	158 610	(1 412)	157 198	(4 447)	152 751
Transactions with owners, recorded directly in equity							
Share-based payment transactions			2 752		2 752		2 752
Dividend paid			(73 105)		(73 105)		(73 105)
Own shares acquired	(13)	(12 899)			(12 912)		(12 912)
Total transactions with owners	(13)	(12 899)	(70 353)	–	(83 265)	–	(83 265)
Balance at 30 June 2010	**961**	**641 710**	**(81 601)**	**(59 450)**	**501 620**	**(4 447)**	**497 173**
Company							
Balance at 1 July 2008	964	661 158	(413 695)	–	248 427	–	248 427
Total comprehensive income for the year							
Profit for the year			60 941		60 941		60 941
Transactions with owners, recorded directly in equity							
Dividend paid			(34 351)		(34 351)		(34 351)
Share issue	17	13 515	(13 532)	–	–		–
Total transactions with owners	17	13 515	(47 883)	–	(34 351)	–	(34 351)
Balance at 30 June 2009	981	674 673	(400 637)	–	275 017	–	275 017
Total comprehensive income for the year							
Profit for the year			82 323		82 323		82 323
Transactions with owners, recorded directly in equity							
Dividend paid			(73 282)		(73 282)		(73 282)
Total transactions with owners	–	–	(73 282)	–	(73 282)	–	(73 282)
Balance at 30 June 2010	**981**	**674 673**	**(391 596)**	**–**	**284 058**	**–**	**284 058**

Note: The non-distributable reserve consists of currency translation differences and a revaluation of land and buildings.
The distributable reserve consists of retained earnings, accumulated losses and share-based payment reserves.

Notes to the annual financial statements

for the year ended 30 June 2010

1. Segment information

Group

Gijima has a diversified and comprehensive range of ICT consulting and delivering capabilities. Together with our in-depth knowledge of systems integration, the Group has a solid foundation from which to deliver vertically integrated, industry focused solutions for our clients across a broad spectrum of industries. These comprehensive and integrated industry solutions are delivered by the Group's two reportable segments, Professional Services and Managed Services, which are the Group's strategic business units.

For each of the strategic business units, the Group's CEO reviews internal management reports on a monthly basis.

Professional Services focuses on professional consulting and project services as follows:
– Application consulting and customisation;
– Custom applications development;
– Applications management outsourcing;
– System integration;
– Information system consulting;
– IT training and education; and
– Industry-specific technical solutions.

Managed Services focuses on infrastructure services and solutions in the following disciplines:
– Remote managed services encompassing the ICT assets in the entire enterprise;
– Secure, peer to peer, unified communication services;
– Advanced enterprise computing services including processing, storage management and hosting services;
– Applications hosting and support; and
– Distributed field services, incorporating desktop, output management, mobile services, specialised equipment like ATMs, physical security maintenance and logistical services.

The accounting policies of the reportable segments are the same as described in note 18 of the accounting policies.

Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Group's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Information regarding the results of each reportable segment is included below:

	2010		2009	
	Revenue R'000	Segment results R'000	Revenue R'000	Segment results R'000
Professional Services	**1 458 219**	**158 092**	1 550 786	160 978
Managed Services	**1 520 030**	**106 509**	1 484 229	111 495
	2 978 249	**264 601**	3 035 015	272 473
Internal revenue adjustment	**(34 832)**		(20 675)	
	2 943 417		3 014 340	
Unallocated items:				
Other corporate expenses		**(21 377)**		(25 012)
Loss on sale of businesses and property, plant and equipment		**(827)**		(359)
Exchange rate losses on transactions		**(1 409)**		(50 653)
Operating profit		**240 988**		196 449
Financial income		**22 609**		14 005
Financial expenses		**(34 375)**		(35 513)
Profit before tax		**229 222**		174 941
Income tax expense		**(75 059)**		(64 163)
Profit for the year		**154 163**		110 778

Notes to the annual financial statements continued

for the year ended 30 June 2010

	2010 Revenue R'000	2009 Revenue R'000
1. Segment information continued		
The reportable segments operate in the following industries:		
Mining	**499 832**	517 234
Manufacturing	**359 406**	350 565
Telecommunications	**55 455**	103 601
Financial services	**450 609**	432 837
Retail and hospitality	**54 230**	213 935
Public sector	**1 424 238**	1 335 254
Other	**99 647**	60 914
	2 943 417	3 014 340

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of our offices.

	2010		2009	
	Revenue R'000	Operating profit R'000	Revenue R'000	Operating profit R'000
Geographical information				
Southern Africa	**2 855 937**	227 647	**2 937 750**	189 815
Foreign	**87 480**	13 341	**76 590**	6 634
	2 943 417	240 988	**3 014 340**	196 449

Major customers

Revenues from two customers of two of the Group's segments represents approximately R779 million of the Group's total revenues of which R476 million relates to the public sector and R303 million to the financial services sector.

	Group	
	2010 Revenue R'000	2009 Revenue R'000
2. Operating profit before financing costs		
Operating profit before financing costs is arrived at after taking into account:		
2.1 Revenue from		
– Sale of goods	**477 179**	538 936
– Rendering of services	**2 466 238**	2 475 404
	2 943 417	3 014 340
Revenue from (%)		
– Sale of goods	**16**	18
– Rendering of services	**84**	82
	100	100
2.2 Auditors' remuneration		
– Audit fees	**4 705**	4 317
– Other services	**290**	681
	4 995	4 998

	Group 2010 R'000	Group 2009 R'000

2. Operating profit before financing costs continued

	Group 2010 R'000	Group 2009 R'000
2.3 Depreciation: Property, plant and equipment (refer note 6)		
– Land and buildings – owned	**147**	121
– Computer equipment – owned	**24 262**	22 761
– Furniture and fittings – owned	**3 678**	1 943
– Office equipment – owned	**1 157**	997
– Motor vehicles – owned	**443**	435
	29 687	26 257
2.4 Amortisation: intangible assets (refer note 9)		
– Amortisation of tradename	**2 337**	2 337
– Amortisation of software	**12 662**	7 557
	14 999	9 894
2.5 Loss on disposal of intangibles and property, plant and equipment	**827**	359
2.6 Foreign exchange losses		
(Gain)/loss on foreign exchange contracts	**(153)**	746
Loss on foreign exchange transactions	**1 562**	49 907
Total foreign exchange losses	**1 409**	50 653
The foreign exchange losses resulted mainly from the revaluation of foreign trade receivable and payable balances and intra group loan accounts denominated in Australian dollars, Canadian dollars, US dollars and Euros at the spot rate (refer note 27).		
Foreign exchange (losses)/gains recognised in other comprehensive income		
Currency translation differences for foreign operations	**9 812**	34 129
Currency translation on net investments for foreign operations	**(11 169)**	–
Income tax expense on currency translations recognised in other comprehensive income	**(55)**	430
Foreign exchange (losses)/gains recognised in other comprehensive income, net of income tax	**(1 412)**	34 559
Attributable to:		
Owners of the parent	**(1 412)**	34 559
Non-controlling interest	**–**	–
Foreign exchange (losses)/gains recognised in other comprehensive income, net of income tax	**(1 412)**	34 559

	Group 2010 R'000	Group 2009 R'000	Company 2010 R'000	Company 2009 R'000
2.7 Impairment of non-current assets and interest in subsidiary company				
– Charges for the year				
– Reversal of impairment of loans receivable (note 7)	**–**	–	**(10 279)**	(26 590)
	–	–	**(10 279)**	(26 590)

Notes to the annual financial statements continued

for the year ended 30 June 2010

	Group 2010 R'000	Group 2009 R'000
2. Operating profit before financing costs continued		
2.8 Impairment of current assets		
Charges for the year		
– Increase in impairment of trade receivables (refer note 12)	27 624	6 079
– Charge for impairment of inventory (refer note 11)	415	80
	28 039	6 159
2.9 Fees for services		
– Secretarial	141	404
– Professional	7 305	7 198
	7 446	7 602
2.10 Rentals in respect of operating leases		
– Land and buildings	58 466	37 663
– Equipment	32 683	25 130
– Office equipment	1 662	1 953
– Computer equipment and software	9 069	5 877
– Vehicles	3 926	4 275
	105 806	74 898

	Appointments	Resignations	Short-term benefits Directors' fees R'000	Short-term benefits Basic salary R'000	Short-term benefits Incentives R'000	Share-based expenses R'000	Total R'000
2.11 Directors' and key management's remuneration							
Directors' emoluments							
2010							
Executive directors (as other services)							
PJ Bogoshi			–	3 346	–	141	3 487
CJH Ferreira			–	3 046	–	131	3 177
Non-executive directors							
RW Gumede			1 503	–	7 570*	–	9 073
LBR Mthembu		26 February 2010	134	–	–	–	134
JE Miller			149	–	–	–	149
Dr NJ Dlamini (Nxasana)		31 August 2010	234	–	–	–	234
M Macdonald			365	–	–	–	365
AFB Mthembu			313	–	–	–	313
JCL van der Walt			297	–	–	–	297
			2 995	6 392	7 570	272	17 229

* *RW Gumede received an amount for business development.*

2. Operating profit before financing costs continued

2.11 Directors' and key management's remuneration continued

2009

	Appointments	Resignations	Short-term benefits Directors' fees R'000	Basic salary R'000	Incentives R'000	Share-based expenses R'000	Total R'000
Executive directors (as other services)							
RW Gumede			–	1 055	–	–	1 055
PJ Bogoshi			–	2 769	2 728	–	5 497
CJH Ferreira			–	2 541	2 300	–	4 841
Non-executive directors							
RW Gumede			900	–	–	–	900
LBR Mthembu	12 August 2008		171	–	–	–	171
JE Miller			137	–	–	–	137
Dr NJ Dlamini (Nxasana)			239	–	–	–	239
M Macdonald			322	–	–	–	322
K Mpinga		7 August 2008	24	–	–	–	24
AFB Mthembu			299	–	–	–	299
JCL van der Walt			270	–	–	–	270
			2 362	6 365	5 028	–	13 755

RW Gumede resigned as an executive director and was appointed as a non-executive director on 12 August 2008.

All directors' remuneration was paid by subsidiary companies.

	As at 30 June 2010 Indirect '000	As at 30 June 2010 Direct '000	As at 30 June 2010 Total '000	As at 30 June 2010 Share-holding %	As at 30 June 2009 Indirect '000	As at 30 June 2009 Direct '000	As at 30 June 2009 Total '000	As at 30 June 2009 Share-holding %
Directors' interest in ordinary shares								
Executive directors								
CJH Ferreira	21 526	1 062	22 588	2,35	21 526	1 062	22 588	2,32
Non-executive directors								
RW Gumede	332 610	1 800	334 410	34,78	332 610	1 800	334 410	34,31
M Macdonald	995	–	995	0,10	995	–	995	0,10
JE Miller	–	3 042	3 042	0,32	–	3 042	3 042	0,31
JCL van der Walt	1 935	72	2 007	0,21	1 935	72	2 007	0,21
NJ Dlamini	6	–	6	0,00	6	–	6	0,00
	357 072	5 976	363 048	37,76	357 072	5 976	363 048	37,25

	2010 Basic salary R'000	2010 Incen-tives R'000	2010 Termin-ation benefits R'000	2010 Share-based expenses R'000	2010 Total R'000	2009 Basic salary R'000	2009 Incen-tives R'000	2009 Share-based payments R'000	2009 Total R'000
2. Operating profit before financing costs continued									
2.11 Directors' and key management's remuneration continued									
Group									
Key management									
Remuneration (excluding directors)	11 594	–	930	418	12 942	9 557	5 000	–	14 557

Directors' service contracts

None of the service contracts of the executive or non-executive directors contain notice periods in excess of one year, or provide for predetermined compensation on termination exceeding one year's salary and benefits in kind.

Directors' and key management's interest in Share Linked Bonus Scheme

Of the 60 055 000 approved notional shares, directors and key management were awarded 11 300 000 notional shares as at 30 June 2010. None of these notional shares have vested at year-end.

	Group 2010 R'000	Group 2009 R'000
2.12 Employee benefits expense		
Salaries and wages	1 338 955	1 238 817
– Permanent	989 120	967 644
– Contractors	349 835	271 173
Pension costs (refer note 23)	97 909	81 101
	1 436 864	1 319 918
Number of employees employed by reportable segment at 30 June		
Professional Services	1 451	1 522
Managed Services	2 012	2 063
Corporate and other	385	344
	3 848	3 929

	Group 2010 R'000	Group 2009 R'000	Company 2010 R'000	Company 2009 R'000
3. Net financial expense				
3.1 Financial income				
Interest income on bank deposits	**18 024**	12 808	**–**	–
Dividend income from investments	**4 585**	1 197	**73 282**	34 351
	22 609	14 005	**73 282**	34 351
3.2 Financial expenses				
– Interest expense on debtors' securitisation measured at amortised cost	**(32 177)**	(33 001)	**–**	–
– Interest expense on long-term loans measured at amortised cost	**(955)**	(1 276)	**–**	–
– Interest expense on overdraft	**(207)**	(463)	**–**	–
– Other	**(1 036)**	(773)	**–**	–
	(34 375)	(35 513)	**–**	–

	Group 2010 R'000	Group 2009 R'000
4. Income tax expense		
South African tax	**63 579**	59 277
Current tax	**3 980**	22 216
– current year	**3 194**	15 454
– prior years	**786**	1 529
– prior years abnormal tax	**–**	5 233
Deferred tax (refer note 10)	**59 599**	37 061
– current year	**52 882**	47 547
– prior years	**6 717**	(10 486)
Foreign tax	**4 238**	1 513
Current tax	**1 620**	886
– current year	**1 620**	886
Deferred tax (refer note 10)	**2 618**	627
– current year	**2 618**	627
Secondary Tax on Companies	**7 242**	3 373
	75 059	64 163

Notes to the annual financial statements continued

for the year ended 30 June 2010

	Group					
	2010			2009		
	Before income tax R'000	Income tax benefit R'000	Net of income tax R'000	Before income tax R'000	Income tax benefit/ expense R'000	Net of income tax R'000
4. Income tax expense continued						
Income tax recognised in other comprehensive income						
Currency translation differences for foreign operations	**9 812**	**(55)**	**9 757**	34 129	430	34 559
Currency translation on net investments for foreign operations	**(11 169)**	**–**	**(11 169)**	–	–	–
Revaluation of property, plant and equipment	**–**	**–**	**–**	2 181	(131)	2 050
	(1 357)	**(55)**	**(1 412)**	36 310	299	36 609

	Group	
	2010 R'000	2009 R'000
Reconciliation of the tax rate		
Profit before tax	**229 222**	174 941
South African statutory tax rate (%)	**28,00**	28,00
Disallowable expenditure (%)	**0,56**	9,39
Secondary Tax on Companies (%)	**3,16**	1,93
Income not subject to tax (%)	**(5,21)**	(0,83)
Deferred tax asset not raised (%)	**–**	(0,01)
Imputation of income of controlled foreign company (%)	**–**	0,32
Effect of tax rates of foreign jurisdictions*	**(0,34)**	–
Deferred tax asset derecognised (current year movement)	**3,30**	–
Prior year under provision (%)	**3,28**	(2,12)
Effective tax rate (%)	**32,75**	36,68

* *The subsidiary GijimaAst Information Technology Services (Pty) Ltd operates in a tax jurisdiction in Namibia with higher tax rates.*

	Group 2010 R'000	Group 2009 R'000
5. Earnings per share		
Basic earnings per share is calculated by dividing the earnings attributable to equity holders of the parent by the weighted average number of ordinary shares in issue during the year.		
Basic earnings per share		
Profit attributable to owners of the parent (R'000)	**158 610**	110 778
Weighted average number of ordinary shares in issue (thousands)	**968 666**	972 782
Basic earnings per share (cents)	**16,37**	11,39
Diluted earnings per share		
Profit attributable to owners of the parent as calculated above (R'000)	**158 610**	110 778
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**972 455**	972 782
Diluted earnings per share (cents)	**16,31**	11,39
The calculation of the weighted average number of shares for diluted earnings per share number of ordinary shares outstanding after adjustments for the effects of all dilutive potential ordinary shares of 3 789 (thousand) (2009: nil thousand) are calculated as follows:		
Weighted average number of ordinary shares (basic)	**968 666**	972 782
Effect of fifth notional share issues (refer note 14)	**3 789**	–
Weighted average number of ordinary shares (diluted)	**972 455**	972 782
At 30 June 2010 4 843 000 third and fourth notional share issue tranches (2009: 25 359 000) were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive.		
Headline earnings per share		
Reconciliation between earnings and headline earnings:		
For the year ended 30 June		
Net profit attributable to owners of the parent	**158 610**	110 778
Adjustments		
Loss on sale of property, plant and equipment (net of tax effect)	**595**	359
Headline earnings	**159 205**	111 137
Headline earnings per ordinary share (cents)	**16,44**	11,42
Diluted headline earnings per ordinary share (cents)	**16,37**	11,42

Notes to the annual financial statements continued

for the year ended 30 June 2010

	Total R'000	Land and buildings R'000	Computer equipment R'000	Furniture and fittings R'000	Office equipment R'000	Vehicles R'000
6. Property, plant and equipment						
Group						
Year ended 30 June 2010						
– Carrying amount at 1 July 2009	91 976	9 099	58 908	18 361	4 311	1 297
– Additions	29 436	–	22 731	3 784	2 802	119
– Business acquired (refer note 8)	175	–	175	–	–	–
– Disposals and adjustments	(566)	–	(311)	(205)	(18)	(32)
– Reclassification of asset	–	–	(12)	–	12	–
– Depreciation charge	(29 687)	(147)	(24 262)	(3 678)	(1 157)	(443)
– Carrying amount at 30 June 2010	91 334	8 952	57 229	18 262	5 950	941
At 30 June 2010						
– Cost	275 020	3 457	195 201	52 437	21 071	2 854
– Revaluation	5 670	5 670	–	–	–	–
– Accumulated depreciation and impairment losses	(189 356)	(175)	(137 972)	(34 175)	(15 121)	(1 913)
– Closing carrying amount	91 334	8 952	57 229	18 262	5 950	941
Leased assets included above comprise:						
Cost	4 652	–	3 765	–	–	887
Accumulated depreciation and impairment losses	(3 035)	–	(2 385)	–	–	(650)
Carrying amount	1 617	–	1 380	–	–	237

Land and buildings consist of:

Office block situated on stand 7565, 2 Bismark Street, Windhoek, Namibia. The land and buildings, acquired in January 2003, at a purchase price of R3,8 million (including improvements) were revalued by a qualified Property Valuer on 9 July 2009 to an amount of R9,1 million. No revaluation was carried out for the year ended 30 June 2010 as the current revalued value is deemed to be its fair value.

The discounted cashflow method used was based on the future net rental income which can be generated by the property, which is capitalised at a present market related rate.

The office block was valued based on market related rental per square metre taking into account the area of office space, storage space and parking, resulting in a market related rental after expenses of R0,77 million. This was capitalised at 10,25%.

The carrying amount that would have been recognised had the assets been measured under the cost model would have been R3,2 million (2009: R3,4 million).

	Total R'000	Land and buildings R'000	Computer equipment R'000	Furniture and fittings R'000	Office equipment R'000	Vehicles R'000

6. Property, plant and equipment continued

	Total R'000	Land and buildings R'000	Computer equipment R'000	Furniture and fittings R'000	Office equipment R'000	Vehicles R'000
Year ended 30 June 2009						
– Carrying amount at 1 July 2008	58 829	7 039	42 450	4 297	4 004	1 039
– Additions	57 623	–	39 034	16 715	1 178	696
– Revaluation of asset	2 181	2 181	–	–	–	–
– Disposals and adjustments	(400)	–	(351)	(49)	–	–
– Reclassification of asset	–	–	536	(659)	126	(3)
– Depreciation charge	(26 257)	(121)	(22 761)	(1 943)	(997)	(435)
– Carrying amount at 30 June 2009	91 976	9 099	58 908	18 361	4 311	1 297
At 30 June 2009						
– Cost	248 673	3 457	172 618	50 864	18 818	2 916
– Revaluation	5 670	5 670	–	–	–	–
– Accumulated depreciation and impairment losses	(162 367)	(28)	(113 710)	(32 503)	(14 507)	(1 619)
– Closing carrying amount	91 976	9 099	58 908	18 361	4 311	1 297
Leased assets included above comprise:						
Cost	4 682	–	3 765	–	–	917
Accumulated depreciation and impairment losses	(2 067)	–	(1 632)	–	–	(435)
Carrying amount	2 615	–	2 133	–	–	482

7. Investment in subsidiary company

	Company 2010 R'000	Company 2009 R'000
Unlisted		
Shares at cost less impairment losses	**–**	–
Loans owing by Gijima Holdings (Pty) Ltd	**663 944**	663 944
	663 944	663 944
Impairment of loans receivable	**(379 886)**	(388 927)
Net interest in subsidiary company	**284 058**	275 017

GIJIMA GROUP LIMITED has subordinated all its rights, title and interest in claims due to it by Gijima Holdings (Pty) Ltd, until such time as the subsidiary's assets, fairly valued exceed its liabilities. As a result of these agreements the recoverability of the loan reflected has been impaired until such time as it is reasonably certain that the outstanding balance can be recovered. The loan to Gijima Holdings (Pty) Ltd is interest free, unsecured and with no repayment terms.

A detailed list of subsidiary companies is available for inspection at the registered office of the company.

8. Business acquired

Year ended 30 June 2010

On 5 March 2010 the Group purchased the business and proprietary software of Cubico Solution CC (Cubico) (acquired 100% shareholding) for a fair value purchase consideration of R13,6 million. An initial payment of R5,5 million was made on the effective transaction date, while the remaining balance of R8,1 million is payable based upon the achievement of annual EBITDA earn-out targets over a three year period. The last payment is payable based on the 2012 results.

Cubico's main business activity is to sell and develop their proprietary software, 'Foresight™'. Foresight is security vulnerability assessment software, used to detect vulnerabilities within an organisation's IT operations.

In the four months to 30 June 2010 Cubico contributed revenue of R2,9 million and EBITDA of R1,4 million.

	Group		
	Acquisition carrying amount R'000	Fair value adjustments R'000	Recognised values on acquisition R'000
2010			
Property, plant and equipment (refer note 6)	175	–	175
Intangible assets (refer note 9)	–	1 362	1 362
Other	8	–	8
Cash and cash equivalents	600	–	600
Net identifiable assets and liabilities	783	1 362	2 145
Goodwill on acquisition			11 459
Total consideration			13 604
Contingent consideration (refer note 16)			8 104
Consideration paid in cash			5 500
Total consideration			13 604
Consideration paid in cash			5 500
Cash acquired			(600)
Net cash outflow			4 900

Pre-acquisition carrying amounts were determined based on applicable IFRSs immediately before the acquisition. The acquired assets and assumed liabilities and contingent liabilities have been valued at their estimated fair values at the acquisition date (refer note 12 of the accounting policies for methods used in determining fair values).

The acquired intangible assets relate to the proprietary software 'Foresight™' with an estimated useful life of one year (based on the assumption that no further development is performed). In determining the fair value of the intangible asset, the weighted average cost of capital (WACC) of the Group was applied to the estimated net cash flows expected to be derived from the intangible asset.

The goodwill from the acquisition is mainly attributable to the skills and technical talent of the acquired business's work force, and the synergies expected to be achieved from integrating the acquiree into the Group's existing Professional Services business segment.

	Group			
	Total R'000	Goodwill R'000	Trade name R'000	Software R'000
9. Intangible assets				
Year ended 30 June 2010				
Balance at 1 July 2009	133 664	56 022	42 054	35 588
Additions	7 114	–	–	7 114
Business acquired (refer note 8)	12 821	11 459	–	1 362
Disposals	(315)			(315)
Amortisation charge	(14 999)	–	(2 337)	(12 662)
Balance at 30 June 2010	138 285	67 481	39 717	31 087
At 30 June 2010				
Cost	224 236	104 223	46 727	73 286
Accumulated amortisation and impairment	(85 951)	(36 742)	(7 010)	(42 199)
Carrying amount	138 285	67 481	39 717	31 087
Year ended 30 June 2009				
Balance at 1 July 2008	122 331	56 022	44 391	21 918
Additions	21 227	–	–	21 227
Amortisation charge	(9 894)	–	(2 337)	(7 557)
Balance at 30 June 2009	133 664	56 022	42 054	35 588
At 30 June 2009				
Cost	204 616	92 764	46 727	65 125
Accumulated amortisation and impairment	(70 952)	(36 742)	(4 673)	(29 537)
Carrying amount	133 664	56 022	42 054	35 588

The goodwill and trade name that arose from the merger with the information technology businesses of Gijima in May 2005 was subject to an impairment test at year-end based on the cash generating capability of Gijima Holdings (Pty) Ltd, the principal acquirer. The recoverable amount of the unit was determined to be higher than its carrying amount and therefore no impairment charge emanated. Goodwill of R56 million arose from the acquisition of the information technology businesses of Gijima. The R56 million represents the cost of the acquisition over the fair value of the net assets acquired, after deducting the value of client contracts, adjusted for the impact of the deferred tax implications of IAS 12 and the value of the trade name.

The newly acquired goodwill of R11,5 million that arose from the acquisition of Cubico Solutions CC in March 2010 was subject to an impairment test at year-end based on the cash generating capability of the Foresight Business, within Gijima Holdings (Pty) Ltd, the principal acquirer. The recoverable amount of the unit was determined to be higher than its carrying amount and therefore no impairment charge emanated.

The cash generating capability of Gijima Holdings (Pty) Ltd was determined by discounting the future cash flows generated from continuing operations.

The cash flow projections were based on the budgeted 2010/2011 results and the four year business plan thereafter. A weighted-average-cost-of-capital rate of 14,23% per annum was used in discounting the projected cash flows.

Included in software is leased software with a carrying amount of Rnil (2009: R0,94 million).

The value of the trade name has been separately disclosed and was valued using the relief-from-royalty methodology. This approach recognises that intangible assets have value insofar as the use of these intangible assets gives rise to an income stream. The value of these future income streams are based on the income producing capability of the intangible asset, with the after tax net present value of these income streams aggregated to determine the current economic worth of the intangible asset. Factors specific to the Gijima trade name were considered in determining a reasonable royalty rate in the indicative trade name valuation. A royalty rate of 2,0% was deemed appropriate for the indicative Gijima trade name valuation. The useful life of the trade name is estimated to be 20 years and is amortised over this period. The useful life of the trade name is assessed on an annual basis based on the most current information available.

Notes to the annual financial statements continued

for the year ended 30 June 2010

	Group 2010 R'000	Group 2009 R'000
10. Deferred tax		
Balance at 1 July	51 689	89 078
Current year	(55 500)	(48 174)
(Under)/over provision prior years	(6 717)	10 486
Revaluation of land and buildings (recognised directly in other comprehensive income)	–	(131)
Currency translation differences (recognised directly in other comprehensive income)	55	430
Balance at 30 June	(10 473)	51 689

	2010 Assets R'000	2010 Liabilities R'000	2010 Total R'000	2009 Assets R'000	2009 Liabilities R'000	2009 Total R'000
The deferred tax balances, all calculated at 28%, comprise the following:						
Capital allowances	–	(4 273)	(4 273)	–	(4 304)	(4 304)
Provisions and other allowances	28 471	–	28 471	23 008	–	23 008
Fair value adjustment	1 792	–	1 792	–	–	–
Unrealised foreign exchange item	–	(1 196)	(1 196)	9 549	(3 200)	6 349
Income received in advance	4 055	–	4 055	19 676	–	19 676
s23H limitation on software licence	–	–	–	13 689	–	13 689
Liability arising from the straight lining of operating leases	7 790	–	7 790	7 099	–	7 099
Deferred tax in international structure	1 819	–	1 819	1 578	(129)	1 449
Calculated tax loss	13 800	–	13 800	5 806	–	5 806
Prepayments	–	(2 565)	(2 565)	–	(2 798)	(2 798)
Section 24C allowances	–	(2 876)	(2 876)	–	(14 552)	(14 552)
Section 23F stock adjustment	13 250	–	13 250	–	–	–
Client dispute	–	(56 137)	(56 137)	–	–	–
Share based payment	180	–	180	–	–	–
Work in progress	–	(7 201)	(7 201)	–	(4 032)	(4 032)
Retention debtors	–	(7 437)	(7 437)	–	–	–
Deferred tax recognised directly in the statement of comprehensive income	–	55	55	–	299	299
	71 157	(81 630)	(10 473)	80 405	(28 716)	51 689

	Group 2010 R'000	Group 2009 R'000
11. Inventories		
Finished goods	19 488	24 419
Impairment of finished goods	(2 652)	(2 237)
	16 836	22 182
Work in progress	25 718	14 399
	42 554	36 581
Inventory carried at net realisable value	16 872	18 090

In 2010 the write down of inventories to net realisable value amounted to R nil million (2009: R4,9 million). The reversal of the write downs amounted to R nil million (2009: R0,5 million). The write down and reversal of inventory are included in operating costs.

	Group 2010 R'000	Group 2009 R'000
12. Trade and other receivables		
Trade receivables	**951 266**	685 585
Impairment of trade receivables	**(45 722)**	(18 098)
	905 544	667 487
Prepayments	**20 662**	21 015
Other receivables	**1 738**	3 321
	927 944	691 823

At 30 June 2010 trade receivables include retention trade receivables of R15 886 million (2009: nil) relating to construction contracts in progress.

Trade receivables securitisation

Gijima Holdings (Pty) Ltd and its subsidiaries collectively entered into trade receivables securitisation funding programme (Programme), which has the following funding and earnings enhancement objectives:

– To create a flexible environment whereby the Group can raise external funding using its trade receivables as security;
– To raise funding at an efficient cost;
– To facilitate the recurring funding of the Group's growing operations; and
– To enhance profitability and earnings per share by reducing the Group's funding rate.

Mechanics of the Structure

An independently owned special purpose entity, GijimaAst Finance (Pty) Ltd (SPE) was incorporated and the Group entered into the sale of existing and future trade receivables, and other agreements with the SPE.

The Group maintains the right to manage and administer the collections process.

In terms of the Programme, the Group raised R256 million on 31 July 2006 from various investors in the Capital Markets at a fixed rate for a period of five years. The SPE funded the purchase price paid to the Group by issuing 256 million Class A, secured non-amortising zaAA rated debentures; and 64 million Class B, subordinated, unsecured, non-amortising and unrated debentures in the 2007 financial year. An additional R9 million Class B, subordinated, unsecured non-amortising and unrated debentures were issued in December 2008 with the adjustment to the Subordinated Funding Ratio to 22% (previously 20%).

In December 2008, the Group raised an additional R100 million from investors in the Capital Markets at a variable rate. Funding for the first year of the five year term was secured from funds expiring in December 2009 and extended to 21 June 2010, the new repayment date. The SPE funded the purchase price paid to the Group by issuing an additional 100 million Class A, secured non-amortising zaAA rated debentures; and an additional 28 million Class B, subordinated, unsecured non-amortising and unrated debentures issued in the 2009 financial year.

In February 2010, by mutual agreement with a participating investor, the Group elected to undertake an early settlement of 125 million of the original 256 million Class A, secured non-amortising zaAA rated debentures; and resulted in a reduction of 35 million Class B, subordinated, unsecured non-amortising and unrated debentures, resulting in a balance of 231 million outstanding Class A and 38 million Class B debentures.

An additional R11 million Class B, subordinated, unsecured non-amortising and unrated debentures was issued in May 2010 with the adjustment to the Subordinated Funding Ratio to 25% (previously 22%), of which R6 million related to the 231 million Class A debentures and 5 million to the R100 million Class A short-term debentures.

On 21 June 2010, the Group elected to redeem the remaining R131 million five year debentures and the R100 million short-term debentures and replaced the debentures by issuing new debentures totalling R300 million. In terms of the new Programme, the Group raised R300 million on 21 July 2010 from the various investors in the Capital Markets. The SPE funded the purchase price paid to the Group by issuing 150 million Class A1, secured non-amortising zaAA rated debentures at a fixed and floating rate maturing 30 June 2015; 150 million Class A2, secured non-amortising zaAA rated debentures at a floating rate maturing 30 June 2012; and 100 million Class B, subordinated, unsecured non-amortising and unrated debentures.

Notes to the annual financial statements continued

for the year ended 30 June 2010

12. Trade and other receivables continued

Mechanics of the Structure continued

The zaAA Class A debentures were rated by Global Credit Rating Co. (refer note 15 and 18).

The Group and the external funders invested in the debentures issued by the SPE. As security to the Class A1 and A2 (2009: Class A) debenture holders, a cession *in securitatem debiti* was entered into between the SPE and a established security trust, whereby all rights are ceded to the security trust. The trustees of the security trust subsequently issued a guarantee to the Class A1 and A2 (2009: Class A) debenture holders. Furthermore, the Group has entered into an option agreement with the trustees of the ownership trust to acquire all the option equity in the SPE, within 90 days after the termination date of the Programme.

The SPE is consolidated in terms of SIC12 *Consolidation – Special Purpose Entities.*

The Group's trade receivables include R564,1 million (2009: R637 million) of the SPE South African trade receivables. The interest-bearing borrowings of the Group include the R300 million (2009: R356 million) external borrowings by the SPE (see note 15 and 18).

The financial assets (Class B debenture investments) and the financial liabilities (subordinated loans of the SPE) are eliminated on consolidation. Since the statements of financial position items are eliminated, it is appropriate to eliminate the corresponding income and expense items, being the interest received from the debentures and the interest paid on the subordinated loans.

The aggregate value at 30 June 2010 and 30 June 2009 of the South African trade receivables which were sold to the SPE consist of the following amounts:

- Gijima Holdings (Pty) Ltd, a wholly owned subsidiary of GIJIMA GROUP LIMITED, amounting to R533,9 million (2009: R591,5 million);
- Graphic Mining Solutions International (Pty) Ltd, a wholly owned subsidiary of GIJIMA GROUP LIMITED, amounting to R29,8 million (2009: R44,8 million);
- Gijima Electronic and Security Systems (Pty) Ltd, a wholly owned subsidiary of GIJIMA GROUP LIMITED, amounting to R0,4 million (2009: R0,7 million).

	Group 2010 R'000	Group 2009 R'000
12.1 Exposure to credit risk		
The carrying amount of trade and other receivables represents the maximum credit exposure.		
The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:		
Domestic	**927 156**	655 816
Namibia	**8 696**	13 753
Australasian countries	**8 244**	10 144
Canada	**7 170**	5 872
	951 266	685 585
The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:		
Public sector	**704 045**	332 966
Mining	**91 814**	111 532
Financial services	**58 071**	59 433
Manufacturing	**46 189**	60 204
Retail and hospitality	**11 735**	51 462
Telecoms	**24 465**	47 137
Other	**14 947**	22 851
	951 266	685 585

The Group's most significant client accounts for 25% of the trade receivables carrying amount at 30 June 2010 (2009: 13,5%).

	2010 Gross R'000	2010 Impairment R'000	2009 Gross R'000	2009 Impairment R'000

12. Trade and other receivables continued

12.1 Exposure to credit risk continued

12.1.1 Analysis of aging of trade receivables

	2010 Gross R'000	2010 Impairment R'000	2009 Gross R'000	2009 Impairment R'000
Not past due	**715 985**	**337**	471 181	127
Past due 1 – 30 days	**41 488**	**89**	58 610	60
Past due 31 – 90 days	**105 349**	**1 097**	73 005	376
Past due 91 – 120 days	**6 367**	**870**	13 193	567
More than 120 days	**82 077**	**43 329**	69 596	16 968
Total	**951 266**	**45 722**	685 585	18 098

12.1.2 Analysis of allowance for impairment

	Group 2010 R'000	Group 2009 R'000
The movement in the allowance for impairment in respect of trade receivables during the year was as follows:		
Balance at 1 July	**18 098**	12 019
Impairment loss raised	**27 624**	6 079
Balance at 30 June	**45 722**	18 098

The allowance for impairment is based on past experience and the prevailing trading conditions relating to specific reportable segments and individual debtors, where risk of non-payment is perceived to be high and where outstanding balances are dated.

The allowance accounts in respect of trade receivables are used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amount considered irrecoverable is directly written off against the financial asset.

13. Cash and cash equivalents

	Group 2010 R'000	Group 2009 R'000
Cash at bank and in hand	**343 069**	485 566
Less: Overdraft	**(3 152)**	(1 175)
	339 917	484 391

The weighted average effective interest rate on short-term bank deposits was 7,33% (2009: 10,44%).

The carrying amount of cash and cash equivalents represents the maximum credit exposure.

Notes to the annual financial statements continued

for the year ended 30 June 2010

	Group		Company	
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000
14. Ordinary share capital				
Authorised				
1 300 000 000 ordinary shares of 0,10 cent each	**1 300**	1 300	**1 300**	1 300
Issued				
981 459 166 ordinary shares of 0,10 cent each (2009: 981 459 166 ordinary shares)	**961**	974	**981**	981
Balance at 1 July	**974**	964	**981**	964
Shares issued during the year	**–**	17	**–**	17
Own shares acquired	**(13)**	(7)	**–**	–
Balance at 30 June	**961**	974	**981**	981

19 893 857 (2009: 6 717 051) shares are held by Gijima Holdings (Pty) Ltd, a wholly owned subsidiary of GIJIMA GROUP LIMITED.

The directors are authorised, by resolution of the shareholders and until the next annual general meeting, to dispose of unissued shares for any purpose and upon such terms and conditions as they see fit.

Share Linked Bonus Scheme

The Group has a bonus award scheme with its employees. The bonus award scheme is an incentive scheme based on a conditional right to receive a cash amount equal to the increase in value of a certain number of notional shares. The fair value of the instruments granted is measured using the Black Scholes valuation methodology, taking into account the terms and conditions upon which instruments are granted. This cash amount shall be applied wholly and exclusively towards the obligatory subscription and/or purchase of shares in the company. The company's Remuneration Committee will determine if the settlement is to be applied towards the subscription of new shares or the purchase of existing (issued) shares or any combination of such subscription or purchase.

The number of new shares which are issued under the scheme in any period of 10 years, when added to the number of new shares issued in the same period, must not exceed 10% of the issued ordinary share capital from time to time. The aggregate number of shares issued under this scheme at 1 July 2009 was 16 792 628, issued in respect of tranche one, of which 6 717 051 shares are held as treasury shares at 30 June 2010. No shares was issued during the current financial year. The shares issued under the scheme represent 0,78% of the authorised share capital and 1,05% of the issued share capital as at 30 June 2010, excluding treasury shares.

The details of the grants are as follows:

Third notional share issue

The third notional shares under the Gijima Share Linked Bonus Scheme were granted on 17 July 2008.

	2010	2009
Share price at grant date (cents)	**94**	94
Exercise price (cents)	**109**	109
Expected volatility (%)	**55**	55
Expected dividend yield (%)	**6,67**	8,23
Risk-free interest rate (%)	**10,97**	10,97

The expected volatility of 55 percent is based on GIJIMA GROUP LIMITED's share at grant date until the expected time to expiry.

	2010	2009

14. Ordinary share capital continued

Fourth notional share issue

The fourth notional shares under the Gijima Share Linked Bonus Scheme were granted on 20 April 2009.

The details of the grants are as follows:	2010	2009
Share price at grant date (cents)	60	60
Exercise price (cents)	107	107
Expected volatility (%)	55	55
Expected dividend yield (%)	7,98	8,88
Risk-free interest rate (%)	7,20	7,20

The expected volatility of 55 percent is based on GIJIMA GROUP LIMITED's share at grant date until the expected time to expiry.

Fifth notional share issue

The fifth notional shares under the Gijima Share Linked Bonus Scheme were granted on 18 January 2010.

The details of the grants are as follows:	2010	2009
Share price at grant date (cents)	100	–
Exercise price (cents)	49	–
Expected volatility (%)	53	–
Expected dividend yield (%)	4,73	–
Risk-free interest rate (%)	7,78	–

The expected volatility of 53 percent is based on GIJIMA GROUP LIMITED's share at grant date until the expected time to expiry.

The fair value of the notional shares at grant date is determined based on the Black Scholes formula, using the above inputs.

	2010 R'000	2009 R'000
Employee expenses		
Expense arising from notional shares granted during the year	790	1 417
Expenses arising from notional shares granted in prior periods	1 962	–
Total expense recognised as employee costs	2 752	1 417

The number and weighted average exercise prices of notional shares are as follows:

	2010		2009	
	Weighted average exercise price (cents)	Number of notional shares '000	Weighted average exercise price (cents)	Number of notional shares '000
Outstanding at 1 July	109	61 865	49	42 275
Granted during the year	49	32 540	108	64 315
Forfeited during the year	92	(9 500)	109	(2 450)
Exercised during the year	–	–	46	(22 225)
Expired during the year	109	(24 850)	53	(20 050)
Outstanding at 30 June	78	60 055	109	61 865
Exercisable at 30 June	–	–	–	–

14. Ordinary share capital continued

	RW Gumede '000	PJ Bogoshi '000	CJH Ferreira '000	JE Miller '000
2010				
The number of notional shares held by directors is as follows:				
Outstanding at 1 July 2009	–	2 700	2 400	–
– At exercise price of 109 cents	–	1 500	1 500	–
– At exercise price of 107 cents	–	1 200	900	–
Granted during the year	–	1 200	1 000	–
– At exercise price of 49 cents	–	1 200	1 000	
Forfeited during the year	–	–	–	–
Vested during the year	–	–	–	–
Expiring during the year – at exercise price of 109 cents	–	(1 500)	(1 500)	–
Outstanding at 30 June 2010	–	2 400	1 900	–
– At exercise price of 107 cents	–	1 200	900	–
– At exercise price of 49 cents	–	1 200	1 000	–
Exercisable at 30 June 2010				
2009				
Outstanding at 1 July 2008	4 900	2 000	3 300	4 900
– At exercise price of 46 cents	3 900	–	2 300	3 400
– At exercise price of 53 cents	1 000	2 000	1 000	1 500
Granted during the year	–	2 700	2 400	–
– At exercise price of 109 cents	–	1 500	1 500	–
– At exercise price of 107 cents	–	1 200	900	–
Forfeited during the year	–	–	–	–
Vested during the year – at vesting price of 108 cents	(3 900)	–	(2 300)	(3 400)
Expiring during the year – at exercise price of 53 cents	(1 000)	(2 000)	(1 000)	(1 500)
Outstanding at 30 June 2009	–	2 700	2 400	–
– At exercise price of 109 cents	–	1 500	1 500	–
– At exercise price of 107 cents	–	1 200	900	–
Exercisable at 30 June 2009	–	–	–	–

	Group 2010 R'000	Group 2009 R'000
Non-controlling interests		
Balance at 1 July	–	–
Share of net loss in subsidiaries	(4 447)	–
Balance at 30 June	(4 447)	–

30 June 2010

In the current financial year, a 70% owned subsidiary of the Gijima Group Limited incurred a net loss of R14 824 million. 30% of the net loss is transferred to non-controlling interest. (Refer to Statement of changes in equity.)

	2010 R'000	2009 R'000
15. Interest-bearing borrowings		
Long-term loans	**300 000**	256 000
Total liability	**300 000**	256 422
– Mortgage bond	**–**	422
– Securitisation	**300 000**	256 000
Less: Current portion moved to trade and other payables	**–**	(422)
– Mortgage bonds	**–**	(422)
Liabilities under capitalised finance lease agreements	**706**	1 709
– Total liability	**1 674**	4 182
– *Less:* Current portion moved to trade and other payables	**(968)**	(2 473)
	300 706	257 709

Mortgage bonds

The Group entered into a loan agreement in Namibia. The initial loan was for an amount of R3,2 million and the loan term is 10 years and bears interest at the Namibian prime overdraft interest rate of 10,25% at 30 June 2010 (2009: 10.25%). The loan was repayable in monthly instalments of R58 172 payable until January 2010.

Securitisation

GijimaAst Finance (Pty) Ltd has funded the purchase price paid to Gijima Holdings (Pty) Ltd by issuing 256 Class A, 60 month secured non-amortising rated debentures of R1 million each, and 64 Class B, subordinated, unsecured 60 month non-amortising unrated debentures of R1 million each on 31 July 2006. The R256 million Class A debentures bear interest at a fixed rate of 10,171% NACQ. The Class B debentures bear interest at variable rates. An additional 9 Class B, subordinated, unsecured non-amortising and unrated debentures of R1 million each was issued in December 2008 with the adjustment to the Subordinated Funding Ratio to 22% (previously 20%). The Class B debentures have been subscribed for by a subsidiary entity of GIJIMA GROUP LIMITED.

On 24 February 2010 and 21 June 2010 the Group elected to early settle the A debentures in the Securitisation Programme of R125 million and R131 million respectively. (Refer note 12.)

During May 2010 the Subordinated Funding Ratio was adjusted to 25% (previously 22%).

On 21 June 2010 GijimaAst Finance (Pty) Ltd funded the purchase price paid to Gijima Holdings (Pty) Ltd by issuing 150 Class A1, 60 month secured non-amortising and by issuing 150 Class A2, 24 month secured non-amortising rated debentures of R1 million each, and 50 Class B, subordinated unsecured 60 month non-amortising unrated debentures and 50 Class B, subordinated unsecured 24 month non-amortising unrated debentures of R1 million each. R104 million of Class A1 debentures bear interest at a fixed rate of 11,199% NACQ. The remaining R46 million of Class A1 debentures and R150 million of the Class A2 debentures bear interest at variable rates. The Class B debentures bear interest at variable rates.

Class A1 and A2 (2009: Class A) debentures have been awarded a zaAA credit rating by Global Credit Rating, and have been issued to investors in the Capital Markets. The Class B debentures have been subscribed for by a subsidiary entity of GIJIMA GROUP LIMITED.

Other liabilities

Other capitalised finance lease liabilities amount to R1,7 million (2009: R4 million) have been entered into and are repayable monthly. The loan terms are five years, the maturity dates are between 2010 and 2012. Interest on these finance leases is linked to the prime overdraft rate, at 30 June 2010 the interest rates varied between 8% to 11,4%. The leases are secured by cession over the assets to which they relate (refer to note 6).

Notes to the annual financial statements continued

for the year ended 30 June 2010

	2010 R'000	2009 R'000
15. Interest-bearing borrowings continued		
The present value of other future minimum lease payments under non-cancellable finance leases are as follows:		
Not later than 1 year	**968**	2 473
Later than 1 year and not later than 5 years	**706**	1 709
Later than 5 years	**–**	–
	1 674	4 182
Less: Current portion	**(968)**	(2 473)
	706	1 709

Borrowing powers

The directors may exercise all the powers of the company to borrow money and to mortgage or encumber its undertaking, property or any part thereof and to issue debentures or debenture stock and other securities, whether outright or as security for any debt, liability or obligation of the company or of any third party but subject to any statutory requirements and the rules and regulations of JSE Limited as amended from time to time. The articles of association do not place any limitation on the borrowing powers of the company.

	2010 R'000
16. Amounts due to vendors	
The outstanding amount on acquisition of Cubico Solutions CC:	
Sellers of Cubico Solutions CC (refer to note 8)	**8 104**
Less: Current portion	**(2 039)**
Non-current portion	**6 065**

	Not later than 1 year R'000	Later than 1 year and not later than 2 years R'000	Later than 2 years and not later than 3 years R'000	Total R'000
As at 30 June 2010				
Sellers of Cubico Solutions CC. (refer to note 8)	**2 039**	**3 449**	**2 616**	**8 104**
	2 039	**3 449**	**2 616**	**8 104**

	Group 2010 R'000	Group 2009 R'000
17. Trade and other payables		
Trade payables and accruals	**537 583**	397 121
Income received in advance	**26 579**	79 034
Leave pay accrual	**67 783**	65 858
Current portion of interest-bearing borrowings	**968**	2 895
Payroll and other payables	**54 182**	101 401
	687 095	646 309

Trade payables are subject to normal industry settlement terms.

	Group 2010 R'000	2009 R'000
18. Short-term borrowings		
Securitisation short-term borrowings	–	100 000
	–	100 000

An additional R100 million was raised on the Group's debtors securitisation programme in December 2008. Funding of this R100 million for the first year of the originally anticipated five year term was sourced from funds expiring in December 2009 and was extended for another six months to 21 June 2010.

GijimaAst Finance (Pty) Ltd has funded an additional purchase price to Gijima Holdings (Pty) Ltd by issuing 100 Class A, 12 month secured non-amortising rated debentures of R1 million each, and 28 Class B, subordinated unsecured 12 month non-amortising unrated debentures of R1 million each. The additional 100 Class A debentures have been awarded a zaAA credit rating by Global Credit Rating, and have been issued to investors in the Capital Markets. The R100 million Class A debentures attracted interest at a variable rate of the three month Jibar plus 315 basis points. The 28 Class B debentures attracted interest at variable rates.

The R100 million was fully repaid on 21 June 2010 (Refer to note 15).

	Total R'000	Commissions R'000	Warranties R'000	Payroll related provisions R'000
19. Provisions				
Balance as at 30 June 2010				
Balance at the beginning of the year	**14 723**	–	1 614	13 109
New provisions created during the year	**3 324**	–	–	3 324
Provisions utilised	**(11 928)**	–	(1 614)	(10 314)
Balance at the end of the year	**6 119**	–	–	6 119
Balance as at 30 June 2009				
Balance at the beginning of the year	51 378	6 501	1 457	43 420
Reclassification	(6 501)	(6 501)	–	–
New provisions created during the year	11 252	–	3 227	8 025
Provisions utilised	(41 406)	–	(3 070)	(38 336)
Balance at the end of the year	14 723	–	1 614	13 109

Warranties

The provisions related principally to warranty claims on products and services. The estimate was based on claims notified and historical trends.

	2010 R'000	2009 R'000
20. Commitments		
Capital commitments		
Future capital commitments	471	–

Notes to the annual financial statements continued

for the year ended 30 June 2010

	Total R'000	Not later than 1 year R'000	Later than 1 year and not later than 5 years R'000	Later than 5 years R'000
20. Commitments continued				
Future operating lease commitments				
Land and buildings	280 391	50 213	142 779	87 399

These operating lease commitments represent cash flows linked to the lease agreements and do not reflect the accounting treatment of operating lease payments. Operating lease payments which include fixed rental increases are accounted for on a straight-line basis over the period of the lease agreements.

In order to further reduce costs and improve communication and synergies between divisions, the Group centralised its Gauteng operations in Samrand during the 2009 financial year. The Group entered into an agreement for an additional office block adjacent to its present premises, to house its other Gauteng operations, and entered into a new 10 year lease covering the combined premises commencing on 1 November 2008.

	2010				2009			
	Foreign currency '000	Rand amount R'000	Fair value R'000	FEC (asset)/ liability R'000	Foreign currency '000	Rand amount R'000	Fair value R'000	FEC liability R'000
21. Foreign exchange position								
The following forward exchange contracts were entered into.								
Foreign currency								
US Dollars	**392**	**2 979**	**3 005**	**(26)**	99	894	778	116
Euro	**702**	**6 948**	**6 620**	**328**	446	5 205	4 865	340
		9 927	**9 625**	**302**		6 099	5 643	456

The forward exchange contracts (FEC) relate to specific foreign trade payable exposures on the balance sheet and were entered into to cover these foreign commitments not yet due. The forward exchange contracts will be utilised for the purposes of trade during the following year. The foreign exchange contracts have maturity dates ranging from 2 July 2010 to 20 August 2010.

	2010 R'000	2009 R'000
22. Contingent liabilities		
Bank and other guarantees		
At 30 June the Group had contingent liabilities in respect of registered performance bonds bank, lease and other guarantees split between currencies as set out below	**3 768**	10 018

	2010		2009	
	Currency amount '000	Rand amount R'000	Currency amount '000	Rand amount R'000
South African Rand				
– Standard Bank of South Africa Limited	**3 768**	**3 768**	9 791	9 791
US Dollars				
– Standard Bank of South Africa Limited	**–**	**–**	29	227
		3 768		10 018

A detailed list of guarantees and performance bonds can be viewed at the Group's registered office.

23. Retirement benefits

The Group has contributed towards pension and provident schemes covering 95% of qualifying permanent employees. The Gijima Retirement Scheme was established on 1 September 1999. The fund is a defined contribution fund and is governed by the Pension Fund Act of 1956. The assets of the fund are held independently of the Group's assets in separate trustee administered funds. The total employer contributions are recognised as an expense.

	Group	
	2010 R'000	2009 R'000
The amounts charged to the income statement are as follows:		
Pension costs	**97 909**	81 101
Total included in employee benefits expense (refer note 2.12)	**97 909**	81 101

24. Related party transactions

During the year the Group, in the ordinary course of business, entered into various sale and purchase transactions with related parties. These transactions occurred under terms that are no less favourable than those agreed with third parties. Services are usually negotiated with related parties on a cost-plus basis allowing a margin ranging from 10% to 25%. Goods are procured on the basis of the price list in force with non-related parties.

Two shareholders and Members of the Board of Directors had significant influence on the operational and economical decision making of the Group through means of significant shareholding in the Group. Refer note 2.11.

24.1 Subsidiaries

Details of interests in subsidiaries are disclosed on page 101 of the annual report. Transactions between subsidiaries are conducted in the ordinary course of business and at arm's length.

All intercompany transactions, balances and unrealised surpluses within the operations are eliminated on consolidation.

During 2010 a dividend of R73 282 million was paid by Gijima Holdings (Pty) Ltd (a wholly owned subsidiary) to the company. R0,177 of the dividends relates to treasury shares held by Gijima Holdings (Pty) Ltd in the company (refer note 14).

24.2 Directors

Details relating to directors' emoluments and shareholdings in the company are disclosed in note 2.11.

Gijima Holdings (Pty) Ltd (a wholly owned subsidiary) contracted Seekers Travel as the travel agency of the company as from 1 August 2008. This transaction was done on an arm's length basis with the approval of the Board and is to the advantage of the Group. Seekers Travel is ultimately owned by Tourvest Holdings (Pty) Ltd, a company where the following directors are minority shareholders directly or through various intermediary holding companies and family trusts:

– RW Gumede
– AFB Mthembu
– CJH Ferreira and
– NJ Dlamini

Gijima Holdings (Pty) Ltd (a wholly owned subsidiary) contracted Gen Technologies as from September 2009. This transaction was done on an arms length basis with the approval of the Board and is to the advantage of the Group. Gen Technologies (Pty) Ltd is a subsidiary of Guma Tech (Pty) Ltd, a major shareholder of GIJIMA GROUP LIMITED.

	Group	
	2010 R'000	2009 R'000
The total expenses incurred by Gijima Group with regard to Seekers Travel:	**15 043**	10 418
The total expenses incurred by Gijima Group with regard to Gen Technologies:	**3 556**	–
	18 599	10 418

	Percentage shareholding 2010	2009
24. Related party transactions continued		
24.3 Share in joint ventures		
The Group's investment in joint ventures is reflected below:		
Bentley West Strategic Consulting (Pty) Ltd (dormant)	–	50
Sirius Consulting (Pty) Ltd	**50**	50

Bentley West was deregistered during the 2010 financial year.

Sirius Consulting (Pty) Ltd is a joint venture that provides software solutions in the mining industry.

The following amounts represent the Group's share of the assets, liabilities, revenue, expenses and cash flows of the joint ventures and are included in the consolidated Statement of financial position, Income statement, Statement of comprehensive income and Statement of cash flows:

	2010 R'000	2009 R'000
Current assets	**637**	706
Total assets	**637**	706
Current liabilities	**95**	26
Total liabilities	**95**	26
Net assets	**542**	680
Revenue	**1 262**	1 277
Profit before taxation	**574**	927
Taxation	**(211)**	(330)
Profit after taxation	**363**	597
Proportionate interest in joint ventures' cash flows		
Cash used in operating activities	**(42)**	(175)
Cash used in investing activities	**–**	–
Cash used in financing activities	**–**	–
Net cash outflow	**(42)**	(175)

25. Subsequent events

There were no subsequent events that the Group was aware of at date of approval of the consolidated financial statements.

	Group 2010 R'000	Group 2009 R'000	Company 2010 R'000	Company 2009 R'000

26. Cash flow information

26.1 Reconciliation of profit before tax to cash generated from operations

	Group 2010 R'000	Group 2009 R'000	Company 2010 R'000	Company 2009 R'000
Profit before tax	229 222	174 941	82 323	60 941
Adjustments for:				
Amortisation	14 999	9 894	–	–
Depreciation	29 687	26 257	–	–
Loss on sale of intangibles and property, plant and equipment	827	359	–	–
Decrease in provisions	(8 604)	(36 654)	–	–
Non-cash flow movement as a result of operating lease	2 468	2 628	–	–
Impairment of inter-group loans	–	–	(9 041)	(26 590)
Movement on impairment expense	27 624	6 159	–	–
Financial income	(22 609)	(14 005)	(73 282)	(34 351)
Financial expenses	34 375	35 513	–	–
Own shares acquired	–	(5 412)	–	–
Share-based payments	2 752	556	–	–
Currency translation differences in foreign operations	9 757	34 559	–	–
Currency translation on net investments in foreign operations	(11 169)	–	–	–
Cash generated from operations before working capital changes	309 329	234 795	–	–
Working capital changes				
(Increase)/decrease in inventories	(5 973)	6 989	–	–
Increase in trade and other receivables	(263 745)	(23 269)	–	–
Increase in trade and other payables	44 613	144 097	–	–
Cash generated from operations	84 224	362 612	–	–

26.2 Reconciliation of interest received

	Group 2010 R'000	Group 2009 R'000
Interest receivable at beginning of the year	588	457
Financial income for the year	22 609	14 005
Interest receivable at year end	(1 036)	(588)
Interest received for the year	22 161	13 874

26.3 Reconciliation of interest paid

	Group 2010 R'000	Group 2009 R'000
Interest payable at beginning of the year	(4 354)	(4 564)
Financial expenses for the year	(34 375)	(35 513)
Interest payable at year end	983	4 354
Interest paid for the year	(37 746)	(35 723)

26.4 Reconciliation of tax paid

	Group 2010 R'000	Group 2009 R'000
Net tax payable at beginning of the year	(18 343)	(3 047)
Current tax expense	(5 600)	(23 103)
Secondary tax on companies	(7 242)	(3 373)
Currency translation tax not through the income statement	(55)	(430)
Net tax payable at year end	2 543	18 343
Tax paid for the year	(28 697)	(11 610)

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for the year ended 30 June 2010

27. Financial risk management

Overview

The Group has exposure to the following risks from its use of financial instruments:

– Credit risk

– Liquidity risk

– Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's Treasury and Credit functions are responsible for developing and monitoring the Group's risk management policies. Group Treasury and Credit functions report regularly to the Board of Directors on their activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investment securities.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk. Approximately 16 percent of the Group's revenue is attributable to sales transactions with a single customer. However, geographically there is no concentration of credit risk.

The Group's Credit function has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, where available, and in some cases bank references. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

More than 80 percent of the Group's customers have been transacting with the Group since June 2005, and losses have occurred infrequently. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, whether they are a wholesale, retail or end-user customer, geographic location, industry, aging profile, maturity and existence of previous financial difficulties. Trade and other receivables relate mainly to customers who receive services from the Group.

Goods are sold subject to retention of title clauses, so that in the event of non-payment the Group may have a secured claim. The Group generally does not require collateral in respect of trade and other receivables.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main component of this allowance is a specific loss component that relates to individually significant exposures.

Investments

The Group limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have a credit rating of at least F1+ (zaf) from Fitch. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations. Investments are included in cash and cash equivalents (refer note 13).

27. Financial risk management continued

Guarantees

The Group's policy is to provide guarantees only to subsidiaries controlled by the Group. At 30 June 2010 the Group had contingent liabilities in respect of registered performance bonds, bank lease or other guarantees to the value of R3,7 million (June 2009: R10 million).

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group uses internally developed costing models to cost its products and services, which assist it in monitoring cash flow requirements and optimising its cash return on investments. Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses in the short term, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Group maintains the following secured loans:

South Africa

June 2010

- R104 million securitisation loan. The term of the loan is five years ending on 30 June 2015. Interest is fixed and payable at 11,199% NACQ.
- R46 million securitisation loan. The term of the loan is five years ending on 30 June 2015. Interest is variable and payable quarterly at 3 month Jibar plus 340 basis points.
- R150 million securitisation loan. The term of the loan is two years ending on 30 June 2012. Interest is variable and payable quarterly at 3 month Jibar plus 260 basis points.

June 2009

- R256 million securitisation loan. The term of the loan is five years ending on 31 July 2011. Interest is fixed and payable at 10,171% NACQ.
- R100 million securitisation loan. The term of the loan is twelve months ending on December 2009. Interest is variable and payable quarterly at 3 month Jibar plus 315 basis points.

Both loans are secured by the Group's South African trade receivables (refer to note 12).

The Group maintains the following lines of credit:

Namibia

- NAD 3 million overdraft facility, that is secured by Gijima Holdings (Pty) Ltd. The overdraft facility can be drawn down to meet short-term financing needs. The facility has an annual maturity that is renewed annually. Interest would be payable at the Namibian prime interest rate.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The Group buys and sells derivatives in the ordinary course of business, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set by Group Treasury. The Group marks to market all derivatives.

Currency risk

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily the euro (EUR) and US Dollars (USD).

The Group hedges at least 50 percent of all trade receivables and trade payables denominated in a foreign currency or amounts in excess of EUR10 000 and USD10 000. The Group hedges specific transactions and has a minimum baseline coverage for continuous foreign operations. The Group generally takes the position of passing the currency risk over to the customer and therefore invoicing the customer using the forward exchange rate per the specific contract. The Group uses forward exchange contracts to hedge its currency risk, all with a maturity of less than one year from the reporting date. When necessary, forward exchange contracts are rolled over at maturity.

Interest on borrowings is denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily ZAR and NAD. This provides an economic hedge and no derivatives are entered into.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

The Group's investments in other subsidiaries are not hedged as those currency positions are considered to be long-term in nature.

27. Financial risk management continued

Interest rate risk

The Group adopts a policy of ensuring that all of its significant exposure to changes in interest rates on long-term borrowings is mainly on a fixed rate basis. This is achieved by entering into fixed interest rate contracts.

Other market price risk

The Group currently does not hold any debt and equity securities in its investment portfolio. All buy and sell decisions are approved by the Executive Committee.

The Group does not enter into commodity contracts.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors both the demographic spread of shareholders, as well as the return on capital, which the Group defines as total shareholders' equity, excluding non-redeemable preference shares and minority interests, and the level of dividends to ordinary shareholders.

The Group is authorised to purchase its own shares on the market; the timing of these purchases depends on market prices. Primarily the shares are intended to be used for issuing shares under the Group's share option programme. Buy and sell decisions are made on a specific transaction basis by the Board of Directors.

There were no changes in the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

Financial assets and financial liabilities

The fair values of financial assets and financial liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	Total R'000	Fair value through profit and loss (held for trading) R'000	Loans and receivables R'000	Other liabilities R'000	Fair value R'000
30 June 2010					
Financial assets					
Trade and other receivables	927 944	–	927 944	–	927 944
Cash and cash equivalents	343 069	–	343 069	–	343 069
	1 271 013	–	1 271 013	–	1 271 013
Financial liabilities					
Finance lease liabilities	1 674	–	–	1 674	1 710
Secured securitisation loan	300 000	–	–	300 000	298 573
Trade and other payables	685 824	–	–	685 824	685 824
FEC liability	303	303	–	–	303
Bank overdrafts	3 152	–	–	3 152	3 152
	990 953	303	–	990 650	989 562
Unrecognised gain					1 391

	Total R'000	Fair value through profit and loss (held for trading) R'000	Loans and receivables R'000	Other liabilities R'000	Fair value R'000

27. Financial risk management continued

	Total R'000	Fair value through profit and loss (held for trading) R'000	Loans and receivables R'000	Other liabilities R'000	Fair value R'000
30 June 2009					
Financial assets					
Trade and other receivables	691 823	–	691 823	–	691 823
Cash and cash equivalents	485 566	–	485 566	–	485 566
	1 177 389	–	1 177 389	–	1 177 389
Financial liabilities					
Finance lease liabilities	4 182	–	–	4 182	4 142
Secured securitisation loan	356 000	–	–	356 000	352 889
Secured mortgage loan	422	–	–	422	422
Trade and other payables	648 748	–	–	648 748	648 748
FEC liability	456	456	–	–	456
Bank overdrafts	1 175	–	–	1 175	1 175
	1 010 983	456	–	1 010 527	1 007 832
Unrecognised gain					3 151

Interest rates used for determining fair value

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve at the reporting date plus an adequate credit spread and were as follows:

	2010 %	2009 %
Finance lease liabilities	**10**	11
Secured securitisation loan	**9,152 – 11,374**	11,516

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
30 June 2010				
Financial liabilities				
Financial liabilities	**–**	**303**	**–**	**303**
	–	**303**	**–**	**303**
30 June 2009				
Financial liabilities				
Financial liabilities	–	456	–	456
	–	456	–	456

Credit risk

Exposure to credit risk

Refer to trade and other receivables (note 12) and cash and cash equivalents (note 13).

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27. Financial risk management continued

Liquidity risk

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

	Carrying amount R'000	Contractual cash flows R'000	6 months or less R'000	6 – 12 months R'000	1 – 2 years R'000	2 – 5 years R'000	5 years R'000
30 June 2010							
Non-derivative financial liabilities							
Secured securitisation loan	**300 000**	**(411 288)**	**(15 046)**	**(14 808)**	**(180 425)**	**(201 009)**	**–**
Finance lease liabilities	**1 674**	**(1 864)**	**(581)**	**(536)**	**(747)**	**–**	**–**
Trade and other payables	**687 095**	**(687 095)**	**(687 095)**	**–**	**–**	**–**	**–**
Secured bank overdraft	**3 152**	**(3 152)**	**(3 152)**	**–**	**–**	**–**	**–**
	991 921	**(1 103 399)**	**(705 874)**	**(15 344)**	**(181 172)**	**(201 009)**	**–**
30 June 2009							
Non-derivative financial liabilities							
Secured securitisation loan	356 000	(415 458)	(118 190)	(13 019)	(26 038)	(258 211)	–
Secured mortgage loan	422	(437)	(349)	(88)	–	–	–
Finance lease liabilities	4 182	(4 707)	(1 429)	(1 409)	(1 108)	(761)	–
Trade and other payables	641 705	(641 705)	(641 705)	–	–	–	–
Secured bank overdraft	1 175	(1 175)	(1 175)	–	–	–	–
	1 003 484	(1 063 482)	(762 848)	(14 516)	(27 146)	(258 972)	–

Currency risk

The Group's exposure to foreign currency risk was as follows based on notional amounts:

	30 June 2010			30 June 2009		
	EURO	USD	GBP	EURO	USD	GBP
Trade receivables	**37**	**198**	**–**	34	875	58
Trade payables	**(2 323)**	**(7 422)**	**(19)**	(967)	(6 991)	(4)
Gross statement of financial position exposure	**(2 286)**	**(7 224)**	**(19)**	(933)	(6 116)	54
Forward exchange contracts	**702**	**392**	**–**	446	99	–
Net exposure	**(1 584)**	**(6 832)**	**(19)**	(487)	(6 017)	54

The following significant exchange rates applied during the year:

	Average rate		Reporting date mid-spot rate	
	2010	2009	2010	2009
USD 1	**7,579**	8,870	**7,655**	7,734
EUR 1	**10,496**	12,040	**9,389**	10,839
AUD 1	**6,686**	6,492	**6,473**	6,233
CAD 1	**7,160**	7,568	**7,206**	6,660
GBP 1	**11,940**	14,072	**11,446**	12,715

27. Financial risk management continued

Sensitivity analysis

A 10 percent strengthening of the ZAR against the following currencies at 30 June would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2009.

	Equity R'000	Profit or loss R'000
30 June 2010		
USD	**(5 229)**	**5 229**
EUR	**(1 487)**	**1 487**
30 June 2009		
USD	(4 653)	4 653
EUR	(528)	528

A 10 percent weakening of the ZAR against the above currencies at 30 June would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

A 10 percent strengthening of the ZAR against the following currencies at 30 June would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2009 (includes foreign gains or losses exposure on inter-Group foreign currency loans).

	Equity R'000	Profit or loss R'000
30 June 2010		
USD	**(12 710)**	**5 354**
AUD	**10 440**	**(440)**
EUR	**8 125**	**1 487**
CAD	**220**	**(220)**
30 June 2009		
USD	(12 634)	7 384
AUD	9 733	(11 911)
EUR	11 093	(11 096)
CAD	(296)	(331)

A 10 percent weakening of the ZAR against the above currencies at 30 June would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments were:

	Carrying amount 2010 R'000	Carrying amount 2009 R'000
Fixed rate instruments		
Financial liabilities	**(105 524)**	(258 267)
	(105 524)	(258 267)
Variable rate instruments		
Financial assets	**343 069**	485 566
Financial liabilities	**(199 302)**	(103 512)
	143 767	382 054

Notes to the annual financial statements continued

for the year ended 30 June 2010

27. Financial risk management continued

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2009.

	Loss or profit		Equity	
	100 bp increase R'000	100 bp decrease R'000	100 bp increase R'000	100 bp decrease R'000
30 June 2010				
Variable rate instruments	**1 438**	**(1 438)**	**–**	**–**
Cash flow sensitivity (net)	**1 438**	**(1 438)**	**–**	**–**
30 June 2009				
Variable rate instruments	3 821	(3 821)	–	–
Cash flow sensitivity (net)	3 821	(3 821)	–	–

Details of subsidiary companies

Name of subsidiary company	Place and date of incorporation	Registration number	Date it became a subsidiary or associate	Issued share capital	% held	Nature of business
Directly owned						
Advanced Software Technologies International Holdings	Mauritius 01/04/1999	6/99/4516	01/04/1999	US$7	100	Dormant
AST Holdings (Australia) (Pty) Ltd	New South Wales Australia 25/06/1998	ACN 083125160	08/06/1999	A$47 086	100	Dormant
AST International	Mauritius 07/04/1999	22115/4965	07/04/1999	US$4	100	Dormant
GijimaAst Americas Incorporated	Ontario Canada 29/11/2001	394917-6	29/11/2001	C$1	100	Mining software consulting
AST Offshore Holdings	Mauritius 01/04/1999	6/99/4515	01/04/1999	US$1	100	Dormant
AST Western Australia (Pty) Ltd	New South Wales Australia 21/01/2000	ACN 091286305	18/12/2000	A$51 600	100	Dormant
GijimaAst (Pty) Ltd	Perth Australia 05/09/2002	ACN 101951017	05/09/2002	A$100	100	Mining software consulting
GijimaAst Holdings (Pty) Ltd *(note: company name changed to Gijima Holdings (Pty) Ltd on 27 July 2010)*	Pretoria 04/11/1998	1998/021835/07	01/04/1999	1	100	Information Communication Technology services
GijimaAst Information Technology Services (Pty) Ltd	Namibia 01/11/1998	99/465	03/03/2000	N$1 000	100	Information Communication Technology services
GijimaAst Electronic and Security Systems (Pty) Ltd *(note: company name changed to Gijima Electronic and Security Systems (Pty) Ltd on 27 July 2010)*	Pretoria 20/10/1998	1998/020871/07	20/10/1998	1 000	100	Security systems and services
Graphic Mining Solutions International (Pty) Ltd	Pretoria 27/05/1996	1996/006527/07	01/05/1999	1 000	100	Mining software consulting
Matsema International B.V.	Rotterdam Netherlands 22/06/1999	BV 24294429	22/06/1999	Euro 18 200	100	Holding company
Joint ventures						
Sirius Consulting (Pty) Ltd	Pretoria 03/01/2006	2006/000954/07	01/05/2006	500	50	Development and maintenance on custom software
Companies in process of deregistration						
AST Distributed Technology Services (Pty) Ltd**	Pretoria 28/01/1999	1999/001742/07	01/04/2000	20	100	Dormant
AST Property Management (Pty) Ltd	Pretoria 15/07/1997	1997/011382/07	28/01/1998	100	100	Dormant

Shareholder information

as at 30 June 2010

	Number of holders	% of total share holders	Number of shares	% of total issued share capital
Analysis of shareholdings				
1 – 5 000	2 148	40,19	703 307	0,07
5 001 – 10 000	1 035	19,37	2 905 432	0,30
10 001 – 50 000	601	11,25	4 903 542	0,50
50 001 – 100 000	1 154	21,59	41 268 435	4,20
100 001 – 1 000 000	289	5,41	93 042 528	9,48
1 000 001 – and more	117	2,19	838 635 922	85,45
Totals	5 344	100,00	981 459 166	100,00
Major shareholders				
(1% and more of the shares in issue)				
Guma Tech (Pty) Ltd			169 817 449	17,30
Guma Support (Pty) Ltd			123 503 600	12,58
Guma Investment Holdings (Pty) Ltd			44 409 958	4,52
Sbsa Itf Snl Inst Spec Opp Fnd			20 044 897	2,04
Gijima Ast Holdings (Pty) Ltd			19 818 838	2,02
Sbsa Itf Sim Val Fnd			18 930 696	1,93
Momentum Life Assurers Ltd Rmba			18 049 956	1,84
Eskom Pension and Provident Fund			17 679 357	1,80
Tantalum Mnc Fund En Commandite Par			17 128 399	1,75
Tongaat-Hulett Pension Fund (Ag)			16 515 369	1,68
Guma Tech Group (Pty) Ltd			15 437 950	1,57
SBSA ITF Prud Div Max Fund			13 707 454	1,40
Absa Group Pf Balanced Fund Allan G			13 489 217	1,37
Mines PF Sentinal Allan Gray Asset			12 906 669	1,32
Standard Bank Group Rf Allan Gray A			12 743 329	1,30
Sabc Pension Fund Allan Gray			12 709 601	1,29
Sala Pension Fund (Ag)			11 107 880	1,13
Natal Joint Mun Pens/Super (Ag)			10 000 000	1,02
Sappi Pension Fund (Ag)			9 910 740	1,01
Summary of shareholder spread				
Non-public:	8	0,15	382 943 575	39,02
Directors	6	0,11	363 049 718	36,99
Company	2	0,04	19 893 857	2,03
Public	5 336	99,85	598 515 591	60,98
Totals	5 344	100,00	981 459 166	100,00
Distribution of shareholders				
Institutions and bodies corporate	661	12,37	874 368 716	89,09
Individuals	4 683	87,63	107 090 450	10,91
Totals	5 344	100,00	981 459 166	100,00

History – share trading

for the year ended 30 June 2010

Period	Year	Quarter/ month	High (cents)	Low (cents)	Volume traded	Value traded (Rand)
Quarterly	2003	4	140	70	35 933 550	34 423 996
	2004	1	125	74	30 861 517	34 626 451
	2004	2	91	55	10 997 034	7 888 473
	2004	3	87	54	16 163 877	10 543 000
	2004	4	74	48	15 429 899	9 786 000
	2005	1	85	36	20 386 323	11 340 000
	2005	2	80	42	46 829 671	22 111 000
	2005	3	66	50	80 373 812	46 619 836
	2005	4	59	48	60 891 040	32 947 670
	2006	1	85	53	73 908 879	51 183 757
	2006	2	62	44	27 777 113	15 170 212
	2006	3	66	49	47 577 486	27 718 164
	2006	4	75	64	48 612 563	34 685 143
	2007	1	96	75	156 366 919	138 675 391
	2007	2	122	89	108 593 877	112 105 326
	2007	3	116	83	97 317 081	93 202 514
	2007	4	114	87	180 327 787	187 569 817
	2008	1	122	89	249 540 563	253 727 045
	2008	2	120	97	135 710 661	152 307 092
	2008	3	100	65	169 140 137	141 985 856
	2008	4	65	44	49 535 438	25 809 670
	2009	1	66	32	39 580 548	18 691 312
	2009	2	55	45	50 095 697	24 734 121
	2009	3	100	54	90 357 692	65 071 645
	2009	4	97	83	72 719 563	63 348 677
	2010	1	127	91	68 847 144	77 811 481
	2010	2	130	73	82 921 035	76 607 464
Monthly	2009	July	71	54	22 832 235	14 292 589
	2009	August	83	59	34 650 594	22 143 760
	2009	September	100	77	32 874 863	28 635 296
	2009	October	97	84	27 865 673	25 125 468
	2009	November	91	83	36 647 151	30 872 449
	2009	December	96	86	8 206 739	7 350 760
	2010	January	117	91	25 621 121	26 308 830
	2010	February	127	114	19 652 319	23 354 099
	2010	March	124	115	23 573 704	28 148 552
	2010	April	130	92	33 333 408	35 253 374
	2010	May	99	73	26 460 287	22 206 329
	2010	June	88	75	23 127 340	19 147 761

JSE Limited performance

Number of shares traded	316 469 239
% of total issued shares	32,2
Value of shares traded	284 392 941
Price quoted (cents per share)	
Highest	130
Lowest	54
Close	87
Market capitalisation at year end	853 869 474,42
Price earnings ratio	5,4545
Earnings yield	18,3333

Financial definitions

Average trade receivables collection days	Average trade receivables, excluding VAT, after impairment of trade receivables, divided by revenue, times the number of days in the year.
Cash and cash equivalents	Cash on hand and current accounts in bank, net of bank overdrafts together with any liquid investments readily convertible to known amounts of cash and not subject to significant risk of changes in value.
Cash(utilised by)/generated from operating activities per weighted average ordinary share (cents)	Cash (utilised by)/generated from operating activities divided by the weighted average number of ordinary shares in issue.
Current ratio	Current assets divided by current liabilities.
Earnings per ordinary share (cents) from continuing operations	Earnings from continuing operations attributable to equity holders of the parent divided by the weighted average number of ordinary shares in issue.
Loss per ordinary share (cents) from discontinuing operations	Loss from discontinued operations attributable to equity holders of the parent divided by the weighted average number of ordinary shares in issue.
EBITDA	Earnings before interest, tax, depreciation and amortisation.
EBITDA (%)	EBITDA as a percentage of revenue.
EBITDA before exchange rate gains and losses on translation	Earnings before interest, tax, depreciation, amortisation and foreign exchange gains and losses.
EBITDA before exchange rate gains and losses on translation (%)	EBITDA before exchange rate gains and losses on translation as a percentage of revenue.
Effective tax rate (%)	The income statement tax charge as a percentage of profit before tax.
Headline earnings	Earnings attributable to equity holders of the parent before exceptional items and related tax amounts.
Headline earnings per ordinary share (cents)	Headline earnings divided by the weighted average number of ordinary shares in issue.
Headline earnings (%)	Headline earnings as a percentage of revenue.
Income	Comprises revenue as defined in the accounting policies and other operating income.
Net asset value per ordinary share (cents)	Ordinary shareholders' funds divided by the number of ordinary shares in issue at year-end.
Number of employees	Permanent employees and contractors employed at year-end.
Operating profit	Profit before net financing costs, income tax expense and profit/(loss) from discontinued operations.
Operating profit (%)	Operating profit as a percentage of revenue.
Operating profit per employee	Operating profit divided by number of employees.
Other expenses	Separately disclosable expense items.
Return on equity (headline earnings) (%)	Headline earnings as a percentage of ordinary shareholders' funds.
Revenue per employee	Revenue divided by the number of employees.

Notice of annual general meeting to members

GIJIMA GROUP LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1998/021790/06)
(Share code: GIJ) (ISIN: ZAE000147443)
("Gijima" or "the Company")

Notice is hereby given that the twelfth Annual General Meeting of members of Gijima will be held in the Acacia Boardroom of the Company at the Venus Building, Gijima Office Park, 47 Landmarks Avenue, Kosmosdal, Samrand, Centurion on Friday, 12 November 2010 at 10:00 to conduct the following business:

Ordinary resolution 1: Adoption of annual financial statements

To receive and adopt the consolidated audited annual financial statements of the Company and its subsidiaries, incorporating the reports of the auditors, the audit committee and the directors for the year ended 30 June 2010.

Ordinary resolution 2: Re-election of directors

To elect by way of separate resolutions directors in the place of those retiring in accordance with the Company's articles of association. The directors retiring are JCL van der Walt, AFB Mthembu and AH Trikamjee, all of whom being eligible, offer themselves for re-election.

Reference to abbreviated *curriculum vitae* in respect of each director offering himself for re-election is contained in the explanatory notes to this notice.

Ordinary resolution 3: Non-executive directors' remuneration

To sanction the proposed remuneration payable to non-executive directors from 1 July 2010 as set out in the table contained in the explanatory notes to this notice.

Ordinary resolution 4: Re-appointment of external auditors

To re-appoint KPMG Inc. as independent auditors of the Company for the ensuing year (the designated auditor being Mr Jan Vliegenthart) and to authorise the directors to determine the remuneration of the auditors for the past year's audit as reflected in note 2.2 to the annual financial statements.

Ordinary resolution 5: Authority to issue unissued shares

To approve that, subject to the provisions of the Companies Act, 61 of 1973, as amended (the Act) and the Listings Requirements of the JSE, the directors are authorised to allot and issue at their discretion the unissued but authorised ordinary shares in the share capital of the Company for such purposes as they may determine.

Ordinary resolution 6: Authority to issue unissued shares for cash

To consider and, if deemed fit, to pass, with or without modification, the following ordinary resolution:

RESOLVED that, in terms of the Listings Requirements of the JSE Limited (JSE), the mandate given to the directors of the Company in terms of a general authority to issue securities for cash, as and when suitable opportunities arise, be renewed subject to the following conditions:

- that this authority shall only be valid until the next Annual General Meeting of the Company but shall not extend beyond 15 months from the date of this meeting;
- the allotment and issue of the shares must be made to persons qualifying as public shareholders as defined in the Listings Requirements of the JSE;
- the shares which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such shares or rights that are convertible into a class already in issue;
- that a paid press announcement giving full details, including the impact of the issue on net asset value, net tangible asset value, earnings and headline earnings per share, be published after any issue representing, on a cumulative basis within one financial year, 5% of the number of shares in issue prior to the issue concerned;
- that the issues in aggregate in any one financial year (including the number of any shares that may be issued in future arising out of the issue of options) shall not exceed 15% of the number of shares of the Company's issued ordinary share capital; and
- that in determining the price at which an issue of shares for cash will be made in terms of this authority, the maximum discount permitted shall be 10% of the weighted average traded price of the ordinary shares on the JSE, measured over the 30 business days prior to the date that the price of the issue is agreed between the Company and the party subscribing for the securities.

Notice of annual general meeting to members
continued

Ordinary resolution 7: Signing authority

To authorise any one director or the secretary of the Company to do all such things and sign all such documents as are deemed necessary to implement the resolutions set out in the notice convening the Annual General Meeting at which this ordinary resolution will be considered and approved at such meeting.

Special Business

Special resolution 1: Buy back of shares

To consider and, if deemed fit, to pass, with or without modification, the following special resolution:

"RESOLVED, as a special resolution, that the directors be and are hereby authorised, by way of general approval and in terms the mandate given to the directors in terms of its Articles of Association (or one of its wholly-owned subsidiaries) providing authorisation, by way of a general approval, to acquire on behalf of the Company or its subsidiaries, its own securities, upon such terms and conditions and in such amounts as the directors may from time to time decide, but subject to the provisions of the Companies Act, 1973 (Act 61 of 1973), as amended ("the Act") and the Listings Requirements of the JSE Limited ("the JSE'), be extended, subject to the following:

- this general authority be valid until the Company's next Annual General Meeting, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this special resolution (whichever period is shorter);
- the repurchase being implemented through the order book operated by the JSE trading system, without prior understanding or arrangement between the Company and the counterparty;
- repurchases may not be made at a price greater than 10% (ten percent) above the weighted average of the market value of the ordinary shares for the 5 (five) business days immediately preceding the date on which the transaction was effected;
- an announcement being published as soon as the Company has repurchased ordinary shares constituting, on a cumulative basis, 3% (three percent) of the initial number of ordinary shares, and for each 3% (three percent) in aggregate of the initial number of ordinary shares repurchased thereafter, containing full details of such repurchases;
- the number of shares which may be acquired pursuant to this authority in any one financial year (which commenced 1 July 2010) may not in the aggregate exceed 20% (twenty percent) of the Company's issued share capital as at the date of passing of this special resolution or 10% of the Company's issued share capital in the case of an acquisition of shares in the Company by a subsidiary of the Company;
- the Company's sponsor confirming the adequacy of the Company's working capital for purposes of undertaking the repurchase of ordinary shares in writing to the JSE prior to the Company entering the market to proceed with the repurchase;
- the Company and/or its subsidiaries not repurchasing securities during a prohibited period as defined in the JSE Listings Requirements, unless it has in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed and full details of the programme have been disclosed in an announcement published on SENS prior to the commencement of the prohibited period; and
- at any point in time the Company only appointing one agent to effect any repurchases on its behalf."

The directors, having considered the effects of the repurchase of the maximum number of ordinary shares in terms of the aforegoing general authority, are of the opinion that for a period of 12 (twelve) months after the date of the notice of the Annual General Meeting:

- the Company and the Group will be able, in the ordinary course of business, to pay its debts;
- the working capital of the Company and the Group will be adequate for ordinary business purposes;
- the assets of the Company and the Group, fairly valued in accordance with International Financial Reporting Standards, will exceed the liabilities of the Company and the Group; and
- the Company's and the Group's ordinary share capital and reserves will be adequate for ordinary business purposes.

Reason for and effect of special resolution number 1

The reason for this special resolution is to grant the directors of the Company a general authority in terms of the Act and the Listings Requirements for the repurchase by the Company (or by a subsidiary of the Company) of the Company's shares.

The effect of this special resolution is to enable the Company to repurchase its shares as and when required within the terms and conditions of this general authority.

Additional information

The following additional information, some of which may appear elsewhere in the annual report, is provided in terms of the JSE Listings Requirements for purposes of this general authority:

- directors and management – pages 24 to 27;
- major shareholders – page 102;
- directors' interests in ordinary shares – page 47 and 71; and
- share capital of the Company – page 84.

Litigation statement

The directors in office whose names appear on pages 24 and 46 of the annual report, are not aware of any legal or arbitration proceedings, including any proceedings that are pending or threatened, that may have, or have had, in the recent past, being at least the previous 12 (twelve) months from the date of this annual report, a material effect on the Group's financial position.

Directors' responsibility statement

The directors in office, whose names appear on pages 24 and 46 of the annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all information required by law and the JSE Listings Requirements.

Statement of no material change

Other than the facts and developments reported on in the annual report, there have been no material changes in the affairs or financial position of the Company and its subsidiaries since the Company's financial year end and the date of signature of the audit report.

Directors' intention regarding the general authority to repurchase the Company's shares

The directors have no specific intention, at present, for the Company to repurchase any of its shares but consider that such a general authority should be put in place should an opportunity present itself to do so during the year which is in the best interests of the Company and its shareholders.

Voting and proxies

Shareholders who have not dematerialised their shares or who have dematerialised their shares with "own name" registration are entitled to attend and vote at the meeting and are entitled to appoint a proxy or proxies to attend, speak and vote in their stead. A proxy need not be a shareholder of the Company. A proxy form, in which the relevant instructions for its completion are set out, is attached for the use of holders of certificated shares and 'own-name' dematerialised shareholders that wish to be represented at the Annual General Meeting. Completion of a proxy form will not preclude such a shareholder from attending and voting (in preference to that shareholder's proxy) at the Annual General Meeting. Proxy forms must be forwarded to reach the Company's transfer secretaries, Link Market Services South Africa (Pty) Ltd, 16th Floor, 11 Diagonal Street, Johannesburg or PO Box 4844, Johannesburg, 2000 by 10:00 on Wednesday, 10 November 2010.

On a show of hands, every shareholder of the Company present in person or represented by proxy shall have one vote only. On a poll, every shareholder of the Company shall have one vote for every share held in the Company by such shareholder.

Holders of dematerialised shares other than 'own-name' dematerialised shareholders who wish to vote at the Annual General Meeting must instruct their Central Securities Depository Participant (CSDP) or broker accordingly. Holders of dematerialised shares other than 'own-name' dematerialised shareholders who wish to attend the Annual General Meeting in person need to arrange the necessary authorisation as soon as possible, through their CSDP or broker, in terms of the agreement existing between them.

Equity securities held by a share trust or scheme will not have their votes at Annual General Meetings taken into account for the purposes of resolutions in terms of the JSE Listings Requirements.

By order of the Board

R Bisschoff
iThemba Governance and Statutory Solutions (Pty) Ltd
Company Secretary

Centurion
13 October 2010

Notice of annual general meeting to members
continued

Explanatory notes

Ordinary Resolution 1 – Adoption of annual financial statements

At the Annual General Meeting, the directors must present the annual financial statements for the year ended 30 June 2010 to shareholders, together with the reports of the directors, the Audit and Risk Committee and the auditors. These are contained within the Annual Report.

Ordinary Resolution 2 – Re-election of directors

In accordance with the Company's articles of association, one third of the directors (non-executive) are required to retire at each Annual General Meeting and may offer themselves for re-election. In addition, any person appointed to the board of directors following the previous Annual General Meeting is similarly required to retire and is eligible for re-election at the next Annual General Meeting.

The following Directors are eligible for re-election:
JCL van der Walt
AFB Mthembu
AH Trikamjee

Brief biographical details of each of the above directors and the remaining members of the board are contained on page 24 of the annual report of which this notice forms part.

Ordinary Resolution 3 – Proposed remuneration of non-executive directors payable from 1 July 2010

Shareholders are requested to consider and if deemed appropriate, sanction the proposed remuneration payable to non-executive directors with effect from 1 July 2010 as set out in the table hereunder. Full particulars of all fees and remuneration for the past financial year are contained on page 70 of the annual report. It is proposed that the remuneration payable to non-executive directors remain the same as for the previous financial year.

	Proposed retainer payable with effect from 1 July 2010	Proposed meeting fee payable with effect from 1 July 2010
Board Chairman	R1 177 200	R65 400
Board Member	R117 200	R12 000
Audit Committee – Chairman	R120 000	R23 544
Audit Committee – Member	R60 000	R11 772
Other Committees – Chairman	R85 000	R18 835
Other Committees - Member	R42 500	R9 418

Ordinary Resolution 4 – Auditors

KPMG Inc. has indicated its willingness to continue in office and resolution 4 proposes the re-appointment of that firm as the Company's auditors with effect from 1 July 2010 until the next Annual General Meeting. As required in terms of s274(3) of the Companies Act of 1973, the name of the designated auditor, Mr Jan Vliegenthart, forms part of the resolution. The resolution also gives authority to the directors to fix the auditors remuneration.

Ordinary Resolutions 5 and 6 – Placement and issue of shares

In terms of Sections 221 and 222 of the Companies Act No. 61 of 1973, as amended, shareholders must approve the placement of the unissued shares under the control of the directors. The authority will be subject to the Companies Act No. 61 of 1973, as amended, and the JSE Listings Requirements.

In terms of the JSE Listings Requirements, the approval of a 75% majority of the votes cast by shareholders present or represented by proxy at this Annual General Meeting is required for ordinary resolution number 6 to become effective.

Ordinary Resolution 7

Authority is required to do all such things and sign all documents and take all such action as necessary to implement the resolutions set out in the notice and approved at the Annual General Meeting. It is proposed that the Company secretary and/or director be authorised accordingly.

Special Resolution 1

The directors have no specific intention, at present, for the Company to repurchase any of its shares but consider that such a general authority should be put in place should an opportunity present itself to do so during the year which is in the best interests of the Company and its shareholders.

Administration

Secretary
iThemba Governance and Statutory Solutions
(Pty) Ltd
Monument Office Park
Block 5, Suite 102
79 Steenbok Avenue
Monument Park
(PO Box 4896, Rietvalleirand, 0174)

Registered office
c/o The Group CFO
47 Landmarks Avenue
Kosmosdal, Samrand
Centurion, 0157
(PO Box 10629, Centurion, 0046)

Merchant Bank, Advisor and Sponsor
Rand Merchant Bank
(A division of FirstRand Bank Limited)
(Registration number 1929/001225/06)
1 Merchant Place, Cnr Fredman Drive and
Rivonia Road, Sandton, 2196
(PO Box 786, Sandton, 2146)

Attorneys
Webber Wentzel
10 Fricker Road
Illovo Boulevard, 2196
(PO Box 61771, Marshalltown, 2107)

Transfer office/Transfer secretaries
Link Market Services SA (Pty) Ltd
(Registration number 2000/007239/07)
16th Floor, 11 Diagonal Street
Johannesburg, 2001
(PO Box 4844, Johannesburg, 2000)

Commercial bankers
The Standard Bank of South Africa Limited
(Registration number 1962/000738/06)
3 Simmonds Street
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(PO Box 61344, Marshalltown, 2107

Registered Auditor
KPMG Inc.
Chartered Accountants (SA)
(Registration number 1999/021543/21)
KPMG Forum
1226 Schoeman Street
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South Africa
(PO Box 11265, Hatfield, 0028)

Shareholders' diary

Annual general meeting	12 November 2010
Reports and financial statements	
Annual results announcements (published)	28 September 2010
Publication of annual report (mailed to shareholders)	20 October 2010
Financial year-end	30 June 2011

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Form of proxy

GIJIMA GROUP LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1998/021790/06)
(Share code: GIJ) (ISIN: ZAE000147443)
(Gijima or the Company)

Only for use by Gijima shareholders holding certificated shares, nominee companies of Central Securities Depository Participants (CSDPs), brokers' nominee companies and shareholders who have dematerialised their shares and who have elected "own-name" registration at the Annual General Meeting of shareholders of the Company to be held at 10:00 on Friday, 12 November 2010, in the Acacia Boardroom of the Company, Venus Building, Gijima Office Park, 47 Landmarks Avenue, Kosmosdal, Samrand, Centurion (the meeting).

Gijima shareholders who have already dematerialised their shares through a CSDP or broker other than in "own-name" registration must not complete this proxy form and must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between them and their CSDP or broker.

I/We

(Please print)

of (address)

being a member/s of the Company holding ____________ ordinary shares in the Company, appoint
(see note 1)

1. or failing him,

2. or failing him,

3. the Chairman of the Annual General Meeting,
as my/our proxy to act for me/us at the meeting of the Company for the purpose of considering, and if deemed fit, passing with or without modification, the resolutions to be proposed thereat and at each adjournment or postponement thereof, and to vote for and/or against such resolutions and/or abstain from voting in respect of the Gijima shares registered in my/our name/s in accordance with the following instructions (see note 2 overleaf):

ORDINARY BUSINESS	FOR	AGAINST	ABSTAIN
1. To receive and adopt the audited annual financial statements for the year ended 30 June 2010			
2. 2.1 To re-elect Mr JCL van der Walt as a director of the Company			
2.2 To re-elect Mr AFB Mthembu as a director of the Company			
2.3 To re-elect Mr AH Trikamjee as a director of the Company			
3. To sanction the proposed remuneration payable to non-executive directors			
4. To re-appoint KPMG Inc. as independent auditor of the Company for the ensuing year and to authorise the directors to determine the remuneration of the auditors for the past year			
5. Authority to place the unissued shares under the control of the directors			
6. Authority to issue shares for cash			
7. To grant any director or the secretary of the Company signing authority to implement resolutions approved at the Annual General Meeting			
SPECIAL BUSINESS			
8. Special Resolution number 1 To approve the repurchase by the Company of its shares			

(Please indicate instructions to proxy in the space provided above by inserting the relevant number of votes exercisable.)

Signed at on 2010

Signature

Assisted by (where applicable)

Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder/s of the Company) to attend, speak and vote in place of that shareholder at the meeting.

Notes to form of proxy

Instructions

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, with or without deleting "the Chairman of the Annual General Meeting". Any such deletion must be initialled by the shareholder. The person present at the meeting whose name appears first on this form of proxy and has not been deleted will be entitled to act as proxy to the exclusion of those whose names follow.

2. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate space provided. Failure to comply with the above will be deemed to authorise the Chairman of the Annual General Meeting, if he is the authorised proxy, to vote in favour of the resolutions, or any other proxy to vote or abstain from voting at the meeting as he/she deems fit, in respect of the shareholder's votes exercisable thereat. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or by his/her proxy, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the shareholder or by his proxy.

3. Any alteration or correction to this form of proxy must be initialled by the relevant signatory/ies.

4. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity or other legal capacity (such as power of attorney or other written authority) must be attached to this form.

5. The completion and lodging of this form of proxy by shareholders holding certificated shares, nominee companies of CSDPs or brokers and shareholders who have dematerialised their shares and who have elected "own-name" registration, will not preclude the relevant shareholder from attending the meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof. Shareholders who have dematerialised their shares through a CSDP or broker other than in "own-name" registration and who wish to attend the meeting must instruct their CSDP or broker to issue them with the necessary letter of representation to attend.

6. Proxy forms must be lodged with, posted to the Company's transfer secretaries, Link Market Services South Africa (Pty) Ltd, 16th Floor, 11 Diagonal Street, Johannesburg or PO Box 4844, Johannesburg, 2000, so as to be received by 10:00 on Wednesday, 10 November 2010.

7. The Chairman of the meeting may accept or reject a proxy which is completed and/or received other than in accordance with the instructions, provided that he shall not accept a proxy unless he is satisfied as to the manner in which a shareholder wishes to vote.