South Ocean Holdings

Annual Report //

2009

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South Ocean HOLDINGS

www.southoceanholdings.com

// GROUP AT A GLANCE

South Ocean Holdings

South Ocean Holdings Limited (South Ocean) listed on the main board of the Johannesburg Stock Exchange in February 2007, in the Electronic and Electrical Equipment sector. It has three wholly owned subsidiaries, detailed below. The subsidiaries in the group manufacture electrical cable, imports and distributes light fittings, lamps and electrical accessories in Southern Africa.

100%

SOEW

South Ocean Electric Wire Company (Proprietary) Limited (SOEW) is a manufacturer of low voltage electrical cables. SOEW is based in Alrode, south of Johannesburg, sells to wholesalers and distributors, has a market share of between 10% and 30% in its product range and employs 259 people. Products include general purpose insulated wires from 1 mm^2 to 630 mm^2, a range of flexible conductors, steel wire armoured cables, flat twin and earth cables and the popular "Norsk" cable, branded Surfcab.

100%

Radiant Group

Radiant Group (Proprietary) Limited (Radiant) is an importer and distributor of light fittings, lamps and electrical accessories to wholesalers, distributors and lighting consultants. Almost all of its products are imported and distributed to customers in Southern Africa. It operates from offices, warehouses and showrooms located in Wynberg, Johannesburg and Durbanville, Cape Town, and employs 386 people. Radiant is a significant supplier in the light fittings market and is also a major supplier of lamps and is growing in the electrical accessories market.

100%

ANCHOR PARK

Anchor Park

Anchor Park Investments 48 (Proprietary) Limited (Anchor Park) houses the property assets of the group, consisting of the SOEW Alrode plant and Radiant's warehouses, offices and showrooms in Johannesburg and Cape Town.

// FINANCIAL HIGHLIGHTS

The third annual report for South Ocean as a listed company highlights achievements during a challenging year. The group reached a number of milestones during the year, including:

- Completing Radiant's Johannesburg bulk warehouse;
- Commencing with additional upgrading on the Radiant warehouse in Johannesburg;
- Starting with the consolidation of the lamps and fittings warehouses in Johannesburg;
- Upgrading production lines at SOEW's Alrode plant and recording yet another increase in production levels;
- Radiant maintaining market share; and
- SOEW increasing market share.

Revenue DOWN
15,7% to R958,0 million

Gross profit DOWN
by 31,7% to R212,2 million

Net asset value per share UP
4,8% to 441,1 cents

Headline earnings return on equity of 5,5%

Earnings per share DOWN
48,3% to 20,2 cents

SUMMARY FINANCIAL PERFORMANCE

	% change	2009	2008	2007
Net revenue (Rm)	(15,7)	**958,0**	1 136,6	852,6
Operating profit (Rm)	(54,7)	**60,2**	132,7	185,4
Net profit after tax (Rm)	(48,2)	**31,7**	61,1	125,8
Headline earnings per share (cents)	(63,3)	**24,1**	65,7	96,6
Dividend per share (cents)*	(57,1)	**3,0**	7,0	26,0
Total assets (Rm)	(6,4)	**924,2**	987,4	937,0
Net cash and cash equivalents (Rm)	1 048,3	**58,8**	(6,2)	45,3
Shareholders' equity (Rm)	4,8	**689,8**	658,1	639,2

** includes dividends declared after year-end relating to the financial year under review*

// CHAIRMAN'S REPORT

Ethan Dube
Chairman

The year under review was a difficult and challenging one for the group, but one in which we went back to basics and established a more robust organisation positioned for future growth. Owing largely to sales price deflation and increased competition, South Ocean experienced lower margins and revenues during 2009. Despite the economic challenges, the group remains a significant player in the electrical cable and light fitting, lamps and electrical accessories markets in South Africa and one which is ready to exploit opportunities both at home and outside South African borders as the economy recovers.

MARKET REVIEW

During 2009 the group's trading environment continued to be characterised by increased competition and a declining economy, which led to pricing pressure across our range of products. Both SOEW and Radiant, the group's two main operating subsidiaries, found their margins affected. The group, however, weathered the poor trading conditions and used the time to implement a number of operational improvements to take advantage of the anticipated economic recovery.

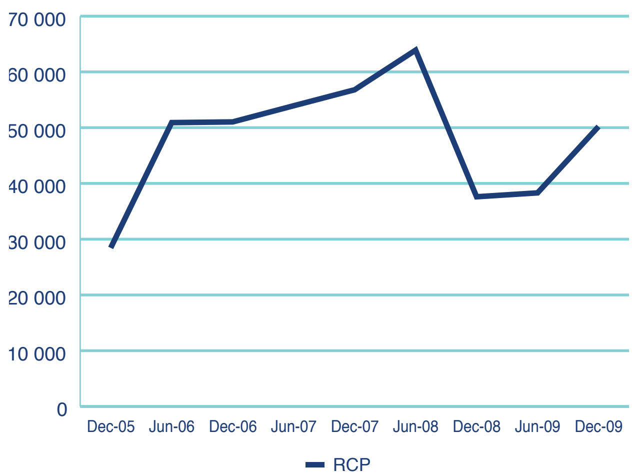
By the end of the year, the recession showed some signs of abating, with a number of building projects which had been put on hold, again under review. The group continued to focus on service delivery and quality standards as a means of differentiating our products and this strategy has proven successful, with both SOEW and Radiant showing a net gain in market share over the past two years.

The decrease in Rand Copper Price (RCP) of 41% in the second half of 2008 had a material effect on the results of SOEW for 2009. The RCP increased by 33,5% by the end of 2009, but competitive pricing in the market continued to affect the results negatively. We have put a number of strategies in place to mitigate fluctuating copper prices as well as interest rate and foreign exchange volatility. The group also focused on managing SOEW's supply of copper, since the company had become too dependent on one supplier. This should mitigate risk of disruption in future.

Radiant saw its results affected by the widespread slowdown in the construction sector, but a strong focus on marketing and branding is already reaping rewards with increased awareness of the brand across key markets. Despite the tough environment, Radiant met its sales targets and continues to be one of the leaders in innovation in the area of light fittings, lamps and electrical accessories.

The group expects that the economic recovery will continue into 2010 and the projected GDP growth of between 2% and 3% during 2010 should have a positive impact on the markets in which we operate.

Spot price RCP – December 2005 to December 2009



PERSONNEL

Increased competition across the group's markets means our ability to attract and retain talented individuals remains fundamental to the group's continued success. Our human resources strategy centres on building a strong employee value proposition with leadership, brand, people development, work life balance and diversity at the centre. Further strategies include identifying and developing future leaders in the group and growing the number of skilled professionals within the organisation to assist in effective succession planning.

The group supports and encourages its employees to pursue personal development opportunities – a strategy we believe will strengthen its competitiveness in the industry.

"South Ocean has a number of exciting projects in the pipeline which we believe will serve as a catalyst to propel our business into new markets and product categories."

STAKEHOLDER MANAGEMENT

During the year we continued to provide proactive and transparent communication to our stakeholders and actively engaged with them on all relevant and material matters affecting the group. Reporting has been integrated across all areas of performance including economic, social and environmental issues. This reflects the strategic decisions adopted by the board.

EXECUTIVE AND DIRECTOR CHANGES

In a strategic move to ensure that the group is more centrally managed and that management decisions are more streamlined, a number of management changes were undertaken during the year. Koos Bekker took over as Radiant's CEO and continues his responsibilities as CFO of the group at holdings level.

There were also a number of changes at board level. Mr JB Magwaza resigned from the board as chairman at the end of July 2009 for personal reasons. I would like to thank him personally for his contribution to the company since its public listing.

Ms Jennifer Law joined the board in March 2009 as a non-executive director and was redeployed as an alternate director in August 2009. Jennifer resigned at the end of February 2010 to investigate and participate in a possible future project of the group.

Ms Melanie Chong joined the board from April 2010 as a non-executive director.

PROSPECTS

Given the more positive economic outlook for the South African economy and favourable macro-economic conditions, the group is well positioned for growth.

South Ocean has a number of exciting projects in the pipeline which we believe will serve as a catalyst to propel our business into new markets and product categories. More information on these projects is provided in the CEO's report on page 6.

Eskom's recent success in securing funds to build more power stations is positive news for the group and the industry as a whole. We also note a positive trend in the copper price, as well as the interest rate and the Rand/Dollar exchange rate – all of which are critical for the growth of the group.

APPRECIATION

I would like to express my gratitude to all members of the board for their contribution during what amounted to a very difficult year for the group. This extends to all members of the South Ocean team, including all our employees who helped the group weather the tough economic conditions. Their commitment and loyalty will help South Ocean take advantage of the improved market conditions in the years ahead.

Ethan

Ethan Dube
Chairman

// CHIEF EXECUTIVE OFFICER'S REPORT

Edward Pan
Group Chief Executive Officer

OVERVIEW

During 2009, South Ocean experienced probably its most difficult trading period since the founding of the South Ocean Electric Wire Company (SOEW) more than two decades ago. In addition to the declining economic conditions, increased competition in the market resulted in depressed selling prices and the group was forced to work hard to maintain and increase its market share. Despite a reduction in the interest and inflation rates, which helped to ease business conditions, consumer spending remained conservative. During the last quarter, however, the economic environment began to show signs of recovery, although it is likely that it will be some time before we see its impact in the real economy.

South Ocean has shown resilience during the year, being one of the few companies in its industry that did not scale down production or lay off personnel. This was achieved mainly by adopting disciplined and prudent cost-cutting measures across our operations. SOEW was able to expand manufacturing and introduced new product lines to satisfy customer demand. Radiant demonstrated the strength of its underlying business case by increasing its market share in the growing electrical accessories and retail sectors.

Although the group's financial performance was not as robust as in previous years, our results did exceed our expectations. This was a result of new strategic decisions and structures which were adopted and implemented during the year. We believe this will stand us in good stead as the economy recovers.

PERFORMANCE

Group revenue for the year ended 31 December 2009 declined by 15,7% to R958,0 million while earnings were at R31,7 million – a decline of 48,2% from the previous financial year.

The Rand Copper Price (RCP) decreased by 41,0% during the last half of 2008 and a further 18,5% in January 2009, resulting in selling prices dropping further in an attempt by the industry to decrease stock levels. The negative effects of this de-stocking were experienced in the first six months of the year. Although the RCP increased by 33,5% from December 2008 to December 2009, the moving average RCP at year end of R48 274 (2008: R45 560) was 6,0% up from the prior year. A 25,6% decrease in the moving average RCP of R40 244 for the year (2008: R57 426) had a material effect on the group's profitability.

SOEW also experienced an interruption in the supply of copper which made meeting manufacturing targets a challenge, although this was overcome and we now deliver as expected. The risk of relying on one supplier has been addressed, thereby mitigating any risk of future disruption.

The movement of the Rand/Dollar exchange rate also played a significant role in the performance of both operating subsidiaries. The Rand remained strong against the US Dollar for most of the year, resulting in reduced input costs for imported products. Mitigation of exchange rate volatility remains an important business priority for our manufacturing and the lighting subsidiaries as turnover was down compared with the prior year.

The group continues to explore export opportunities with sales into Africa and Mauritius more than doubling during the year, albeit off a low base.

SOEW

As detailed on page 10 in SOEW's operational review for the year, production for the subsidiary increased by 15,3% during the year and the company increased its market share. Owing to depressed sales prices and lower margins, however, SOEW's overall operating profit declined by 77,3% to R20,3 million.

The volatile copper price, coupled with fluctuations in the Rand/Dollar exchange rate, remain the most difficult aspects of SOEW's business to control. We remain confident that SOEW's experienced management team will be able to implement strategies to mitigate volatility in these two areas.

SOEW continues to expand into new product lines. In an exciting development, the company acquired vacant land adjacent to the existing factory in Alrode for expansion. The board has also recently approved further capital expenditure for the expansion of the plant on a multiphase

"South Ocean has shown resilience during the year, being one of the few companies in its industry that did not scale down production or lay off personnel."

approach which will enhance its capacity to deliver increased volumes in the 2011 financial year. The new plant should also increase efficiencies and lead to a reduction in manufacturing costs.

Radiant

Radiant's operational and financial performance declined during 2009 owing to tough trading conditions. Despite this, the company managed to maintain its strong market share.

The electrical accessories division showed growth during the year, and together with the lamps and fittings divisions, should continue to gain market share as new product lines are launched in 2010 and 2011. The recent capital investment in warehousing, distribution and stock systems has positioned Radiant as a world-class operation and distinguishes the company from its competitors. The Radiant brand and corporate identity is fast becoming a premium household name in the market.

Radiant has established itself as one of the leaders in innovation, especially in "green" technologies. The company either develops or identifies and then distributes innovative and eco-friendly products to meet growing market demand for energy-saving products. As a result, Radiant has secured a number of exclusive appointments with corporate and construction projects as suppliers of lighting and electrical accessories.

The recent restructuring of the Radiant management team resulted in the early termination of the fixed term contracts, by mutual agreement, with Mr Hanan Schwartz, Mr Gary Stein and Mr Laurence Sarakinsky. The management team has been bolstered by the appointment of a number of senior staff members to fill the divisional director positions.

FUTURE PROSPECTS

In one of the most exciting business developments in South Ocean's history, the board has approved the establishment of a pilot project for the generation and distribution of renewable energy. A new subsidiary, Radiant Matla Renewable Energy Corporation, has been formed and sample systems will be imported and installed on one of the group's properties in 2010.

Should the pilot prove to be viable, we will apply to the National Energy Regulator of South Africa (NERSA) for a license to operate as an independent power producer (IPP). This will put us in a position to secure contracts with Eskom, municipalities and the private sector.

This new venture is clearly complementary to our existing operations in the electrification industry, and we hope to be an innovative pioneer and continue to deliver to our stakeholders.

South Ocean's contributions towards Black Economic Empowerment will be one of the key factors in determining the group's access to and participation in important public and private sector contracts. The improved economic conditions allow the group to proactively initiate a process to identify, screen and select the most appropriate black equity partners. It is envisaged that the BEE shareholders will be able to acquire an equity stake. As soon as the selection process has been finalised, the board will provide detailed information on this transaction to the shareholders for approval.

APPRECIATION

I wish to thank the board for their guidance and expertise, especially our Chairman Mr Ethan Dube, for their time and valuable contributions during a challenging time for our group. I am also very grateful to Mr JB Magwaza, our former chairman, for his contribution to the South Ocean group. During the days of establishing the business in King Williams Town, through its listing and during the challenging times of the recession, Mr Magwaza has provided insight and business experience that has helped the business grow into a successful enterprise.

My heartfelt gratitude also goes to the group's leadership teams and all the staff at South Ocean whose dedication and commitment to achieving a common purpose have helped to build a successful and resilient group.

Edward Pan
Group Chief Executive Officer

// BOARD OF DIRECTORS

Ethan Gilbert Dube (50)
MSc (Statistics)

Independent Non-executive (Chairman)
Board Committees: Audit and Risk Management, Remuneration
Ethan was appointed as director of South Ocean in February 2007 and chairman in July 2009. He has over 15 years of experience in various aspects of the financial services industry. He is CEO of Vunani Limited (previously African Harvest Capital), a position he has held since a management buy-out in September 2002, which he led. He has also worked as an equity analyst and portfolio manager at various asset managers and in corporate finance and central banking.

Kwok Huen (Henry) Pon (73)
BCom (Rand), CA (SA)

Independent Non-executive
Board Committees: Audit and Risk Management (Chairman), Remuneration (Chairman)
Henry joined the board of South Ocean in November 2007 as an independent non-executive director. He has been in public practice as a chartered accountant since 1962 and is still highly active in the accounting and auditing field. During his many years of practice, Henry has had exposure to different fields of commerce and industry and has gained extensive experience in finance, tax, auditing, accounting and management. Throughout his career he has audited public companies at the highest level.

Edward Hwei Ti Pan (63)
BSc (Eng) (Tri-State, Indiana)

Chief Executive Officer
Edward founded SOEW in 1989 in King Williams Town and has been CEO since then. After graduating, he served as plant manager and MD of businesses in Taiwan before settling in South Africa in 1982. In South Africa he founded Dimbaza Fibre and then Cosmic Package, a manufacturer of polypropylene woven bags. He was chairman of Cosmic Package until 1998 when he resigned and sold his shareholding. Both of these companies continue to be successful businesses today.

Edward was recognised by Asia Inc Magazine in Hong Kong in 1995 as a successful Taiwanese businessman in Africa and he was awarded the 4th Annual Outstanding Overseas Taiwanese for Small and Medium Enterprises by the Ministry of Economic Affairs in Taiwan in 2002. He was chairman of the Johannesburg Taiwanese Chamber of Commerce.

Jacobus (Koos) Petrus Bekker (53)
BCom, BCom (Hons), CA (SA)

Chief Financial Officer
Koos has been CFO of South Ocean since February 2007. He was appointed CEO of Radiant in October 2009. He joined SOEW in July 2001 as Administration and Financial Operational Manager. Koos entered the accounting profession in 1978 and was appointed audit partner in 1986, at a medium-sized firm and also was a partner at one of the big four firms during his career as an auditor. He left the auditing profession in 1997 and opened a stockbroking firm in the Eastern Cape. He qualified as a stockbroker in 1999 and was a member of the South African Institute of Stockbrokers until 2001.

Hung-Lung (Eric) Li (58)
MSc, Industrial & System Engineering (San Jose State University, USA)

Non-executive
Board Committee: Remuneration
Eric was appointed to the South Ocean board in March 2008 as an alternate director to Choice Pan and a full non-executive director in August 2009. Eric is the Vice President of Telecommunication Cable Business at Hong-Tai in Taiwan. Eric joined Hong-Tai in 2004 as the vice president, Information Technology Center before he was transferred to Telecommunication Cable Business. He was previously involved in the software engineering and semiconductor manufacturing business in Silicon Valley in the US for more than 20 years. Eric has held positions of General Manager at VLI Communications, Vice president at Everlasting Software Company and Software Engineering Director at Sun Microsystems.

Chung-Hsiang (Choice) Pan (52)
BSc Public Finance (Feng Chia, Taiwan)

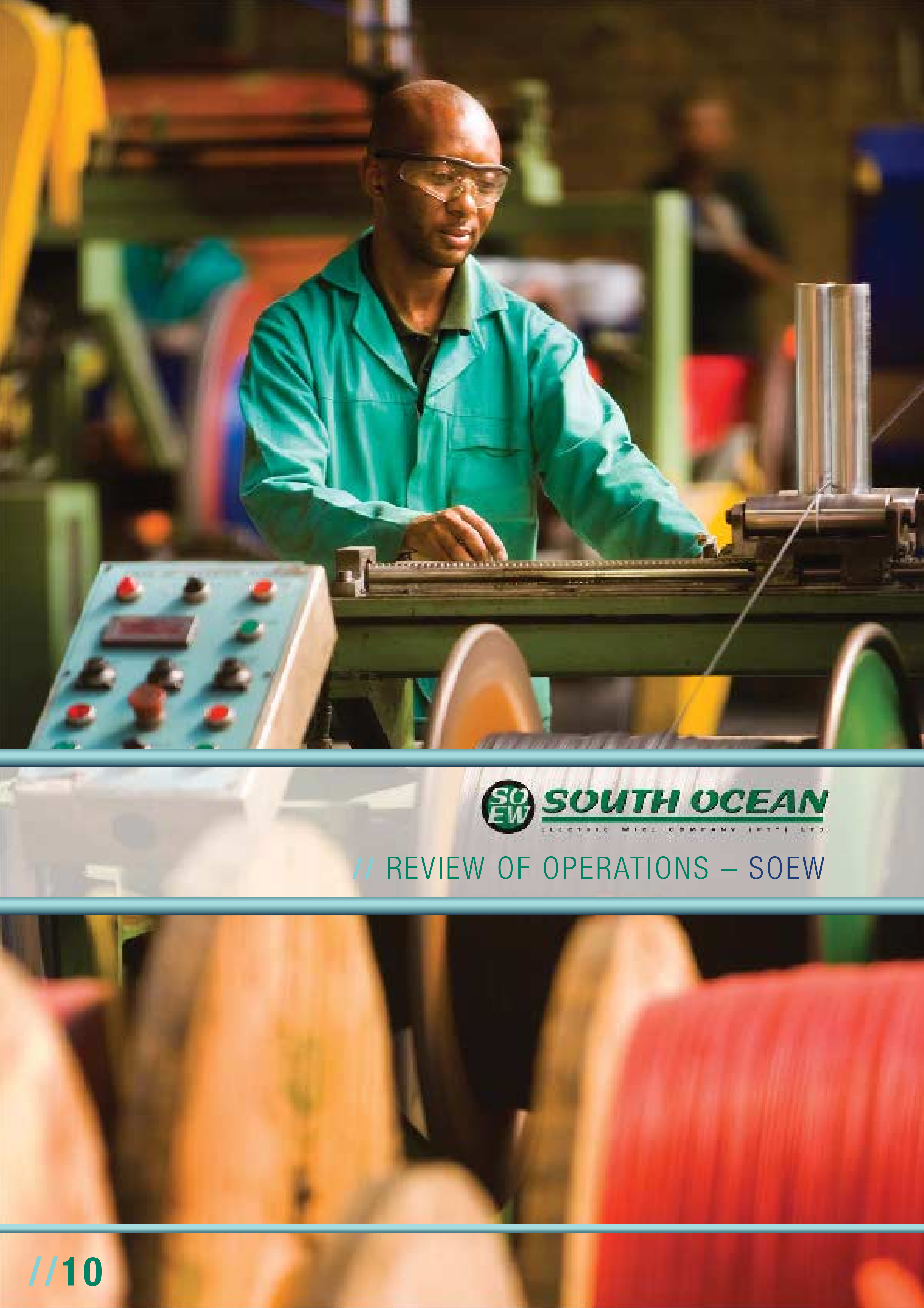
Alternate Non-executive
Choice was appointed as a non-executive director of SOEW in 2002 and of South Ocean in January 2007. He was redeployed as alternate director to Mr Eric Li as from August 2009. He is the senior president of Hong-Tai and has been an executive director of Hong-Tai since 1990. His experience covers a wide range of cable and electronic material manufacturing and marketing. He joined Hong-Tai in 1982 as chief of the power cable marketing department. Choice is also a director of United Electricity Industry Company and an executive director of the Taiwan Electric Wire & Cable Industrial Association.

Chi-Ying (Joe) Wu (44)
BSc Business Administration (Montana, USA)

Non-executive
Board Committee: Audit and Risk Management
Joe was appointed as a non-executive director of SOEW in 2004 and of South Ocean in January 2007. He is both the financial officer and executive officer of Hong-Tai since April, 2008. He has a wide range of experience in accounting, financial, administration and internal control systems. Joe joined Hong-Tai in 1996, became the assistant manager of the accounting department of Hong-Tai in 2002 and was appointed manager of the internal audit department in 2005.

Melanie Chong (33)
BCom, BCom (Hons), CA (SA)

Independent Non-executive
Board Committee: Audit and Risk Management
Melanie was appointed to the South Ocean board in April 2010. Over the past ten years Melanie has worked predominantly in the financial services sector. She has worked as the corporate governance officer at a blue chip company. Melanie started her own business and partnered with other owner-managed businesses in the consulting, accounting, luxury accessories and recruitment industries.



SOUTH OCEAN
ELECTRIC WIRE COMPANY (PTY) LTD

// REVIEW OF OPERATIONS – SOEW

SOEW is a medium-sized manufacturer of electrical cables mainly in the general-purpose market, with specific focus on the wholesale sector. The company manufactures the full range of low voltage electrical cables, from typical household wiring to industrial steel wire armoured cables. These are sold to electrical wholesalers and distributors who supply the building, construction, mining and retail industries.

SOEW SENIOR MANAGEMENT

Paul Ferreira (40)
Chief Executive Officer

Paul joined SOEW in 1999 as Marketing Operations Manager and was appointed Marketing Director in February 2007 and CEO of SOEW in August 2008. He has pursued a career in marketing electrical wires and cable for the last 20 years.

Yasmin Mahomed (43)
Sales & Marketing Director

Yasmin joined SOEW in 2002 as a sales consultant. She was appointed Sales Manager in 2007 and had been in the cable industry for 16 years before joining South Ocean. She started her working career in 1987 for a large cable manufacturer in South Africa.

Johan Prinsloo (36)
Factory Operations Manager

Johan joined SOEW in 1999 as an electrician. He was appointed Technical Manager in 2006 and Factory Operations Manager in 2009. Johan has 10 years cable and technical experience.

Dean Johnson (43)
Financial Manager

Dean joined SOEW in May 2009. After qualifying as a chartered accountant, Dean was appointed as financial manager for a manufacturing business in 1993 and was later appointed financial director of the group. He has also worked in the FMCG and IT industries.

// REVIEW OF OPERATIONS – SOEW continued

SOEW is a wholly owned subsidiary of South Ocean. SOEW accounted for 61,8% of group revenues and 33,8% of group operating profits for the year.

Despite difficult trading conditions, SOEW increased production volumes by upgrading various production lines and taking advantage of efficiency improvements. Demand for electrical cable was affected by the general slowdown in the economy and SOEW's operating margins reduced accordingly. As a result, operating profit declined by 77,3%. However, the company's market share increased during the period.

PERFORMANCE

The 2009 financial year produced mixed results for SOEW. The first half of the year was impacted by a low Rand Copper Price (RCP) with significantly depressed market prices which directly affected profitability. The copper price is a function of global commodity price trends.

By December 2009, the RCP had increased by 33,5% from its December 2008 base price, but it was still 25,8% below the peak price of 2008. Overall the yearly moving average copper price for 2009 was down by 29,9% on the previous year. As a result, SOEW's net revenues fell 20,9% to R591,9 million (2008: R748,0 million).

Performance during the first half of the year was affected by aggressive pricing by competitors as they sought to de-stock due to the volatile copper price.

The fall in revenue was offset to some extent by an increase in SOEW's production volumes. The volume growth also indicates an increase in market share as total market volumes have declined.

While the building and construction sectors were affected by the economic slump, with new project plan approvals down by 18% year-on-year, SOEW's business was buoyed by continued project work on the country's stadiums, airports and road infrastructure to which it provides cabling. Following the FIFA World Cup 2010, infrastructural spend looks set to continue although in different areas such as low cost housing.

The company's focus on cost containment was rewarded over the past year as overall operational costs were reduced by 13,2%, compared with the prior year.

In addition, there was a focus on the management of working capital with trade receivables collections improving together with an improvement in the quality of the debtor's book. The result has been a significant improvement in the net cash position of the business to R24,8 million from a net overdraft of R8,1 million in the prior year.

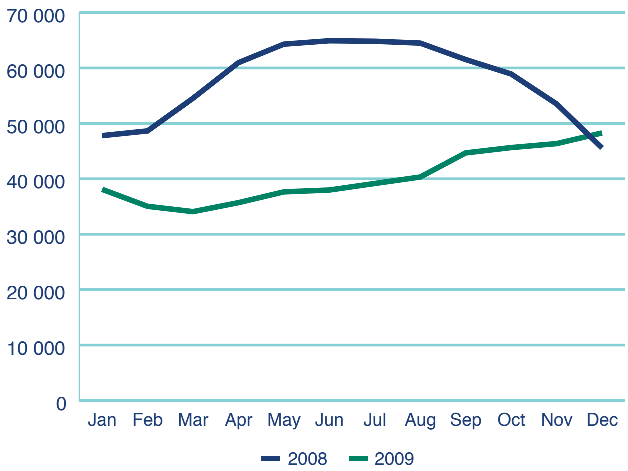
OPERATIONS

SOEW upgraded and commissioned plant improvements during the year. These improvements were included in the company's annual capital expenditure of R10,2 million. The new technological improvements increased production output and will enable increased volumes in future, resulting in reduced lead times to customers. The growth in volumes was also partly achieved through the reduction in machine breakdown hours.

The company continued to focus on reducing wastage by recycling and re-using certain materials within the organisation. All assets are utilised to a maximum capacity wherever possible, with emphasis on preventative maintenance to reduce plant down times.

The SOEW sales team is well experienced and dynamic. New products have been added to the product range during the year and investigations are continuing into other products which can be added to the range without major changes to the current production processes.

Monthly moving average RCP



During the past year, exports doubled to 1,6% of sales and we expect further growth into neighbouring countries.

The company continued to focus on providing quality products to its customers, with quality control facilities and a testing laboratory to ensure that SOEW products comply with SABS standards and the ISO 9001: 2008 Management System.

PEOPLE

SOEW's staff complement consists of 259 employees, this includes electrical, engineering, administration, marketing, skilled and semi-skilled personnel. This represents a slight reduction from the prior year due to natural attrition.

The company consistently works to improve the skills level of staff, encouraging growth and development throughout the organisation. SOEW emphasises on-the-job training and also provides Adult Basic Education Training to staff members.

In an ongoing effort to ensure the health and safety of its employees, the company conducted a number of safety awareness workshops and safety interventions. During the year, a number of operational improvements were also implemented.

OUTLOOK

SOEW managed to adapt to the declining economic conditions and maintained its market share. This has positioned the company well for growth when the economy improves.

In the current low margin environment, management will continue to focus on increasing production volumes and taking advantage of the additional capacity commissioned during 2009. Improved production efficiencies, which have a significant impact on margins, are as important. Increased productivity is likely to come from an improved production planning system which will be introduced during 2010 as well as improving efficiencies and reduction of scrap and short metres.

SOEW also plans to take advantage of market improvements by investing in efficiency-enhancing machinery, monitoring and increasing selling prices wherever possible and promoting more profitable products.

The export market into Africa remains a priority and management expects further growth in key markets.

SOEW's focus remains on providing excellent service to customers and supplying quality product in order to grow market share.

Although market conditions look set to improve, trading remains tough as competitors continue to price aggressively. Some stability has returned to the market as the RCP has improved and there are indications that the market has been through the worst. Improvement is expected for the next financial year.

SOEW'S PRODUCT RANGE

Over the past financial year, SOEW has expanded its manufacturing range and it now consists of the following products:

- Bare copper earth wire
- General purpose house wire
- Flat twin and earth
- Surface wiring
- Twin illumination cable
- Cabtyre
- Single core flex
- Solid panel wire
- Flex power
- Ripcord
- Mainscord
- Submersible pump cable
- Nitrile trailing cable
- PVC nitrile welding cable
- Flame retardant (FR) armoured cable
- Low halogen (LH) armoured cable
- Flame retardant (ECC) armoured cable
- Armoured cable (FR) 1.8/3.3kv
- Single core double PVC cable
- Single core double PVC AWA PVC cable

// REVIEW OF OPERATIONS – RADIANT

Radiant is the leading supplier of light fittings in South Africa and a major supplier of lamps, with a growing share in the electrical accessories market. In addition to focusing on driving innovation and technology across its product range, the company dedicated significant resources to building the Radiant brand across all its markets and made operational improvements to enable it to improve service delivery to its customers.

RADIANT SENIOR MANAGEMENT

Koos Bekker (53)
Chief Executive Officer

Koos was appointed as CEO during the year. See the South Ocean directorship on page 8 for his background.

Gerard Pillay (50)
Executive Director:
Product Development – Lamps

Gerard is responsible for the development of Radiant's lamps division. In 1998 Gerard started Lohuis, an importer and distributor of lamps in South Africa, which was merged with Radiant in 2005. Gerard has 28 years experience in the lighting industry.

Graham Chick (41)
Executive Director:
Product Development –
Electrical

Graham joined Radiant in February 2008. He began his 20-year career in the industry as an electronic designer and was managing director of a market leading electrical accessories company prior to his appointment.

Neels Smit (43)
Divisional Director: Operations

Neels joined Radiant in January 2009. He started his career as an industrial engineer in the steel industry in 1991, concentrating on production and logistics management. He worked in textile manufacturing and, prior to joining Radiant, in supply chain management in the chemical and mining industry.

// REVIEW OF OPERATIONS – RADIANT continued

RADIANT SENIOR MANAGEMENT continued

Jeremy Esekow (35)
Divisional Director: Finance & IT

Jeremy joined Radiant in February 2009. He has held finance positions in the tourism, manufacturing and wholesale industries. Jeremy qualified as a chartered accountant in 2000 and has since then worked in several private and public listed companies in senior managerial roles.

Mark Fuller (52)
Divisional Director: Business Development

Mark joined Radiant in January 2009. His 30-year career spans the manufacturing, FMCG and service industries where he specialised in sales and business development. Prior to joining Radiant he consulted widely on staff development and world-class service.

Anthony Lloyd (38)
Divisional Director: Key Accounts & Sales

Anthony joined Radiant in 1999 as a senior sales representative and progressed to national sales manager where he developed and grew the Radiant sales team. He has extensive experience in the lighting industry, including in different African countries.

Chris Calitz (55)
Divisional Director: Product Development – Fittings

Chris has been involved in procurement and sales since he joined Radiant in 2006. He has more than 16 years' experience in the lighting business, especially in the areas of logistics, freight forwarding and costing. During his time at Radiant, Chris has dealt extensively with factories in Taiwan and China and specialised in the development of light fittings, low voltage and LED items.

Valerie Poyurs (38)
Divisional Director: Marketing

Valerie has headed Radiant marketing since November 2008. Prior to joining Radiant, she acquired significant brand and marketing experience working in senior marketing roles on a number of top brands, both in-house and at agency level. Valerie also ran her own consulting firm for a number of years.

Radiant is a wholly owned subsidiary of South Ocean Holdings. It accounted for 38,2% of group revenues and 58,2% of group operating profits for the year.

The past financial year was one of consolidation and fortification for Radiant. Although trading conditions across the company's markets continued to be challenging and volumes were down, the company managed to maintain its market share. Volumes for lighting and electrical products shrank by an estimated 18% on the back of a depressed housing market with revenue down by 5,8% to R366 million (2008: R388,6 million).

PERFORMANCE

Radiant operates three product divisions: electrical accessories, lamps and fittings. Despite the downturn in the general economy, the electrical accessories and lamps divisions managed to exceed their targets.

Retail, which focuses on mass retailers, saw turnover growing significantly as the company focused on product presentation, marketing and product range expansion. A new sales and marketing strategy and supporting structure underpinned this achievement.

The electrical accessories division, which services electrical wholesalers, grew turnover by 35% through the introduction of electrical commodity products and innovative-energy-saving products.

Since Radiant sources its goods from various international manufacturers and, to a lesser extent, local manufacturers, input prices are correlated with the strength of the Rand. Suppliers range from high-end European manufacturers to bulk manufacturers in China. During the year, the strong Rand had a positive effect on input prices. However, pricing pressure as competitors sought to maintain market share, did affect margins.

Operating expenses increased by 18,2% mainly owing to general inflationary increases as well as the employment of key specialist staff and increased depreciation on capital expenditure. The latter were both in alignment with the strategic restructuring completed in the first half of the year.

OPERATIONS

Radiant imports light fittings, lamps and electrical accessories for distribution to customers in South Africa and neighbouring countries. The company has a strong brand in the South African market and is recognised for high quality, wide range and competitive pricing.

The company continued with its investment in infrastructure, particularly warehousing. The first stage of consolidating the company's lamp and fittings warehouses was completed and a new despatch area was installed in Johannesburg. The warehouse in Wynberg, Johannesburg, which is in the process of being reorganised will be completed in the first quarter of 2010. The final consolidation phase of the lamps and fittings warehouses will be completed by the middle of 2010. This will help to improve stock management and the timely replenishment of stock in both the Johannesburg and Cape Town warehouses.

Radiant's state-of-the-art showroom in Cape Town, backed with larger warehousing, supported increased regional sales during the year. In Johannesburg, the Radiant showroom is in the process of being upgraded to enable better display of products. An innovation, lifestyle and project section will be introduced. In an effort to assist distributors to showcase Radiant products, all showrooms have been opened on Saturday mornings for viewing from 2010. This has proved to be a successful concept and continues to foster consumer interest.

// REVIEW OF OPERATIONS – RADIANT continued

In keeping with its focus on innovation, Radiant also set up a display at the Innovation Hub, a novel expo and retail concept based in Pretoria. The hub allows manufacturers and suppliers of home-related products and supplies to exhibit and market their products permanently to building industry professionals and the general public. In the spirit of innovation, Radiant's display at the centre marks a major departure from traditional lighting showrooms with modular units used to showcase the company's range of stylish lights and fittings.

While many companies were cutting back on marketing spend, Radiant invested significantly in its brand during 2009. The company rolled out its single brand strategy, including new and improved packaging. Not only has this helped to position Radiant for growth in the year ahead, it also boosted customer loyalty and improved awareness levels amongst both trade and retail customers. Brand surveys indicate that the Radiant brand is top of mind for more than 70% of trade customers and a significant proportion of retail customers.

Part of the marketing strategy was a focus on driving sales volume by supporting marketing initiatives, such as breakfasts held on customers' premises to showcase Radiant products. The company supported a number of events by sponsoring customers in return for branding opportunities.

Radiant continues to lead the lighting and electrical industries in innovation. The product development unit focuses exclusively on communicating with customers and developing products to suit their requirements. Much of the innovation and technology is directed towards providing energy-saving and green products. For example, Radiant's OWL, which enables customers to measure how much power different appliances use, is one of the few devices on the market targeting energy-conscious consumers, allowing them to reduce their electricity bills.

Radiant continues to provide green lighting options for its customers, with a focus on LED lamps and appropriate fittings. The company is well positioned to take advantage of government's recent introduction of a R3 levy on power-hungry incandescent and halogen lamps through its range of alternative energy-saving products. The new regulations were introduced in 2009 and should drive consumers to switch to more energy-efficient lighting solutions, however this levy will have no impact on the company's gross margins.

PEOPLE

Radiant's staff complement increased to 386 in 2009, up from 383 in 2008. The company continued to invest in the development of its staff, with training focusing on supporting skills such as basic sales skills and fire and safety training.

To support Radiant's efforts to be the leading partner for lighting and electrical products, a number of changes at management level were made during the year.

As discussed in the group 2008 annual report, Radiant's divisions have been restructured to improve processes and support the company's customer centricity drive. The company's focus remains on strengthening Radiant's position as the leading supplier of lighting and electrical products in South Africa.

As a result of the reorganisation, the fixed term contracts with Gary Stein, Hanan Schwartz and Laurence Sarakinsky were terminated by mutual agreement before completion. Second tier management were able to take up their duties. Koos Bekker took over the role of CEO with effect from October 2009.

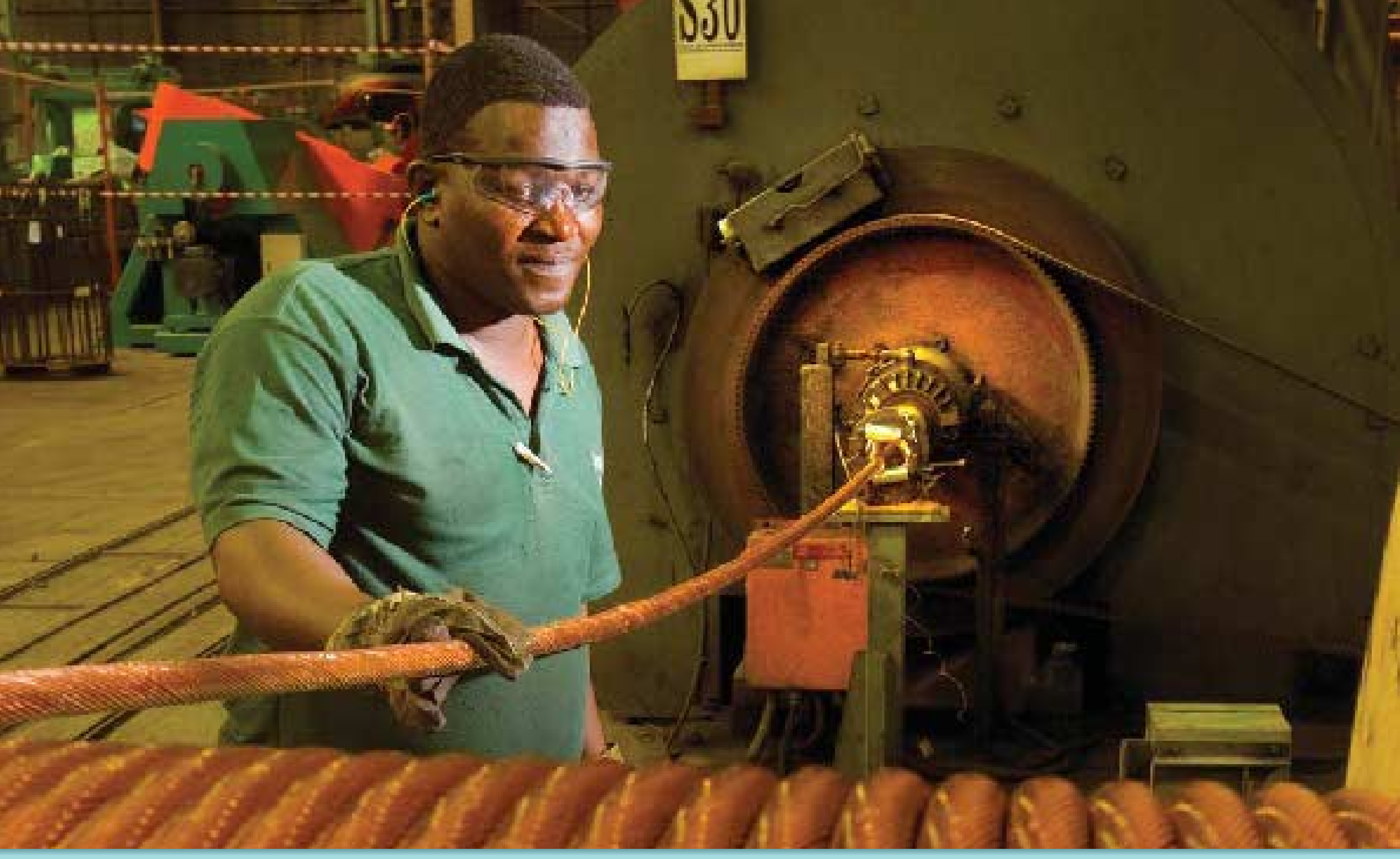
OUTLOOK

Radiant has made the most of a challenging year, focusing on internal re-organisation, boosting its marketing efforts and consolidating operations. The company is now in a strong position to grow in the year ahead. Backed by the facilities upgrade, restructuring of the executive team and improvements in innovation and marketing, Radiant looks to grow its market share in existing markets as well as expand into new territories.

Potential growth prospects in the export market exist, where currently 8% of Radiant's turnover is generated outside South Africa. This represents a significant increase on 2008 levels and has been targeted as a growth opportunity in 2010 and beyond.

The company's planned rollout of its CRM system will improve customer service and the benefits of investing in the Radiant brand are likely to be realised in the coming year, as there are signs that the economy is recovering. Cash flow and working capital management remain a key objective, with a priority on managing inventory levels down.

Although dampened demand from the construction and building sectors affected Radiant's operations during 2009, infrastructure-related projects continued to buoy the sector to some extent. Towards the end of the year, there were signs of recovery, with a number of projects that had been put on hold, again under review. Radiant is well positioned to take advantage of a general economic recovery and this is likely to have an immediate impact on the company's bottom line. While management remains optimistic about a recovery in 2010, it has adopted a cautious approach and will continue to focus on strengthening the basics of the business in order to deliver future growth.



// SUSTAINABILITY REPORT

South Ocean's commitment to sustainable development is underpinned by a philosophy of creating value for all stakeholders and adopting an integrated approach to managing the economic, social, environmental and corporate governance aspects of its business.

The values of good corporate citizenship underpin South Ocean's approach to sustainability. The group recognises that its future growth and sustainability rests on its contribution to South African society and its investment in socio-economic transformation.

SOCIAL ASPECTS

Employees

South Ocean understands that its employees are the foundation of the group's success. The ability to attract, develop and retain the necessary skills and competencies to meet its growth objectives remains one of the most important aims of the group. This includes creating a supportive work environment in which employees are motivated to engage and contribute their best efforts to the organisation.

Broad-based Black Economic Empowerment (BBBEE)

BBBEE in South Africa is aimed at broadening participation in the economy and sharing benefits to include individuals who were excluded or disadvantaged in the past on the basis of race. The group is committed to meeting the objectives of the Codes of Good Practice and is continuing to monitor its compliance in this regard. During 2009, market conditions made it difficult to implement a strategy with regard to BBBEE, however, the group will reassess its position in the year ahead.

Employment Equity

As a responsible corporate citizen, South Ocean is committed to a workforce that reflects the demographics of the societies in which it operates.

The group does not unfairly discriminate on grounds of gender, race, religion, disability or sexual preference. It subscribes to the principle of equal opportunity and embraces diversity across its operations. The group has an employment equity policy that contains guidelines for the development of previously disadvantaged individuals. Equal opportunities are offered to all prospective employees.

South Ocean's employment equity and skills development plans are regularly reviewed by management and are aligned to the strategic training and development goals of the group. The group acknowledges the scarcity of skills in the industry, which has an impact on the achievement of its equity targets and objectives.

Employee development

The group has various initiatives in place to enable its staff across all levels to further their education. The most notable development activity is the training at SOEW's Alrode facility where employees are periodically engaged in National Qualifications Framework (NQF) level courses partly funded by the group. The group also encourages staff members to enrol for Adult Education and Training courses, which are partly funded by the group.

Professional staff members are encouraged to participate in continuing professional development initiatives organised by the professional bodies to which they belong.

During 2009, retaining and developing technical skills remained a high priority despite the difficult economic conditions.

// SUSTAINABILITY REPORT continued

Staff financing scheme

SOEW operates a staff financing scheme that provides loans to staff. The scheme is operated by a finance committee elected by staff which considers requests for loans. The scheme has continued to play a positive role in the life of company employees.

HIV and Aids

A group-wide HIV and Aids programme incorporates education and awareness initiatives. All employees are encouraged to attend education sessions, to take the necessary precautions to prevent infection and to check their status regularly. To date the group has not been affected significantly by HIV and Aids.

Occupational health and safety

Employee safety is of primary concern, and compliance with safety rules and procedures is rigorously enforced, including the wearing of personal protection equipment. Instances of workplace injuries and accidents are fully investigated, and where necessary, steps taken to avoid future incidents. There are currently no outstanding claims which require employees to be compensated for health and safety matters.

Occupational health and safety standards are covered by prevailing Occupational Health and Safety regulations. In order to ensure a balanced management approach, the group operates health and safety committees that ensure the group abides by these provisions. The committees consist of senior management and health and safety representatives selected from the floor.

Meetings are scheduled on a regular basis depending on the working environment and requirements. The committees report on compliance

issues and safety incidents and make recommendations on areas for improvement and the disposal of hazardous material. Appointment of safety representatives and first aid practitioners, and overseeing safe operation of equipment are amongst its functions.

The group is ISO 9001:2008 certified.

Freedom of association

South Ocean gives its formal assurance that employees may associate with employee representative organisations and trade unions. The group recognises trade unions that are sufficiently representative of employees at the appropriate organisational level. There were no violations of freedom of association and collective bargaining during the year.

ENVIRONMENTAL

South Ocean recognises its responsibility to ensure that its activities have as minimal an impact on the environment as possible. It is committed to reducing the negative impact of its commercial activities on the environment.

Hazardous material

The group complies with various controls in terms of legislation and quality standards, including the Occupational Health and Safety Act and ISO 9001:2008. The health and safety committees are responsible for overseeing the disposal of all hazardous materials. Third party compliance audits are undertaken for the management of lubricants, sound and air pollution and related environmental issues.

Waste management

During the last quarter of 2009, Radiant implemented a comprehensive waste recycling programme. Streams of waste that are monitored include aluminium, paper, glass and packaging. Radiant reduced their landfill waste by an average of 16 cubic metres per month. The recovered waste was either recycled and re-used in packaging or collected, recycled and sold during 2009.

SOEW continues to focus on minimising waste at its Alrode operation. During 2009, scrap was reduced to 5,73% of total output, an improvement on 2008's average of 6,57%. All lubricants and oils used in SOEW's manufacturing processes are collected and recycled by an external service provider. In addition, there is also a focus on ensuring maximum efficient use of operating equipment over its lifetime, with ongoing maintenance an important part of this strategy.

Energy consumption

In addition to implementing internal activities to improve the group's environmental performance, South Ocean recognises that it has a role to play in providing solutions to its customers to mitigate their impact on the environment.

Through Radiant's continued emphasis on innovation, especially in the development of green and environmentally friendly lighting options, the group endeavours to support customers in their efforts to reduce their power consumption and carbon footprint. The company has introduced a number of new technologies, including the OWL, a device which enables consumers to determine how much electricity different appliances use.

At its operations in Johannesburg and Cape Town, Radiant has focused on reducing energy consumption by installing occupancy sensors in the showrooms and offices ensuring that lights are switched off automatically when a space is not in use. This has resulted in a 17% reduction of energy consumption in the Johannesburg office and showroom.

SOCIETY

Corporate Social Investment

The group views Corporate Social Investment (CSI) as vital for empowering previously disadvantaged individuals and uplifting communities. During the year, both Radiant and SOEW undertook community projects aligned to their businesses and serving communities close to where they operate. SOEW has identified a number of schools in need, particularly in communities from which its staff are drawn. The company has begun a process of establishing community-based projects to support and assist with upgrading and maintaining these schools' facilities.

Itlhokomeleng Association for Aged & Disabled Persons

The residents of this home in Alexandra, Johannesburg received the gift of light from Radiant during Christmas 2009. The association received a lighting make-over, including both outside and inside areas.

The home provides shelter for destitute and homeless elderly people and enables access to health and sanitation services. It also serves a balanced meal once a week to more than 300 elderly and disabled people.

Existing lighting was insufficient and created a dull atmosphere at the home. There was also no lighting of the outside areas which presented a security risk. Radiant staff visited the premises and determined a number of lighting requirements.

To improve the outdoor lighting, the company donated energy-efficient exterior floodlights for the home's walls. Part of the challenge was finding lamps that would not drive up the home's electricity bill, but would still provide the necessary level of light.

Inside, Radiant replaced damaged heating wall panels with new infrared heating to provide safe, comfortable warmth for the home's residents during colder months.

The home's existing fluorescent lights were replaced with new fittings and handy back-up battery power. The lights were fitted by an external consultant and Radiant will continue to maintain the lights.

Residents were also treated to a Christmas party hosted by Radiant and other donors.

// CORPORATE GOVERNANCE

The introduction and release of King III in September 2009 redefined the meaning of corporate governance in the South African business environment. The new Companies Act has also incorporated some of this thinking and will ensure that shareholders are treated in a respected and transparent manner.

South Ocean aims to ensure that it complies fully with the latest code in the new financial year.

Although the code is only applicable for the group in the 2010 financial year, South Ocean has evaluated its corporate governance activities to establish gaps that might exist between its current compliance activities and the requirements of the code. The company has already commenced the process of closing any identified gaps.

CODE OF ETHICS

The board has formally adopted a Code of Ethics which it has made available to all employees within the group. The group's corporate philosophy is one which is based on all directors and employees conducting themselves with integrity in both their internal and external dealings and consistently and uncompromisingly adhering to the highest standards of ethical behaviour.

The group strives to ensure that the principles enshrined in the Code of Ethics are entrenched, as an integral part of South Ocean's corporate culture. The essential principles of ethical behaviour feature regularly in training sessions and the summary Code of Ethics is displayed prominently in work areas to encourage top-of-mind awareness. Our intention is that our business actions and dealings should be wholly governed by these ethical principles.

THE BOARD

Composition

Control of the company is vested with the board of directors which meets quarterly. The board decides on all material matters affecting the company. The board consists of a majority of non-executive and independent non-executive directors with only the CEO and the CFO representing executive management on the board.

The board is governed by a formally adopted board charter which serves as a guiding document for all activities of the board. This charter is periodically reviewed and evaluated in line with the changes in legislation and governance guidelines. The charter does not provide for any specific maximum number of board members, but allows the board to evaluate itself continuously with regard to the sufficiency of the number of board members given the duties and responsibilities at any stage.

The board is authorised to appoint new directors between Annual General Meetings. In such cases the appointees are required to retire and stand for re-election at the next Annual General Meeting of the company.

Non-executive directors

Non-executive directors bring a diversity of experience, insight and independent judgement to issues of strategy, performance, resources and standards of conduct, while contributing to decision making through their knowledge and experience. They are individuals of high calibre and integrity with significant experience in their respective fields and they provide a depth of wisdom based on knowledge and experience. These attributes protect shareholders' interests while ensuring that powers are not concentrated in one group of individuals.

Non-executive directors do not have fixed terms of appointment but they are required to retire by rotation and are eligible for re-election by shareholders at the Annual General Meeting of the company.

In terms of the company's Articles of Association, all new directors appointed after the last Annual General Meeting are to retire at the next Annual General Meeting of the company. A third of the directors retire annually. The directors to retire are those who have been longest in office since their last election.

Executive directors

Executive directors appointed by the board occupy senior positions within the group, and have been selected for their experience and value they bring to the group and the board at large.

The Chairman

The code provides for the appointment of an independent non-executive Chairman and as a result, the roles of Chairman and CEO do not vest in the same board member.

The board elects the Chairman based on his or her experience and potential contribution to the achievement of the objectives of the board as stated in its charter.

The Company Secretary

The Company Secretary is responsible for ensuring that board procedures and applicable laws and regulations are fully observed and adhered to. The appointment and removal of the Company Secretary is a matter for determination by the entire board. All directors have access to the advice and the services of the Company Secretary and, in appropriate circumstances, are entitled and authorised, at the group's expense, to seek independent professional advice concerning the affairs of the group.

Director development and evaluation

Induction

All new directors are inducted into the company by the CEO and the Chairman. After an informal evaluation has been made to establish the developmental needs of the relevant director, the company arranges for the director to be provided with the necessary training at the company's cost.

Where it is considered that the director has experience from sitting on various boards, only company-specific development is considered necessary. The group is investigating the possibility of instituting an ongoing continuing professional development programme for directors.

Director evaluation

There is a requirement by the code for the board to evaluate its effectiveness continually as a unit and that of the individual directors. This includes evaluating the board in terms of mix of skills, experience, demographics and diversity. South Ocean has already begun the process of putting in place a periodic director evaluation mechanism which should be implemented in the 2010 financial year. Since the listing of the group, no formal evaluation has been undertaken; however, continuous, unstructured evaluations have been undertaken to determine the effectiveness of the board and that of the individual directors.

Board committees

The board has delegated certain responsibilities to the Executive Committee, Audit and Risk Management Committee and the Remuneration Committee, the activities of which are dealt with more fully below.

Audit and Risk Management Committee

All listed companies are required by the JSE to have an audit committee as well as a risk committee which should be chaired by a non-executive director. In line with this requirement, the board has established the Audit and Risk Management Committee which fulfils the functions for both committees. The Audit and Risk Management Committee is fully mandated by the board by means of written terms of reference as to its membership, authority and duties.

This committee meets periodically, at least three times a year, with executive management and the external auditors. The external auditors have unrestricted access to the Audit and Risk Management Committee, thus ensuring their independence and the impartiality of their reports.

This committee reviews the annual financial statements and interim reports, monitors the appropriateness of accounting policies and the effectiveness of the systems of internal control and considers the findings of the external audit.

The committee is also responsible for the review of and ensuring that management has processes, strategies and systems in place for the identification, management and control of all the risks the group is exposed to.

Executive Committee

The executive directors constitute a committee that meets at least ten times a year to plan, review, and manage the day-to-day activities of the group. This committee consists of the executive directors and the CEO's of the operating companies. All matters of policy and strategy are referred to the board.

Remuneration Committee

Corporate governance codes suggest that the remuneration of the executive directors and the CEO's of the subsidiaries must be recommended by and approved by the board. The board must regularly evaluate whether the senior management of the group is fairly remunerated.

In this regard, the board has established a Remuneration Committee to advise the board on all remuneration matters. The Remuneration Committee, comprising non-executive directors, is responsible for ensuring that the group's directors and senior executives are fairly rewarded. In addition to ensuring the fair remuneration of the senior management of the group, the committee also evaluates and reviews the performance of the senior executives of the group.

The committee meets periodically, at least two times a year.

Director remuneration

The Remuneration Committee recommends remuneration for directors to the board.

Non-executive director remuneration

Non-executive directors' remuneration is subject to shareholder approval at the Annual General Meeting. The group's philosophy in respect of non-executives' remuneration is to pay market-related fees, as determined by market surveys, while taking into account the contribution of the individual directors to the group and the demands placed on them in

// CORPORATE GOVERNANCE continued

respect of committee work. The Remuneration Committee proposes the remuneration of non-executive directors to the board and shareholders at the Annual General Meeting.

Executive directors and senior management remuneration

The remuneration philosophy of the group is to pay managers and staff a market-related rate based on responsibility. In principle, and in terms of the remuneration policy in place in all group companies, above-average remuneration is only earned by employees who demonstrate a preparedness to accept the challenge of the enterprise and who excel in the achievement of its objectives.

For the 2009 financial year, executive directors were entitled to a remuneration dispensation comprising four components: a guaranteed remuneration package; a performance bonus; a profit-share bonus; and a long-term bonus.

The following are the main features of this dispensation:

The guaranteed remuneration package

This is set at a level that lies below the assessed annual market-worth of the individual, and is based on an assessment of the total cost of employment, assuming that performance targets are met and that they are at a higher level than in the previous year.

The performance bonus

Each executive director is required to enter into a performance contract. These performance contracts define key individual performance areas that are linked to the strategic objectives of the business unit. The performance ratings in terms of this performance management system will be the basis for an annual performance bonus, which will be capped at the amount that brings total pay to the agreed total cost of employment assessment for the year.

The profit-share bonus

A profit-share bonus in terms of a short-term incentive plan will be paid to executive directors to the extent that earnings before taxation in the holding company or in each subsidiary company as finally determined for the year exceed targets approved by the Remuneration Committee.

The targets for 2009 were negotiated targets based on factors that made some allowance for the expected downturn in economic conditions within the economy. It is intended that targets from 2010 onwards will be based on cumulative inflation-adjusted three-year moving average earnings. For the purposes of the profit-share bonus scheme, a nominated percentage of excess earnings for each subsidiary company, ranging between 5% and 10% in 2010, is allocated to a profit-share pool and shared by eligible executive directors in that subsidiary company in proportion to their respective performance-weighted remuneration for the year.

The long-term bonus

A long-term incentive plan was put in place with effect from 1 January 2009. The objective of this plan is both to align the interests of top management with those of shareholders and to retain key people in top management who are responsible for leading the enterprise towards the achievement of organisational goals.

The plan is a share appreciation rights scheme in terms of which participants will receive a cash bonus based on equity growth. The scheme does not confer any rights on employees to acquire, hold or subscribe for shares at any time, and does not in any way dilute the shareholdings of existing or future shareholders.

The following are the main features of this long-term incentive scheme:

- Separate schemes have been established for the holding company and for each subsidiary company.
- Share appreciation rights have been defined for the holding company and for each subsidiary company in relation to the issued shares of that company at the commencement of the financial year, each right relating to one issued share of that company.
- In the case of the holding company scheme, eligible participants were allocated rights in relation to a certain value of ordinary shares, based on the volume-weighted quoted share price of the holding company during the month of December preceding the allocation. They will receive a cash bonus at the end of a defined holding period equal to the difference between the value of those shares at the beginning and end of the holding period.
- In the case of each subsidiary company, eligible participants will be allocated rights as follows:
  - In relation to a certain value of shares, to the extent of 75%, based on the shares of that subsidiary company;
  - In terms of a valuation of the shares of that subsidiary company which is in turn, based on its financial results in its last three financial years;
  - As to 25%, based on the shares of the holding company, in terms of the volume-weighted quoted share price during the month of December preceding the allocation, a cash bonus at the end of a defined holding period equal to the difference between the value of those shares at the beginning and end of the holding period.
- The holding period in respect of the 2009 rights, which are to be allocated after completion of the financial statements and approval by the Remuneration Committee, is two years for senior executive directors and three years for the other participating directors and senior management members, which may, however, be extended to either three or four years at the option of the participant. The holding period of subsequent allocations will be three years, which may be extended to four years at the option of the participant.
- The quantum of the allocations will be in the range between 50% and 125% of the annual guaranteed pay of each participant in 2009, and between 33,3% and 83,3% in subsequent years the continuation of this plan.

ANNUAL REVIEW BY REMUNERATION COMMITTEE

In relation to all group executive directors, including the executive officers of each subsidiary company, the basic annual guaranteed package is reviewed annually by the Remuneration Committee based on market information and individual competency assessments.

In addition, the Remuneration Committee is mandated to review the remuneration policies annually which affect all group senior executives and senior line managers, being the members of an executive committee or management committee (referred to herein as "senior executives").

Directors' remuneration from related companies

Executive directors' remuneration paid for 2009 is as follows:

Company	**2009 R'000**	2008 R'000
South Ocean Holdings Limited:	**6 218**	–
Radiant Group (Proprietary) Limited:	**2 442**	5 547
South Ocean Electric Wire Company (Proprietary) Limited:	**1 291**	8 907

Details of the remuneration of individual directors are listed in note 16 in the financial statements section of this report.

Attendance at board meetings

The attendance of directors at board meetings and board committee meetings in 2009 was as follows:

Directors	Board	Audit and Risk Management Committee	Remuneration Committee
Number of meetings held	4	4	2
Chairman	EG Dube	KH Pon	KH Pon
Executive			
EHT Pan	4	n/a	n/a
JP Bekker	4	n/a	n/a
PJM Ferreira	2	n/a	n/a
G Stein	2	n/a	n/a
H Schwartz	2	n/a	n/a
Non-executive			
JB Magwaza	2	2	1
EG Dube	4	4	2
D Ko	1	n/a	n/a
CH Pan (Alternate)	2	n/a	n/a
JL Law	2	n/a	n/a
HL Li	2	n/a	n/a
CY Wu	4	4	2
KH Pon	4	4	2

DIRECTORS' DEALINGS IN SECURITIES

The following are the details of the directors who dealt in company securities during the financial year:

Director	Date	Number	Price	Value	Transaction	Nature of interest
EHT Pan	19/03	56 945	R0,90	R 51 251	purchase	direct beneficial
EHT Pan	18/03	73 876	R0,90	R 66 488	purchase	direct beneficial
EHT Pan	17/03	338 862	R0,90	R304 976	purchase	direct beneficial

Directors and key employees are advised in advance of the closed period during which they may be deemed to possess price-sensitive information and during which they may not trade in company securities.

The directors' interests in the company's securities are detailed in the Directors' report on page 37.

// CORPORATE GOVERNANCE continued

INSIDER TRADING

No employee or director may deal, directly or indirectly, in the company's securities on the basis of unpublished price-sensitive information regarding the business or affairs of the group. These closed periods include from the last day of the interim and final period to publication of the relevant financial announcement on the Stock Exchange News Services (SENS). In addition, group directors may trade in the company's securities only with the approval of the Chairman or the CEO.

In terms of the JSE listing requirements, dealings in the company's securities by directors, their immediate family and associates are announced on SENS. The group strictly adheres to the code relating to insider trading as set out in terms of the JSE Listing Requirements. The group also ensures that all its policies are aligned to the Security Services Act, which regulates such activities.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

The Audit and Risk Management Committee is charged with responsibility for evaluating the independence, effectiveness and performance of the external auditors, and for examining and reviewing on an annual and interim basis financial controls, risk management, operating environment in general and evaluation of the competence of the financial personnel, with specific emphasis on the CFO.

External auditors

As required by the code and the JSE Listings Requirement, the Audit and Risk Management Committee has evaluated the independence and the competence of the external auditor and is confident that they are competent and independent as required by the Companies Act.

Financial controls

The Audit and Risk Management Committee uses structures put in place by management to evaluate the adequacy of the financial controls. Both internal and external auditors have been retained to evaluate the adequacy of the financial controls and have issued their reports, none of which reported any exceptions. The Audit and Risk Management Committee is thus satisfied that the controls in place are adequate.

Risk management

Management regularly evaluates the group's risks through an ongoing system of identifying, evaluating and managing significant risks. Adequate systems of internal control provide reasonable, though not absolute, assurance to enable group officers to manage risk effectively and achieve business objectives.

In fulfilling its duties, the Audit and Risk Management Committee appointed Deloitte, a large international firm of chartered accountants, to provide risk and internal audit services to the group on a consulting basis. The plan is to ensure that all the areas of the entity are covered within a three-year cycle. During the year, Deloitte carried out assessments as required and issued their report, which does not contain any adverse risks.

The Audit and Risk Management Committee is confident that the controls and processes are adequate to meet the stated objectives to manage the group's risks proactively.

Competence of Chief Financial Officer

The Audit and Risk Management Committee has satisfied itself of the appropriateness of the expertise and experience of the CFO who is properly equipped to carry out the duty as required of him.

Operating environment

The Audit and Risk Management Committee is satisfied that the operating conditions under which the financial results are produced is satisfactory and can be relied upon to produce accurate and fair financial statements. Technological resources and information technology are continuously evaluated for redundancy, relevance, security and sustainability to ensure that all systems can be relied upon to produce meaningful management information.

RELATIONSHIP WITH STAKEHOLDERS

The group continues to promote dialogue with its shareholders, business analysts, business advisers and all other stakeholders. All shareholders are encouraged to attend the Annual General Meeting and to ask questions about the group, its results and prospects.

The group encourages stakeholders to approach executive directors whenever they wish.

The group also subscribes to the principle of fair communication and disclosure. It regularly engages with the media using various means to ensure fair communication. The media has access to top management in order to report regularly on the group's activities.

HUMAN RESOURCE DEVELOPMENT

The group's philosophy is to respect individuals regardless of race, gender or creed and to ensure that all employees are afforded equal opportunities for development, personal growth and promotion. Appropriate forums are in place to ensure good people relationships throughout the organisation by serving as vehicles for information sharing, consultation and dispute resolution. Group training programmes are outcomes-based and are designed to reinforce the required knowledge and skills.

AFFIRMATIVE ACTION

The group is an equal opportunity employer and will not countenance discrimination on the basis of ethnicity or gender. A number of programmes are in place to ensure that the group's employee profile will become more representative of the demographics of the region in which it operates whilst maintaining the group's high standards.

WORKER PARTICIPATION

The group employs a variety of participative structures to deal with issues that affect employees directly and materially. These include: collective bargaining mechanisms; regular shop steward and trade union meetings as well as equity skills and development meetings; structures to drive productivity improvements; safety committees and other participative forums. These structures are designed to achieve good employer/employee relations through effective sharing of relevant information, consultation and the identification and resolution of conflict.

GOING CONCERN

The directors have satisfied themselves that the group is in a sound financial position and has adequate resources to continue to operate effectively for the foreseeable future. Accordingly, they are satisfied that it is appropriate to adopt the going concern basis in preparing the financial statements.

// ANNUAL FINANCIAL STATEMENTS

South Ocean HOLDINGS

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South Ocean HOLDINGS

www.southoceanholdings.com

// DIRECTORS' RESPONSIBILITY AND APPROVAL

FOR THE YEAR ENDED 31 DECEMBER 2009

The directors are responsible for the preparation and maintenance of adequate accounting records, integrity and fair presentation of the company and group annual financial statements and related financial information included in this report.

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The directors consider that in preparing the financial statements they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. The directors are satisfied that the information contained in the financial statements fairly presents the results of operations for the year, and the financial position of the company and the group at 31 December 2009.

For the directors to discharge their responsibilities, management has developed, and continues to maintain, a system of internal financial controls, which is well documented and regularly reviewed.

The directors, supported by the Audit Committee, are of the opinion, based on the information and explanations given by management, that the group's internal accounting controls are adequate, so that the financial records may be relied upon for preparing the financial statements and maintaining accountability for assets and liabilities. The directors believe that the group's assets are protected and used as intended in all material respects with appropriate authorisation. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems occurred during the financial year.

The financial statements have been prepared on the going concern basis, since the directors have no reason to believe that the group will not be a going concern in the foreseeable future based on forecast and available cash resources.

The group's external auditors, PricewaterhouseCoopers Inc., audited the financial statements, and their report is presented on page 33.

The financial statements set out on pages 34 to 74 have been approved by the board of directors on 5 March 2010, and were signed on its behalf by:

EG Dube
Non-executive Chairman
Johannesburg

EHT Pan
Chief Executive Officer
Johannesburg

// CERTIFICATE BY THE COMPANY SECRETARY

FOR THE YEAR ENDED 31 DECEMBER 2009

I hereby certify that in respect of the year ended 31 December 2009, the company has lodged with the Registrar all such returns as are required of a public company in terms of section 268 G (d) of such Companies Act of 1973 as amended and that all such returns are true, correct and up to date.

WT Green
Company Secretary
Johannesburg
5 March 2010

// INDEPENDENT AUDITOR'S REPORT

To the members of

SOUTH OCEAN HOLDINGS LIMITED

We have audited the group annual financial statements and annual financial statements of South Ocean Holdings Limited, which comprise the consolidated and separate statements of financial position as at 31 December 2009, the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report as set out on pages 34 to 74.

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 about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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 presentation of the financial statements.

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

OPINION

In our opinion, the financial statements present fairly, in all material respects, the consolidated and separate financial position of South Ocean Holdings Limited as at 31 December 2009, and its consolidated and separate financial performance and its 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.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.
Director: P Pope
Registered Auditor

Johannesburg
5 March 2010

// DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2009

The directors present their third report, which forms part of the audited financial statements of the company and of the group for the year ended 31 December 2009.

GENERAL REVIEW
South Ocean Holdings Limited is the holding company of a group of three operating subsidiary companies: South Ocean Electric Wire Company (Proprietary) Limited, an electrical cable manufacturing company, Radiant Group (Proprietary) Limited, an importer and distributor of light fittings, lamps and electrical accessories and Anchor Park Investments 48 (Proprietary) Limited, a property investment company.

FINANCIAL POSITION
The financial position, results of operations and cash flows of the company and the group are adequately reflected in the attached financial statements.

SHARE CAPITAL
No shares were issued during the year under review (2008: None). Details of the authorised and issued share capital and premium are stated in note 9.

SPECIAL RESOLUTIONS
At the annual general meeting of the company held on 23 June 2009, shareholders approved the following special resolutions:

- that a director who has reached the age of 70 years shall not be subject to retirement in terms of this article number 19 but shall, at the discretion of the directors, be re-elected as a director for further periods of one year and until the date of the next annual general meeting of the company; and
- that the company or any of its subsidiaries be and is hereby authorised, by way of a general approval, to acquire ordinary shares issued by the company, in terms of Section 85(2) and 85(3) of the Companies Act (Act 61 of 1973), as amended (the Companies Act) and in accordance with Article 10.1.7 of the company's Articles of Association and in terms of the JSE Listings Requirements, provided that:
  - any such acquisition of ordinary shares shall be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty;
  - this general authority shall 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 number 2;
  - an announcement prepared in accordance with paragraph 11.27 of the JSE Listings Requirements will be published as soon as the company or any of its subsidiaries has acquired ordinary shares constituting, on a cumulative basis, 3% of the number of ordinary shares in issue prior to the acquisition pursuant to which the aforesaid 3% threshold is reached and for each 3% in aggregate acquired thereafter, containing full details of such acquisitions;
  - acquisitions of shares in aggregate in any one financial year may not exceed 20% of the company's ordinary issued share capital as at the date of passing of this special resolution number 2;
  - in determining the price at which ordinary shares issued by the company are acquired by it or any of its subsidiaries in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be 10% of the weighted average of the market value at which such ordinary shares are traded on the JSE as determined over the five trading days immediately preceding the date of repurchase of such ordinary shares by the company or any of its subsidiaries;
  - the company has been given authority by its Articles of Association;

// DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2009 continued

SPECIAL RESOLUTIONS continued

- at any point in time, the company may only appoint one agent to effect any repurchase on the company's behalf;
- the company's sponsor must confirm in terms of paragraph 11.26 (d) of the JSE Listings Requirements, the adequacy of the company's working capital for purposes of undertaking the repurchase of shares in writing to the JSE before entering the market to proceed with the repurchase;
- the company remaining in compliance with the minimum shareholder spread requirements of the JSE Listings Requirements;
- the company and/or its subsidiaries not repurchasing any shares during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements, unless a repurchase programme is in place, where dates and quantities of shares to be traded during the prohibited period are fixed and full details of the programme have been disclosed in an announcement over the Securities Exchange News Services (SENS) prior to the commencement of the prohibited period; and
- before entering the market to effect the general repurchase, the directors, having considered the effects of the repurchase of the maximum number of ordinary shares in terms of the aforegoing general authority, will ensure that for a period 12 (twelve) months after the date of the repurchase in question:
  - the company and the group will be able, in the ordinary course of business, to pay its debts;
  - the consolidated assets of the company and the group, fairly valued in accordance with International Financial Reporting Standards on a basis consistent with the financial year ended 31 December 2008, will exceed the consolidated liabilities of the company and the group; and
  - the company and the group's ordinary share capital, reserves and working capital will be adequate for ordinary business purposes.

DIVIDENDS

Notice is hereby given that a final dividend of 3 cents per ordinary share was approved by the board of directors on 5 March 2010, payable to the shareholders recorded on the register of the company at the close of business on Friday, 9 April 2010.

In compliance with IAS 10, 'Events after the reporting period', the dividend will only be accounted for in the financial statements for the year ended 31 December 2010.

In compliance with the STRATE, the company determined the following salient dates for the payment of the dividend:

The salient dates are as follows:

Last date for trading to qualify and participate in the final dividend	Wednesday, 31 March 2010
Trading *ex* dividend commences	Thursday, 1 April 2010
Record date	Friday, 9 April 2010
Dividend payment date	Monday, 12 April 2010

Share certificates may not be dematerialised or rematerialised between Thursday, 1 April 2010 and Friday, 9 April 2010, both days inclusive.

// DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2009 continued

DIRECTORS

The directors of the company during the year were:

Independent non-executive

JB Magwaza	(Chairman, resigned 31 July 2009)
EG Dube	(Appointed Chairman, 31 July 2009)
KH Pon	

Non-executive

CH Pan#	(Appointed alternate, 7 August 2009)
HL Li#	(Appointed 7 August 2009, alternate director in 2008)
CY Wu#	
JL Law	(Appointed 6 March 2009, alternate director 7 August 2009, resigned 28 February 2010)
D Ko#	(Resigned 6 March 2009)

Executive

EHT Pan*	(Chief Executive Officer)
JP Bekker	(Chief Financial Officer)
PJM Ferreira	(Resigned 22 June 2009)
G Stein	(Resigned 22 June 2009)
H Schwartz	(Resigned 22 June 2009)

Taiwanese

* *Brazilian*

SECRETARY

The secretary of the company is WT Green, whose business and postal addresses are as follows:

Business address

21 West Street
Houghton
2198

Postal address

PO Box 123738
Alrode
1451

INTEREST IN SUBSIDIARIES

Details of the company's financial interest in its subsidiaries are set out in notes 4 and 27 to the financial statements.

// DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2009 continued

DIRECTORS' INTERESTS IN SHARE CAPITAL

The interests of directors in the issued share capital of the company as at 31 December 2009 were as follows:

	Number of ordinary shares			
	Direct beneficial	Indirect beneficial	Total	Percentage of issued share capital %
2009				
Director				
JP Bekker	**491 807**	**–**	**491 807**	**0,31**
EHT Pan	**4 728 238**	**27 734 563**	**32 462 801**	**20,76**
	5 220 045	**27 734 563**	**32 954 608**	**21,07**
2008				
JP Bekker	491 807	–	491 807	0,31
PJM Ferreira	1 412 880	–	1 412 880	0,90
JB Magwaza	63 299	–	63 299	0,04
EHT Pan	4 258 555	27 734 563	31 993 118	20,46
H Schwartz	–	14 245 992	14 245 992	9,11
G Stein	2 895 397	–	2 895 397	1,85
	9 121 938	41 980 555	51 102 493	32,67

EVENTS SUBSEQUENT TO REPORTING DATE

The directors are not aware of any other matter or circumstance arising since the end of the financial year, not otherwise dealt with in the financial statements, which would affect the operations of the company and the group or the results of those operations significantly.

AUDITORS

PricewaterhouseCoopers Incorporated will continue in office in accordance with Section 270 (2) of the Companies Act of South Africa.

// STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2009

		Group		Company	
	Notes	2009 R'000	2008 R'000	2009 R'000	2008 R'000
ASSETS					
Non-current assets					
Property, plant and equipment	2	**240 499**	248 187	**–**	–
Intangible assets	3	**346 430**	349 848	**–**	–
Interest in subsidiaries	4			**1 016 463**	1 016 463
		586 929	598 035	**1 016 463**	1 016 463
Current assets					
Inventories	6	**146 664**	189 806	**–**	–
Trade and other receivables	7	**124 003**	175 201	**7 661**	2 462
Amounts owing by group companies	4			**–**	7 402
Taxation receivable		**1 948**	179	**–**	–
Cash and cash equivalents	8	**64 635**	24 155	**1 482**	59
		337 250	389 341	**9 143**	9 923
Total assets		**924 179**	987 376	**1 025 606**	1 026 386
EQUITY					
Capital and reserves attributable to equity holders of the company					
Share capital	9	**1 274**	1 274	**1 564**	1 564
Share premium	9	**440 371**	440 371	**1 117 300**	1 117 300
Retained earnings/(accumulated loss)		**248 127**	216 470	**(105 173)**	(104 981)
Total equity		**689 772**	658 115	**1 013 691**	1 013 883
LIABILITIES					
Non-current liabilities					
Interest bearing borrowings	10	**102 518**	138 740	**–**	–
Deferred taxation	11	**26 818**	29 497	**–**	–
		129 336	168 237	**–**	–
Current liabilities					
Trade and other payables	12	**58 995**	86 088	**3 815**	2 151
Interest bearing borrowings	10	**35 837**	37 498	**–**	–
Amounts owing to group companies	4			**8 096**	10 348
Taxation payable		**4 380**	7 049	**–**	–
Shareholders for dividends		**4**	4	**4**	4
Bank overdraft	8	**5 855**	30 385	**–**	–
		105 071	161 024	**11 915**	12 503
Total liabilities		**234 407**	329 261	**11 915**	12 503
Total equity and liabilities		**924 179**	987 376	**1 025 606**	1 026 386

// STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2009

		Group		Company	
	Notes	2009 R'000	2008 R'000	2009 R'000	2008 R'000
Revenue	13	**957 972**	1 136 617	**–**	42 222
Cost of sales	14	**(745 756)**	(826 061)	**–**	–
Gross profit		**212 216**	310 556	**–**	42 222
Other operating income	17	**12 098**	1 609	**12 680**	4 800
Administration expenses	14	**(54 953)**	(47 324)	**(12 267)**	(3 534)
Distribution expenses	14	**(21 410)**	(17 976)	**–**	–
Operating expenses	14	**(87 792)**	(114 128)	**(641)**	(2 068)
Operating profit/(loss)		**60 159**	132 737	**(228)**	41 420
Finance income	18	**2 843**	2 762	**36**	251
Finance costs	19	**(18 531)**	(27 630)	**–**	(1 026)
Profit/(loss) before taxation		**44 471**	107 869	**(192)**	40 645
Taxation	20	**(12 814)**	(46 768)	**–**	(4 222)
Profit/(loss) for the year		**31 657**	61 101	**(192)**	36 423
Other comprehensive income		**–**	–	**–**	–
Total comprehensive income/(loss) attributable to equity holders of the company		**31 657**	61 101	**(192)**	36 423
Earnings per share (cents) – basic and diluted	21	**20,2**	39,1		
Dividends per share (cents)	22	**3,0***	7,0		

**A final dividend of 3 cents per share approved at year-end. The policy of South Ocean Limited is to recommend a final dividend to shareholders when the final results for each financial year are released.*

// STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2009

	Share capital R'000	Share premium R'000	Retained earnings/ (accumulated loss) R'000	Total R'000
GROUP				
2009				
Balance at 1 January 2009	**1 274**	**440 371**	**216 470**	**658 115**
Total comprehensive income for the year	**–**	**–**	**31 657**	**31 657**
Balance at 31 December 2009	**1 274**	**440 371**	**248 127**	**689 772**
2008				
Balance at 1 January 2008	1 274	440 371	197 591	639 236
Dividends paid	–	–	(42 222)	(42 222)
Total comprehensive income for the year	–	–	61 101	61 101
Balance at 31 December 2008	1 274	440 371	216 470	658 115
COMPANY				
2009				
Balance at 1 January 2009	**1 564**	**1 117 300**	**(104 981)**	**1 013 883**
Total comprehensive loss for the year	**–**	**–**	**(192)**	**(192)**
Balance at 31 December 2009	**1 564**	**1 117 300**	**(105 173)**	**1 013 691**
2008				
Balance at 1 January 2008	1 564	1 117 300	(99 182)	1 019 682
Dividends paid	–	–	(42 222)	(42 222)
Total comprehensive income for the year	–	–	36 423	36 423
Balance at 31 December 2008	1 564	1 117 300	(104 981)	1 013 883

// STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2009

		Group		Company	
	Notes	2009 R'000	2008 R'000	2009 R'000	2008 R'000
Cash flows from operating activities					
Cash generated from/(utilised in) operations	23.1	**151 642**	148 119	**(3 763)**	(774)
Interest received		**2 843**	2 762	**36**	251
Interest paid	23.2	**(19 550)**	(28 202)	**–**	(1 026)
Taxation paid	23.3	**(19 931)**	(53 318)	**–**	(4 222)
Net cash inflow/(outflow) from operating activities		**115 004**	69 361	**(3 727)**	(5 771)
Cash flows from investing activities					
Acquisition of intangible assets		**(845)**	(3 688)	**–**	–
Acquisition of property, plant and equipment		**(27 045)**	(73 171)	**–**	–
Proceeds on disposal of property, plant and equipment	23.4	**14 760**	81	**–**	–
Acquisition of available-for-sale financial assets		**–**	(1 582)	**–**	(1 582)
Decrease in interest free loans receivable		**–**	377	**–**	–
Movement in group loans				**5 150**	7 384
Dividends received		**–**	–	**–**	42 222
Net cash (outflow)/inflow from investing activities		**(13 130)**	(77 983)	**5 150**	48 024
Cash flows from financing activities					
Dividends paid	23.5	**–**	(42 222)	**–**	(42 222)
Decrease in interest bearing borrowings		**(36 864)**	(718)	**–**	–
Net cash outflow from financing activities		**(36 864)**	(42 940)	**–**	(42 222)
Net increase /(decrease) in cash and cash equivalents		**65 010**	(51 562)	**1 423**	31
Cash and cash equivalents at beginning of year		**(6 230)**	45 332	**59**	28
Cash and cash equivalents at end of year	8.1	**58 780**	(6 230)	**1 482**	59

// ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 DECEMBER 2009

GENERAL INFORMATION

South Ocean Holdings Limited (the company) and its subsidiaries (together the group) manufacture and distribute electrical wires, import and distribute lighting and electrical equipment and undertake rental of property.

The company is a public limited company which is listed on the Johannesburg Stock Exchange and is incorporated and domiciled in South Africa.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

BASIS OF PREPARATION

The consolidated financial statements of South Ocean Holdings Limited have been prepared in accordance with International Financial Reporting Standards, IFRIC Interpretations and the Companies Act applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in note 1.

IFRS 3 requires that an entity formed to issue equity instruments to effect a business combination cannot be identified as the acquirer and therefore the operating entity has been identified as the acquirer. As a result, the principle of reverse acquisition has been applied to a transaction undertaken in 2007 when the group was established. The principle has been applied in the preparation of the group financial statements. The carrying value of assets and liabilities of South Ocean Electric Wire Company (Proprietary) Limited, the operating company, at the pre-combination date have been used as those of the group.

CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

(a) New and amended standards adopted by the group

The group has adopted the following new and amended IFRS's as of 1 January 2009:

- IFRS 7, 'Financial instruments – Disclosures' (amendment) – effective 1 January 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share.
- IAS 1 (revised), 'Presentation of financial statements' – effective 1 January 2009. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. 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 has been re-presented so that it also is in conformity with the revised standard. As the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.
- IFRS 8. 'Operating segments'. IFRS 8 replaces IAS 14, 'Segment reporting', and aligns segment reporting with the requirements of the US standard SFAS 131, 'Disclosures about segments of an enterprise and related information'. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. This has not resulted in a change to the number of reportable segments presented. The segments are reported in a manner that is more consistent with the internal reporting provided to the chief operating decision-maker. Comparatives for 2008 have been restated as a result of adopting this statement.
- IAS 23 (revised), 'Borrowing costs' – effective 1 January 2009. The standard has removed the option of immediately recognising as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. Therefore all borrowing costs relating to qualifying assets will be capitalised.

// ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 DECEMBER 2009 continued

CHANGES IN ACCOUNTING POLICY AND DISCLOSURES continued

(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the group

The following standards and amendments to existing standards have been published and are mandatory for the group's accounting periods beginning on or after 1 January 2010 or later periods, but the group has not early adopted them:

- IAS 27 (revised), 'Consolidated and separate financial statements' – effective from 1 July 2009. The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is remeasured to fair value, and a gain or loss is recognised in profit or loss. The group will apply IAS 27 (revised) prospectively to transactions with non-controlling interests from 1 January 2010.
- IFRS 3 (revised), 'Business combinations' – effective from 1 July 2009. The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree at fair vale or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The group will apply IFRS 3 (revised) prospectively to all business combinations from 1 January 2010.
- IAS 38 (amendment), 'Intangible assets'. The amendment is part of the IASB's annual improvements project published in April 2009 and the group and company will apply IAS 38 (amendment) from the date IFRS 3 (revised) is adopted. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. The amendment will not result in a material impact on the group or company's financial statements.
- IFRS 5 (amendment), 'Measurement of non-current assets (or disposal groups) classified as held-for-sale'. The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held-for-sale or discontinued operations. It also clarifies that the general requirements of IAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1. The group and company will apply IFRS 5 (amendment) from 1 January 2010. It is not expected to have a material impact on the group or company's financial statements.
- IAS 1 (amendment), 'Presentation of financial statements'. The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The group and company will apply IAS 1 (amendment) from 1 January 2010. It is not expected to have a material impact on the group or company's financial statements.
- IFRS 9, 'Financial instruments' – effective 1 January 2013. This is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39. IFRS 9 has two measurement categories: amortised cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. Otherwise it is at fair value through profit or loss.

CONSOLIDATION

(a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income.

// ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 DECEMBER 2009 continued

CONSOLIDATION continued

(a) Subsidiaries continued

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

INTERESTS IN SUBSIDIARIES

Interests in subsidiaries are classified as non-current assets, and are stated in the financial statements of the company at cost, less appropriate impairments. Where the value of investments is considered to be below the carrying value and the diminution of value is considered not to be of a temporary nature, the investments are written down to the expected realisable value.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost amounts to their residual values over their estimated useful lives, as follows:

Plant and machinery	3-20 years
Furniture and office equipment	3-10 years
Motor vehicles	5-7 years
Buildings	50 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Operating expenses' in the statement of comprehensive income.

DERIVATIVE FINANCIAL INSTRUMENTS

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The group designates certain derivatives as either:

(a) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge);
(b) hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge); or
(c) hedges of a net investment in a foreign operation (net investment hedge).

The group does not apply hedge accounting. Any gains or losses are taken directly to profit or loss.

LEASES

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

// ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 DECEMBER 2009 continued

LEASES continued

Operating leases are those leases where substantially all the risks and rewards associated with ownership of an asset are not transferred from the lessor to the group as lessee. Costs of leasing property, plant and equipment held under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease. The cost of the assets and the outstanding commitments are not recorded in the statement of financial position. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalties is recognised as an expense in the period in which the termination takes place.

SHARE CAPITAL

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the company's equity holders until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the company's equity holders.

FOREIGN CURRENCY TRANSLATION

(a) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in South African Rands, which is the company's functional and the group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or cost'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'other expenses'.

(c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities for each statement of financial position presented are translated at the closing rate as at the reporting date;

(b) Income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(c) All resulting exchange differences are recognised as a separate component of equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

// ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 DECEMBER 2009 continued

INTANGIBLE ASSETS

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

(b) Trade names and customer relationships

Trade names and customer relationships acquired in a business combination are recognised at fair value at the acquisition date. The trade names and customer relations have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected lives as follows:

Trade names	20 years
Customer relationships	5 years

(c) Computer software

Costs associated with maintaining computer software programs are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software costs recognised as assets are amortised over their estimated useful lives, which does not exceed three years.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets, other than goodwill, that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

// ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 DECEMBER 2009 continued

FINANCIAL ASSETS

Classification

The group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The group's loans and receivables comprise 'trade and other receivables' and cash and cash equivalents in the statement of financial position.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

RECOGNITION AND MEASUREMENT

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within 'other expenses/income' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income as part of other income when the group's right to receive payments is established.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the statement of comprehensive income as part of other income. Dividends on available-for-sale equity instruments are recognised in the statement of comprehensive income as part of other income when the group's right to receive payments is established.

OFFSETTING FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

// ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 DECEMBER 2009 continued

IMPAIRMENT OF FINANCIAL ASSETS

(a) Assets carried at amortised cost

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the group uses to determine that there is objective evidence of an impairment loss include:

- significant financial difficulty of the issuer or obligor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- the group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

The group first assesses whether objective evidence of impairment exists.

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The asset's carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of comprehensive income. If a loan or a receivable has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of comprehensive income.

(b) Assets classified as available-for-sale

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the group uses the criteria referred to in (a) above. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the separate consolidated statement of comprehensive income. Impairment losses recognised in the separate consolidated statement of comprehensive income on equity instruments are not reversed through the separate consolidated statement of comprehensive income. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the separate consolidated statement of comprehensive income.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

TRADE RECEIVABLES

Trade receivables are amounts due from customers for products sold in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

// ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 DECEMBER 2009 continued

TRADE RECEIVABLES continued

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

TRADE PAYABLES

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

BORROWINGS

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the statement of comprehensive income as interest expense.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

PROVISIONS

Provisions are recognised when: the group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

DIVIDEND DISTRIBUTION

Dividend distribution to the company’s shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the company’s directors.

EMPLOYEE BENEFITS

(a) Pension obligations

Group companies operate a number of defined contribution plans. The schemes are generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

// ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 DECEMBER 2009 continued

EMPLOYEE BENEFITS continued

(c) Profit-sharing and bonus plans

The group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

REVENUE RECOGNITION

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating sales within the group.

The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the group's activities as described below. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of goods

Sales of goods are recognised when a group entity has delivered products to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the group has objective evidence that all criteria for acceptance have been satisfied. The products are sold with volume discounts; customers have a right to return faulty products. Sales are recorded based on list prices, net of the estimated volume discounts and returns at the time of sale. Accumulated experience is used to estimate and provide for the discounts and returns. The volume discounts are assessed based on anticipated annual purchases. No element of financing is deemed present as the sales are made with a credit term of 60 days, which is consistent with the market practice.

(b) Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables are recognised using the original effective interest rate.

(c) Dividend income

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

SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive committee that makes strategic decisions.

CURRENT AND DEFERRED INCOME TAX

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the company's subsidiaries and associates operate and generate taxable income.

// ACCOUNTING POLICIES

FOR THE YEAR ENDED 31 DECEMBER 2009 continued

CURRENT AND DEFERRED INCOME TAX continued

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Dividends declared by South African companies are subject to secondary tax on companies (STC), but the STC liability is reduced by dividends received during the dividend cycle. Where the dividends received exceed dividends declared within a cycle, there is no liability to pay STC. The potential taxation benefit related to excess dividends received is carried forward to the next dividend cycle. Where dividends declared exceed the dividends received during a cycle, STC is payable at the current STC rate. The STC expense is included in the taxation charge in the statement of comprehensive income in the period that the dividend is paid. Deferred taxation assets are recognised on unutilised STC credits to the extent that it is probable that the company will declare future dividends to utilise such STC credits.

// NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

1. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Management made judgements, estimates and assumptions in the preparation of the financial statements that affect the disclosures and amounts of assets, liabilities, income, expenses and equity.

Estimates and judgements are continually being evaluated, and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts and liabilities within the next financial year are discussed below.

(a) Estimated impairment of goodwill

The group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (note 3).

(b) Residual values and useful lives

The useful economic lives and residual values of items of property, plant and equipment and intangible assets, excluding goodwill, are estimated annually. The actual lives and residual values may vary depending on a variety of factors.

(c) Estimated impairment of available-for-sale financial assets

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The group uses judgement to select the valuation method and make assumptions that are mainly based on the market conditions existing at each reporting date (note 5).

// NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009 continued

2. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings R'000	Plant and machinery R'000	Furniture and equipment R'000	Motor vehicles R'000	Total R'000
GROUP					
Year ended 31 December 2009					
Opening net book amount	**170 279**	**63 697**	**9 567**	**4 644**	**248 187**
Additions	**12 046**	**11 640**	**2 674**	**685**	**27 045**
Disposals	**(19 362)**	**(673)**	**(670)**	**(134)**	**(20 839)**
Depreciation	**(1 335)**	**(8 159)**	**(3 112)**	**(1 288)**	**(13 894)**
Closing net book amount	**161 628**	**66 505**	**8 459**	**3 907**	**240 499**
At 31 December 2009					
Cost	**164 541**	**99 685**	**17 886**	**9 279**	**291 391**
Accumulated depreciation	**(2 913)**	**(33 180)**	**(9 427)**	**(5 372)**	**(50 892)**
Net book amount	**161 628**	**66 505**	**8 459**	**3 907**	**240 499**
Carrying value of assets secured by interest bearing borrowings (note 10)	**161 628**	**17 922**	**–**	**1 010**	**180 560**
A register of land and buildings is available for inspection by members at the registered office of the company.					
Year ended 31 December 2008					
Opening net book amount	120 691	56 315	5 857	4 127	186 990
Additions	50 560	14 363	6 348	1 900	73 171
Disposals	–	–	(3)	(49)	(52)
Depreciation	(972)	(6 981)	(2 635)	(1 334)	(11 922)
Closing net book amount	170 279	63 697	9 567	4 644	248 187
At 31 December 2008					
Cost	171 857	89 411	17 779	8 930	287 977
Accumulated depreciation	(1 578)	(25 714)	(8 212)	(4 286)	(39 790)
Net book amount	170 279	63 697	9 567	4 644	248 187
Carrying value of assets secured by interest bearing borrowings (note 10)	170 279	18 994	–	2 106	191 379

// NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009 continued

3. INTANGIBLE ASSETS

	Goodwill R'000	Trade names R'000	Customer relationships R'000	Computer software R'000	Total R'000
GROUP					
Year ended 31 December 2009					
Opening net book value	**323 108**	**13 240**	**7 567**	**5 933**	**349 848**
Additions	**–**	**–**	**–**	**845**	**845**
Amortisation	**–**	**(627)**	**(2 015)**	**(1 621)**	**(4 263)**
Closing net book amount	**323 108**	**12 613**	**5 552**	**5 157**	**346 430**
At 31 December 2009					
Cost	**323 108**	**14 347**	**10 074**	**7 895**	**355 424**
Accumulated amortisation	**–**	**(1 734)**	**(4 522)**	**(2 738)**	**(8 994)**
Net book amount	**323 108**	**12 613**	**5 552**	**5 157**	**346 430**
Year ended 31 December 2008					
Opening net book value	362 108	14 048	9 582	3 130	388 868
Additions	–	–	–	3 688	3 688
Impairment	(39 000)	–	–	–	(39 000)
Amortisation	–	(808)	(2 015)	(885)	(3 708)
Closing net book amount	323 108	13 240	7 567	5 933	349 848
At 31 December 2008					
Cost	323 108	14 347	10 074	7 472	355 001
Accumulated amortisation	–	(1 107)	(2 507)	(1 539)	(5 153)
Net book amount	323 108	13 240	7 567	5 933	349 848

Goodwill, trade names and customer relationships are allocated to their respective underlying cash-generating units. For this purpose, the respective companies acquired are defined as the underlying cash-generating units. All those assets relate to the acquisition of Radiant Group (Proprietary) Limited, in the lighting and electrical accessories segment.

Goodwill

The impairment test for goodwill identifies the recoverable amount of a cash-generating unit determined based on the higher of its value-in-use or fair value less costs to sell. Value-in-use calculations are prepared using cash flow projections based on financial budgets approved by management and cover a five-year period. The estimated growth rates applied are in line with that of the industry in which the companies operate and are materially similar to assumptions of external market sources. The cash-generating units' recoverable amount is most sensitive to the growth rate assumptions applied. Assumptions were based on management's past experience and best estimates regarding forecasts. Management determined budgeted gross margin based on past performance and its expectations of market developments. Cash flows beyond the five-year period are extrapolated using the estimated growth rate stated below. The discount rates used are pre-tax and reflect the appropriate risk associated with the industry and respective business.

A summary of the key assumptions used for value-in-use calculations are as follows:

	2009	2008
Growth rate (Weighted average growth rate used to extrapolate cash flows into perpetuity)	**6,5%**	6,5%
Discount rate (Weighted pre-tax discount rate applied to the cash flow projections)	**15,6%**	15,8%

Based on the value-in-use calculations an impairment of goodwill was determined at R Nil (2008: R39 million) and the amount has been included in the operating expenses for the previous year.

// NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009 continued

	Company	
	2009 R'000	2008 R'000
4. INTEREST IN SUBSIDIARIES		
Subsidiary shares at cost	**1 115 453**	1 115 453
Accumulated impairment	**(98 990)**	(98 990)
	1 016 463	1 016 463
Amounts owing by subsidiaries	**–**	7 402
Amounts owing to subsidiaries	**(8 096)**	(10 348)
	1 008 367	1 013 517
Aggregate profits before taxation attributable to the company amounted to:	**74 729**	128 319
Aggregate losses before taxation attributable to the company amounted to:	**(17 385)**	(15 101)

The amounts owing by the subsidiaries are unsecured, interest free and not subject to any fixed terms of repayment, and will only be paid when there are sufficient cash resources. The shares in Radiant Group (Proprietary) Limited and South Ocean Electric Wire Company (Proprietary) Limited have been ceded as security for banking facilities as stated in note 8.2. Details of interest in subsidiaries are set out in note 27. The amounts are considered to be recoverable and are all denominated in South African Rands.

	Group		Company	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
5. AVAILABLE-FOR-SALE FINANCIAL ASSETS				
Unlisted shares				
JS Technology Company Limited	**1 582**	1 582	**1 582**	1 582
Less: Impairment	**(1 582)**	(1 582)	**(1 582)**	(1 582)
	–	–	**–**	–
JS Technology Company Limited is a research and development company for LED Technology and is based in Taiwan. As at 31 December 2009, the investment in JS Technology Company Limited was considered to be impaired.				
6. INVENTORIES				
Raw materials	**31 976**	13 329	**–**	–
Consumable stores	**4 974**	3 832	**–**	–
Work-in-progress	**13 365**	8 119	**–**	–
Finished goods	**10 464**	35 842	**–**	–
Merchandise	**70 334**	99 111	**–**	–
Goods in transit	**15 551**	29 573	**–**	–
	146 664	189 806	**–**	–

Inventory with a carrying value of R26 813 000 (2008: R37 712 000) is carried at net realisable value. The cost of inventories recognised as an expense and included in cost of sales is R703 230 000 (2008: R789 160 000).

// NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009 continued

	Group		Company	
	2009 R'000	**2008 R'000**	**2009 R'000**	**2008 R'000**
7. TRADE AND OTHER RECEIVABLES				
Financial assets				
Trade receivables	**119 831**	168 748	**–**	–
Amounts owing by subsidiaries			**7 661**	2 462
	119 831	168 748	**7 661**	2 462
Non-financial assets				
VAT receivable	**2 059**	4 954	**–**	–
Other receivables	**2 113**	1 499	**–**	–
	4 172	6 453	**–**	–
	124 003	175 201	**7 661**	2 462
Reconciliation of provision for impairment of receivables				
Balance at beginning of year	**6 300**	5 145	**–**	–
Provision for receivables impairment	**419**	1 549	**–**	–
Utilised during the year	**(187)**	–	**–**	–
Unused amount reversed	**(517)**	(394)	**–**	–
Balance at end of year	**6 015**	6 300	**–**	–

The creation and release of the provision for impaired receivables has been included in the operating expenses in the statement of comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

Trade receivables that are less than one month overdue are not considered to be impaired.

As at 31 December 2009, trade receivables of R55 961 000 (2008: R124 702 000) were fully performing.

Trade receivables of R51 698 000 (2008: R23 302 000) were past due but not impaired. These related to customers for whom there is no recent history of default. The age analysis of these trade receivables is as follows:

	Group		Company	
	2009 R'000	**2008 R'000**	**2009 R'000**	**2008 R'000**
2 months	**42 216**	13 302	**–**	–
3 months	**6 276**	6 552	**–**	–
Over 3 months	**3 206**	3 448	**–**	–
	51 698	23 302	**–**	–
As at 31 December 2009 trade receivables of R18 187 000 (2008: R26 573 000) were impaired and provided for. The amount of the provision in respect of these debtors was R6 015 000 (2008: R6 300 000). It was assessed that a portion of these trade receivables were considered to be recoverable. The aging of these receivables is as follows:				
2 months	**6 368**	15 406	**–**	–
3 months	**5 128**	3 629	**–**	–
Over 3 months	**676**	1 709	**–**	–
	12 172	20 744	**–**	–

// NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009 continued

7. TRADE AND OTHER RECEIVABLES continued

The carrying amounts of trade and other receivables are all denominated in South African Rands. The fair value of trade and other receivables is disclosed in note 24.

Trade receivables are insured with Credit Guarantee Insurance Corporation of South Africa Limited. South Ocean Electric Wire Company (Proprietary) Limited is exposed to a maximum credit risk of R400 000 for all trade receivables that are within their approved credit limits and 100% of the fair value of trade receivables that are in excess of their credit limits. Radiant Group (Proprietary) Limited is exposed to 15% of the fair value of trade accounts receivables within the credit limits and 100% of all the trade receivables the are in excess of their credit limits. The group does not hold any collateral as security.

Trade receivables have been ceded as security for banking facilities as stated in note 8.2 and note 10.

	Group		Company	
	2009 R'000	**2008 R'000**	**2009 R'000**	**2008 R'000**
8. CASH AND CASH EQUIVALENTS				
8.1 Cash and cash equivalents				
Bank	**64 621**	24 122	**1 482**	59
Cash on hand	**14**	33	**–**	–
	64 635	24 155	**1 482**	59
Bank overdraft	**(5 855)**	(30 385)	**–**	–
	58 780	(6 230)	**1 482**	59
Denominated in South African Rands	**58 572**	(6 230)	**1 482**	59
Denominated in US Dollars (note 24)	**208**	–	**–**	–

8.2 Banking facilities

The following securities are held by the group's bankers:

First National Bank Limited, a division of FirstRand Bank Limited

The bank overdraft facility, currently R95 million, is secured by a cession of South Ocean Electric Wire Company (Proprietary) Limited's trade receivables, a standard debtors financing facility agreement, a cession of debtor cover policy over debtors with Credit Guarantee Insurance Corporation of Africa Limited as well as noting bank's interest and a deed of negative pledge of assets. The facility, when utilised, bears interest at prime less one percent. The unused facility at year-end amounted to R89 million (2008: R84 million) (refer note 24).

Investec Bank Limited

The group has an overdraft facility of R20 million which is secured by the cession of Radiant Group (Proprietary) Limited's trade and other receivables with a reversionary cession to Futuregrowth Asset Management (Proprietary) Limited acting on behalf of various lenders. The facility, when utilised, bears interest at prime less one percent. The unused facility at year-end amounted to R20 million (2008: R1 million) (refer note 24). Subsequent to the reporting date, the facility was reduced to R10 million.

// NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009 continued

	Group		Company	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
9. SHARE CAPITAL AND PREMIUM				
Authorised				
500 000 000 ordinary shares of R0,01 each	**5 000**	5 000	**5 000**	5 000
Issued				
156 378 794 ordinary shares of R0,01 each	**1 274**	1 274	**1 564**	1 564
Share premium	**440 371**	440 371	**1 117 300**	1 117 300
	441 645	441 645	**1 118 864**	1 118 864

The directors are authorised, by resolution of the shareholders, and until the forthcoming annual general meeting, to allot or issue such shares at their discretion, subject to the provisions of the Companies Act of South Africa, and the listings requirements of the JSE Limited.

As a consequence of the reverse acquisition in 2007, as described in the basis of preparation, the number of shares disclosed as issued are those of South Ocean Holdings Limited at the date of the reverse acquisition, including the shares issued to effect the reverse acquisition. The value of shares on consolidation are those of the operating company, South Ocean Electric Wire Company (Proprietary) Limited, including the value of any shares issued thereafter.

	Group		Company	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
10. INTEREST BEARING BORROWINGS				
Secured				
Instalment sale agreements				
Total outstanding	**7 951**	15 717	**–**	–
Less: Current portion included in current liabilities	**(6 254)**	(7 875)	**–**	–
	1 697	7 842	**–**	–
Mortgage bonds				
Futuregrowth Asset Management (Proprietary) Limited	**79 820**	97 040	**–**	–
Bank of Taiwan South African Branch	**5 584**	–	**–**	–
Bergvlei Industrial Leasing Corporation (Proprietary) Limited	**–**	1 522	**–**	–
	85 404	98 562	**–**	–
Less: Current portion included in current liabilities	**(18 333)**	(18 742)	**–**	–
	67 071	79 820	**–**	–
Cumulative redeemable preference shares				
18 077 591 cumulative redeemable preference shares	**–**	181	**–**	–
Preference share premium	**–**	17 897	**–**	–
Preference dividend accrued	**–**	1 019	**–**	–
	–	19 097		–
Less: Current portion included in current liabilities	**–**	(1 019)	**–**	–
	–	18 078	**–**	–

// NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009 continued

	Group		Company	
	2009 R'000	**2008 R'000**	**2009 R'000**	**2008 R'000**
10. INTEREST BEARING BORROWINGS continued				
Other loans				
Futuregrowth Asset Management (Proprietary) Limited				
– Capital loan 1	**–**	9 862	**–**	–
– Facility agreement loan	**45 000**	33 000	**–**	–
	45 000	42 862	**–**	–
Less: Current portion included in current liabilities	**(11 250)**	(9 862)	**–**	–
	33 750	33 000	**–**	–
Total interest bearing borrowings	**138 355**	176 238	**–**	–
Less: Current portion included in current liabilities	**(35 837)**	(37 498)	**–**	–
	102 518	138 740	**–**	–
The maturity of non-current borrowings is as follows:				
Between one and two years	**35 030**	24 042	**–**	–
Between two and five years	**67 488**	96 620	**–**	–
No fixed repayment terms*	**–**	18 078	**–**	–
	102 518	138 740	**–**	–
**comprises preference shares*				
Instalment sale liabilities – minimum payments				
Not later than one year	**6 637**	9 412	**–**	–
Between one and five years	**1 715**	8 461	**–**	–
Future finance charges	**(401)**	(2 156)	**–**	–
Present value of instalment sale liabilities	**7 951**	15 717	**–**	–
The present value of instalment sale liabilities is as follows:				
Not later than one year	**6 254**	7 875	**–**	–
Between one and five years	**1 697**	7 842	**–**	–
	7 951	15 717	**–**	–
Total borrowings at fixed interest rates	**–**	9 862	**–**	–
Total borrowings at floating interest rates	**138 355**	166 376	**–**	–
	%	%	**%**	%
The effective annual interest rates at the reporting date were as follows:				
Instalment sale liabilities	**10,309**	15,800	**–**	–
Mortgage bonds	**11,550**	11,425	**–**	–
Cumulative redeemable preference shares	**–**	11,219	**–**	–
Other loans				
– Capital loan 1	**–**	13,850	**–**	–
– Facility agreement loan	**11,972**	13,197	**–**	–

10.1 Borrowing powers

The maximum permitted borrowing powers in terms of the company's Articles of Association is unlimited.

// NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009 continued

10. INTEREST BEARING BORROWINGS continued

10.2 Securities

The interest bearing borrowings are secured as follows:

Instalment sale agreements

Secured over vehicles, plant and equipment (note 2), bear interest at prime minus 1,50%, and are repayable in monthly instalments of R68 179 (2008: R753 543), inclusive of interest.

Mortgage bonds

Futuregrowth Asset Management (Proprietary) Limited

The loan is secured by an irrevocable guarantee from Radiant Group (Proprietary) Limited, a first ranking mortgage bond registered over all properties as disclosed in note 2 and cession of rentals due from Radiant Group (Proprietary) Limited, South Ocean Holdings Limited and South Ocean Electric Wire Company (Proprietary) Limited.

The loan bears interest at JIBAR plus 1,80%. At year-end, the one month JIBAR rate was 6,942% (2008: 11,425%). The loan is payable in monthly capital instalments totalling R1 435 000 (2008: R1 435 000) per month plus interest.

Bergvlei Industrial Leasing Corporation (Proprietary) Limited

The loan was secured by a mortgage bond over Stand 431 Wynberg Township, and limited guarantees issued by H Schwartz and L Sarakinsky. Interest was payable at the average overnight call rate from Investec Bank Limited and the Standard Bank of South Africa Limited. The capital balance was repayable over three years in monthly instalments of R153 000 (2008: R153 000).

Bank of Taiwan South African Branch

The loan is secured by first covering mortgage bond over Erf 685 Alrode Extension 2 Township, a limited suretyship of R5 565 000 issued by South Ocean Holdings Limited and a cession of insurance policy over the above property. The interest is payable at Standard Bank of South Africa Limited's prime lending rate less 1,60% per annum. Prime is currently 10,50%. The loan is repayable in monthly capital instalments totalling R92 750, plus interest.

Other loans

Futuregrowth Asset Management (Proprietary) Limited – Capital loan 1

The loan bears interest at a fixed rate of 13,85% (2008: 13,85%), and was repayable in fixed monthly instalments of R1 159 619 (2008: R1 159 619) inclusive of interest. The loan was secured with a reversionary cession on the debtors book in favour of the Transnet Pension Fund and a general notarial bond over the assets of Radiant Group (Proprietary) Limited.

The Facility Agreement Loan

The Facility Agreement Loan bears interest at three months JIBAR rate plus 1,80%. At year-end, the three months JIBAR rate was 7,229% (2008: 11,425%). The loan is repayable in quarterly capital instalments totalling R3 750 000, plus interest. The Facility Agreement Loan is secured with an irrevocable guarantee from Anchor Park Investments 48 (Proprietary) Limited, a first ranking mortgage bond registered over all properties as disclosed in note 2 and a cession of rentals due from Radiant Group (Proprietary) Limited, and South Ocean Electric Wire Company (Proprietary) Limited.

	Group	
	2009 R'000	2008 R'000
10.3 Cumulative redeemable preference shares		
Authorised		
20 000 000 cumulative redeemable preference shares of R0,01 each	–	200

The preference shares have been redeemed as the amounts owing under the Capital loan 1 have been repaid and all the other conditions of redemption have been satisfied.

Dividends on the preference shares were payable at a rate of 70% of the prime interest rate.

All interest bearing borrowings are denominated in South African Rands.

// NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009 continued

	Group		Company	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
11. DEFERRED TAXATION				
Deferred tax is calculated on all temporary differences under the liability method using a principal taxation rate of 28%. Deferred income taxation assets and liabilities are off set when the income taxes relate to the same fiscal authority, and there is a legal right to off set at settlement. The following amounts are shown in the consolidated statement of financial position:				
Deferred taxation liability				
At beginning of year	**29 497**	29 837	**–**	–
Movement during the year				
– current year temporary differences	**(2 679)**	20	**–**	–
– rate change	**–**	(1 028)	**–**	–
– prior year under provision	**–**	668	**–**	–
	26 818	29 497	**–**	–
The balance comprises:				
Provisions	**(1 203)**	(1 443)	**–**	–
Capital allowances	**28 021**	30 940	**–**	–
	26 818	29 497	**–**	–

Deferred taxation assets and deferred taxation charge/(credit) in the statement of comprehensive income are attributable to the following items:

	Capital allowances R'000	Provisions R'000	Total R'000
GROUP			
31 December 2009			
Opening balance	**30 940**	**(1 443)**	**29 497**
Charge to the statement of comprehensive income	**(2 919)**	**240**	**(2 679)**
Closing balance	**28 021**	**(1 203)**	**26 818**
31 December 2008			
Opening balance	30 912	(1 075)	29 837
Charge to the statement of comprehensive income	1 093	(405)	688
Rate change	(1 065)	37	(1 028)
Closing balance	30 940	(1 443)	29 497

// NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009 continued

	Group		Company	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
12. TRADE AND OTHER PAYABLES				
Financial liabilities				
Trade payables	**40 168**	67 951	**354**	–
Accruals	**6 487**	2 976	**381**	2 151
	46 655	70 927	**735**	2 151
Non-financial liabilities				
Other payables	**10 803**	11 370	**2 899**	–
VAT payable	**1 438**	3 785	**181**	–
Deposits	**99**	6	**–**	–
	12 340	15 161	**3 080**	–
	58 995	86 088	**3 815**	2 151
Trade and other payables are unsecured, and are repayable within a period of twelve months. The carrying amount and fair value of the current borrowings are included in note 24.				
The trade payables will be settled in the following currencies:				
South African Rands	**21 005**	28 834	**354**	–
US Dollars (note 24)	**19 018**	39 017	**–**	–
European Euro (note 24)	**145**	100	**–**	–
	40 168	67 951	**354**	–
13. REVENUE				
Sale of goods	**957 972**	1 136 617	**–**	–
Dividends	**–**	–	**–**	42 222
	957 972	1 136 617	**–**	42 222

// NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009 continued

	Group		Company	
	2009 R'000	**2008 R'000**	**2009 R'000**	**2008 R'000**
14. EXPENSES BY NATURE				
Advertising and promotions	**11 382**	7 504	**–**	–
Amortisation of intangible assets	**4 263**	3 708	**–**	–
Auditors' remuneration				
– other services fees	**8**	246	**175**	399
– audit fees	**1 455**	1 190	**218**	240
– expenses	**43**	40	**–**	–
– (over)/under provision prior year	**127**	(610)	**82**	–
Bad debt (reversal)/impairment	**(472)**	1 155	**–**	–
Bad debts written off	**187**	19	**–**	–
Changes in inventories of finished goods and work in progress	**48 024**	32 060	**–**	–
Depreciation – cost of sales	**6 915**	6 336	**–**	–
– operating expenses	**6 979**	5 586	**–**	–
Electricity and water	**5 276**	2 466	**–**	–
Employee benefit expense (note 15)	**118 596**	103 325	**9 150**	1 251
Freight costs	**11 705**	17 976	**–**	–
Insurance – trade receivables	**1 522**	1 136	**–**	–
– other	**1 677**	1 304	**–**	–
Impairment of available-for-sale financial assets	**–**	1 582	**–**	1 582
Impairment of intangible assets	**–**	39 000	**–**	–
Impairment of interest free loans receivable	**–**	1 070	**–**	–
Legal fees	**1 697**	330	**106**	5
Deficit on disposal of property, plant and equipment	**6 111**	–	**–**	–
Motor vehicle expenses	**2 979**	3 608	**–**	–
Operating leases				
– rental of warehouse premises	**223**	618	**–**	–
Other expenses	**15 097**	10 349	**1 469**	834
Professional fees	**2 503**	2 478	**1 708**	1 291
Rates and taxes	**812**	33	**–**	–
Raw materials and consumables used	**477 660**	588 717	**–**	–
Merchandise used	**177 546**	168 383	**–**	–
Repairs and maintenance	**7 596**	5 880	**–**	–
Total cost of sales, administration, distribution and operating expenses	**909 911**	1 005 489	**12 908**	5 602

// NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009 continued

	Group		Company	
	2009 R'000	2008 R'000	2009 R'000	2008 R'000
15. EMPLOYEE BENEFIT EXPENSE				
Directors' remuneration (note 16)			**7 443**	1 251
Salaries, wages and bonuses	**114 567**	99 127	**–**	–
Pension fund contributions	**4 029**	4 198	**–**	–
	118 596	103 325	**7 443**	1 251
Number of employees at 31 December				
– full time	**645**	655	**2**	–
– part time	**6**	6	**6**	6

The employees of the group are the members of the following contribution plans:
- Metal Industries Pension Fund
- Dynamique Pension Fund
- Momentum Funds at Work
- MEIBC Provident Fund

	Fees R'000	Salary R'000	Performance bonus R'000	Medical and group benefit contributions R'000	Provident fund R'000	Total R'000	Paid by subsidiaries R'000	Paid by the company R'000
16. DIRECTORS' REMUNERATION								
The directors' remuneration for the year ended 31 December 2009 was as follows:								
Executive directors								
EHT Pan	–	2 595	542	27	375	3 539	–	3 539
JP Bekker	–	1 962	416	62	239	2 679	–	2 679
H Schwartz	–	1 119	–	64	168	1 351	1 351	–
PJM Ferreira	–	1 161	–	13	117	1 291	1 291	–
G Stein	–	900	–	56	135	1 091	1 091	–
	–	7 737	958	222	1 034	9 951	3 733	6 218
Non-executive directors								
JB Magwaza	259	–	–	–	–	259	–	259
CY Wu	186	–	–	–	–	186	–	186
D Ko	25	–	–	–	–	25	–	25
CH Pan	50	–	–	–	–	50	–	50
EG Dube	316	–	–	–	–	316	–	316
HL Li	69	–	–	–	–	69	–	69
JL Law	50	–	–	–	–	50	–	50
KH Pon	270	–	–	–	–	270	–	270
	1 225	–	–	–	–	1 225	–	1 225
	1 225	7 737	958	222	1 034	11 176	3 733	7 443

The details of the changes in the directors are disclosed in the directors' report on page 36.

// NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009 continued

16. DIRECTORS' REMUNERATION continued

The directors' remuneration for the year ended 31 December 2008 was as follows:

	Fees R'000	Salary R'000	Performance bonus R'000	Medical and group benefit contributions R'000	Provident fund R'000	Total R'000	Paid by subsidiaries R'000	Paid by the company R'000
Executive directors								
EHT Pan	–	2 443	695	24	331	3 493	3 493	–
JP Bekker	–	1 691	442	55	239	2 427	2 427	–
H Schwartz	–	2 112	603	86	365	3 166	3 166	–
PJM Ferreira	–	1 718	1 011	24	234	2 987	2 987	–
G Stein	–	1 595	451	59	276	2 381	2 381	–
	–	9 559	3 202	248	1 445	14 454	14 454	–
Non-executive directors								
JB Magwaza	457	–	–	–	–	457	–	457
CY Wu	180	–	–	–	–	180	–	180
D Ko	92	–	–	–	–	92	–	92
CH Pan	92	–	–	–	–	92	–	92
EG Dube	180	–	–	–	–	180	–	180
KH Pon	250	–	–	–	–	250	–	250
	1 251	–	–	–	–	1 251	–	1 251
	1 251	9 559	3 202	248	1 445	15 705	14 454	1 251

	Group		Company	
	2009 R'000	2008 R'000	**2009 R'000**	2008 R'000
17. OTHER INCOME				
Rental received	**1 213**	1 180	**–**	–
Management fees received	**–**	–	**12 680**	4 800
Bad debt recovered	**234**	–	**–**	–
Foreign exchange gain	**10 479**	341	**–**	–
Surplus on disposal of property, plant and equipment	**32**	29	**–**	–
Other income	**140**	59	**–**	–
	12 098	1 609	**12 680**	4 800
18. FINANCE INCOME				
Interest received				
– bank	**2 843**	2 762	**36**	251

// NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009 continued

	Group		Company	
	2009 R'000	**2008 R'000**	**2009 R'000**	**2008 R'000**
19. FINANCE COSTS				
Interest paid				
– instalment sale agreements	**(1 220)**	(2 726)	**–**	–
– mortgage bonds	**(9 192)**	(14 778)	**–**	–
– other loans	**(5 244)**	(4 355)	**–**	–
– bank	**(1 742)**	(3 706)	**–**	–
– group companies			**–**	(1 026)
– other	**–**	(36)	**–**	–
	(17 398)	(25 601)	**–**	(1 026)
– cumulative redeemable preference shares	**(1 133)**	(2 029)	**–**	–
	(18 531)	(27 630)	**–**	(1 026)
20. TAXATION				
South African normal taxation				
Current taxation				
– current year	**(13 470)**	(42 626)	**–**	–
Deferred taxation				
– current year	**2 679**	(20)	**–**	–
– rate change	**–**	1 028	**–**	–
– prior year	**–**	(668)	**–**	–
Secondary taxation on companies	**(2 023)**	(4 482)	**–**	(4 222)
	(12 814)	(46 768)	**–**	(4 222)
Reconciliation of rate of taxation				
Profit/(loss) before taxation	**44 471**	107 869	**(192)**	40 645
Taxation at standard rate (28%)	**(12 452)**	(30 203)	**54**	(11 381)
Adjusted for:				
Exempt income	**286**	–	**–**	11 823
Prior year under provision	**–**	(668)	**–**	–
Secondary taxation on companies	**(2 023)**	(4 482)	**–**	(4 222)
Expenses not deductible	**(546)**	(12 263)	**(30)**	(442)
Capital gain on disposal of property, plant and equipment	**1 065**	–	**–**	–
Foreign subsidiary tax rate differential	**607**	–	**–**	–
Rate change	**–**	1 028	**–**	–
Unprovided deferred taxation	**249**	(180)	**(24)**	–
	(362)	(16 565)	**(54)**	7 159
South African normal taxation	**(12 814)**	(46 768)	**–**	(4 222)

The secondary taxation arose on the repayment of the preference share premium. The share premium arose following the capitalisation of retained earnings and is therefore subject to secondary taxation on companies.

// NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009 continued

	Group	
	2009	**2008**
21. EARNINGS PER SHARE		
The calculations of earnings per share and fully diluted earnings per share are as follows:		
Attributable earnings (R'000)	**31 657**	61 101
Headline earnings (R'000)	**37 736**	102 724
Weighted average number of ordinary shares in issue ('000)	**156 379**	156 379
Earnings per share (cents)	**20,2**	39,1
Headline earnings per share (cents)	**24,1**	65,7
Reconciliation of headline earnings (R'000)		
Earnings attributable to ordinary shareholders	**31 657**	61 101
Impairment of intangible assets	**–**	39 000
Impairment of available-for-sale-financial assets and interest free loans receivable	**–**	2 652
Deficit/(surplus) on disposal of property, plant and equipment	**6 079**	(29)
Headline earnings	**37 736**	102 724
22. DIVIDENDS PER SHARE		
Dividends paid (R'000)	**–**	42 222
Dividends recommended (R'000)	**4 691**	–
Paid during the year relating to prior year (R'000)	**–**	(31 276)
	4 691	10 946
Number of shares in issue ('000)	**156 379**	156 379
Dividends per share (cents)	**3,0**	7,0

A dividend of 3 cents per share was approved at the board meeting of the company held on 5 March 2010. In compliance with IAS 10, 'Events after the reporting period', the financial statements do not reflect this dividend. The dividend will only be accounted for in the financial statements for the year ending 31 December 2010.

// NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009 continued

	Group		Company	
	2009 R'000	**2008 R'000**	**2009 R'000**	**2008 R'000**
23. STATEMENT OF CASH FLOW INFORMATION				
23.1 Cash flow from operations				
Operating profit/(loss)	**60 159**	132 737	**(228)**	41 420
Adjusted for:				
– amortisation of intangible assets	**4 263**	3 708	**–**	–
– depreciation	**13 894**	11 922	**–**	–
– impairment of intangible assets	**–**	39 000	**–**	–
– impairment of available-for-sale financial asset	**–**	1 582	**–**	1 582
– impairment of interest free loans receivable	**–**	1 070	**–**	–
– deficit/(surplus) on disposal of property, plant and equipment	**6 079**	(29)	**–**	–
– dividends received	**–**	–	**–**	(42 222)
	84 395	189 990	**(228)**	780
Changes in working capital				
Decrease/(increase) in inventories	**43 142**	(11 922)	**–**	–
Decrease/(increase) in trade and other receivables	**51 198**	(39 181)	**1 664**	908
(Decrease)/increase in trade and other payables	**(27 093)**	9 232	**(5 199)**	(2 462)
	67 247	(41 871)	**(3 535)**	(1 554)
	151 642	148 119	**(3 763)**	(774)
23.2 Interest paid				
Amounts owing at beginning of year	**(1 019)**	(1 591)	**–**	–
Charged to statements of comprehensive income	**(18 531)**	(27 630)	**–**	(1 026)
Amounts owing at end of year	**–**	1 019	**–**	–
	(19 550)	(28 202)	**–**	(1 026)
23.3 Taxation paid				
Net amounts owing at beginning of year	**(6 870)**	(13 080)	**–**	–
Charged to statements of comprehensive income	**(15 493)**	(47 108)	**–**	(4 222)
Net amounts owing at end of year	**2 432**	6 870	**–**	–
	(19 931)	(53 318)	**–**	(4 222)
23.4 Proceeds on disposal of property, plant and equipment				
Net book amount of assets disposed of	**20 839**	52	**–**	–
(Deficit)/surplus on disposal of property, plant and equipment	**(6 079)**	29	**–**	–
	14 760	81	**–**	–
23.5 Dividends paid				
Amounts owing at beginning of year	**(4)**	(4)	**(4)**	(4)
Dividends paid	**–**	(42 222)	**–**	(42 222)
Amounts owing at end of year	**4**	4	**4**	4
	–	(42 222)	**–**	(42 222)

// NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009 continued

24. FINANCIAL RISK MANAGEMENT

Financial risk factors

The group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. Risk management is carried out under policies approved by management.

(a) Market risk

Foreign exchange risk

The group operates and trades internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar. The group buys its major machinery and the majority of the light fittings and accessories in US Dollars. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities when they are denominated in a currency that is not the entity's functional currency. Entities within the group use forward exchange contracts to manage their foreign exchange risk arising from future commercial transactions, recognised assets and liabilities. In general, the group's policy is to enter into forward foreign exchange contracts as and when required by the businesses and these are limited to orders placed with suppliers.

At 31 December 2009, if the currency had weakened/strengthened against the US Dollar by 4% with all other variables held constant, profit after tax would have decreased/increased by R551 894 (2008: R1 123 690), mainly as a result of foreign exchange gains/losses on translation of trade payables. A sensitivity analysis has not been performed on other foreign currency exposures as it is not considered to have a material impact on the profit after tax.

Foreign currency exposure

The following foreign currency liabilities and assets are recognised in the group statement of financial position:

	2009		2008	
	Foreign currency '000	**Rand equivalent R'000**	**Foreign currency '000**	**Rand equivalent R'000**
Assets – bank accounts				
US Dollars	**28**	**208**	–	–
Liabilities – trade payables				
US Dollars	**2 561**	**19 018**	4 121	39 017
European Euros	**14**	**145**	7	100
		19 163		39 117

At year-end the group had entered into the following forward exchange contracts:

	Settlement dates	Foreign currency US$'000	Rand equivalent R'000
2009	4 January 2010	**360**	**2 703**
	5 January 2010	**300**	**2 214**
	21 January 2010	**87**	**658**
2008	7 January 2009	457	4 425
	14 January 2009	403	3 806

// NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009 continued

24. FINANCIAL RISK MANAGEMENT continued

(a) Market risk continued

Price risk

The group is exposed to commodity price risk with regard to the price of copper. Copper price risk arises from the risk of an adverse effect on current or future earnings resulting from fluctuations in the price of copper. The copper market is predominantly priced in US Dollars which exposes the group to the risk that fluctuations in the South African Rand/US Dollar exchange rates may also have on current or future earnings. The company does not have specific procedures in place to manage this risk; however management plans to keep inventory levels as low as possible. Any change in the copper price has an impact on both sales values and purchase values. The group is not exposed to equity securities price risk.

Cash flow and fair value interest rate risk

As the group has no significant interest bearing assets, the group's income is substantially independent of changes in market interest rates. The group's interest rate risk arises from long-term borrowings. Borrowings issued at fixed rates expose the group to fair value interest rate risk. Borrowings issued at variable rates expose the group to cash flow interest rate risk. The interest rates are monitored on a daily basis and any additional or available cash resources are redirected towards reducing the interest bearing debts. Details of interest rates on borrowings are disclosed in notes 8.2 and 10.

All group borrowings are denominated in South African Rands. The group has no specific processes in place to manage cash flow risks. Interest rate exposure is not analysed on a specific basis but should the interest rates increase/decrease by 2% the profit after tax will decrease/increase by R1 992 312 (2008: R3 181 000).

(b) Credit risk

Potential concentrations of credit risk consist primarily of interest free loans receivable, cash investments and trade receivables. Trade receivables consist of a large number of customers spread across diverse industries and geographical areas. The group has policies in place to ensure that sales are made to customers with an appropriate credit history and in most instances, utilises credit insurance. The ongoing creditworthiness of the trade receivables is assessed from time to time.

The group limits its exposure arising from the money market by dealing with well established financial institutions of high standing. Details of credit risk for trade receivables are disclosed in note 7.

(c) Liquidity risk

The group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained. Due to the dynamic nature of the underlying businesses, the group aims to maintain flexibility in funding by keeping committed credit lines available. Details of liquidity analysis are disclosed in notes 10 and 12. The table below shows the credit limit and balances of the major counterparties at the reporting date:

	Group			
	2009		2008	
	Credit limit R'000	Balance R'000	Credit limit R'000	Balance R'000
Counterparty				
First National Bank Limited	**95 000**	**(5 855)**	95 000	(11 139)
Investec Bank Limited	**20 000**	**–**	20 000	(19 245)
Futuregrowth Asset Management (Proprietary) Limited	**50 000**	**(45 000)**	50 000	(33 000)

Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The executive directors are involved in the daily operations of the group, and the necessary decisions regarding capital risk management are made as and when necessary.

The group monitors capital on the basis of the gearing ratio. This ratio is calculated as total debt plus net overdraft divided by total equity. During 2009, the group's strategy was to maintain the gearing ratio below 50%. At 31 December 2009, the gearing ratio was 30% (2008: 46%). The gearing ratio declined primarily as a result of the settlement of the total liabilities.

// NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009 continued

24. FINANCIAL RISK MANAGEMENT continued

Fair value estimation

The carrying value less impairment provision of trade receivables and payables and interest free loans receivable are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

Fair value of financial instruments

	Group		Company	
	Carrying value R'000	Fair value R'000	Carrying value R'000	Fair value R'000
2009				
Trade and other receivables	**125 846**	**119 831**	**7 661**	**7 661**
Cash and cash equivalents	**58 766**	**58 766**	**1 482**	**1 482**
Interest bearing borrowings	**(138 355)**	**(138 355)**	**–**	**–**
Amounts owing to subsidiaries			**(8 096)**	**(8 096)**
Trade and other payables	**(46 655)**	**(46 655)**	**(735)**	**(735)**
Shareholders for dividends	**(4)**	**(4)**	**(4)**	**(4)**
2008				
Amounts owing by subsidiaries			7 402	7 402
Trade and other receivables	175 048	168 748	2 462	2 462
Cash and cash equivalents	(6 263)	(6 263)	59	59
Interest bearing borrowings	(176 238)	(176 238)	–	–
Amounts owing to subsidiaries			(10 348)	(10 348)
Trade and other payables	(70 927)	(70 927)	(2 151)	(2 151)
Shareholders for dividends	(4)	(4)	(4)	(4)

25. RELATED PARTIES

Transactions between group companies

In the ordinary course of business, the companies in the group entered into transactions with each other. These intergroup transactions have been eliminated on consolidation. The following transactions were entered into between the company and its subsidiaries during the year:

	Company	
	2009 R'000	2008 R'000
Dividends received	**–**	42 222
Management fees received	**12 680**	4 800

Amounts owing by/(to) related parties

Amounts owing by/(to) related parties are included in trade and other receivables (note 7), trade and other payables (note 12) and interest in subsidiaries (note 27).

Directors

Details relating to directors' remuneration and interests are disclosed in note 16 of the financial statements, and on page 37 of the directors' report.

The directors have certified that they are not materially interested in any transactions of any significance with the company or any of its subsidiaries.

// NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009 continued

	Group		Company	
	2009 R'000	**2008 R'000**	**2009 R'000**	**2008 R'000**
26. COMMITMENTS				
Capital commitments				
Authorised and not contracted for	**8 415**	14 031	**–**	–
Authorised and contracted for	**18 310**	1 000	**–**	–
	26 725	15 031	**–**	–

The expenditure will be financed from new credit facilities from First National Bank, a division of FirstRand Bank Limited.

	Issued share capital and proportion held		Shares at cost		Indebtedness by/(to)	
	2009 %	**2008 %**	**2009 R'000**	**2008 R'000**	**2009 R'000**	**2008 R'000**
27. INTEREST IN SUBSIDIARIES						
Direct holdings						
South Ocean Electric Wire Company (Proprietary) Limited	**100**	100	**712 165**	712 165	**(8 096)**	7 402
Radiant Group (Proprietary) Limited	**100**	100	**488 038**	488 038	**–**	(10 348)
Anchor Park Investments 48 (Proprietary) Limited	**100**	100	*****	*	*****	*
			1 200 203	1 200 023	**(8 096)**	(2 946)
Less: Dividends received from pre-acquisition reserves			**(84 750)**	(84 750)	**–**	–
Less: Impairment			**(98 990)**	(98 990)	**–**	–
			1 016 463	1 016 463	**(8 096)**	(2 946)

* *denotes amounts of less than R1 000*

Indirect holdings			**Nature of business**
Radiant Lighting No.2 Investments (Proprietary) Limited	**100**	100	Dormant
Lohuis Properties (Proprietary) Limited	**100**	100	Dormant
Lohuis SA (Proprietary) Limited	**100**	100	Dormant
Ripple Effect 55 (Proprietary) Limited	**100**	100	Dormant
Wildbreak 116 (Proprietary) Limited	**100**	100	Dormant
Razz-ma-Tazz Lighting (Proprietary) Limited	**100**	100	Dormant
Diaspara Developers (Proprietary) Limited	**100**	100	Dormant
Stand 53 Atlas Gardens (Proprietary) Limited	**100**	100	Dormant
Stand 431 Wynberg (Proprietary) Limited	**100**	100	Dormant
Radiant Lighting and Electrical International Limited**	**100**	–	Trading

** *Incorporated in Hong Kong*

// NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009 continued

28. SEGMENT REPORTING

The group is organised into three main business segments:

1. Electrical wires – manufacturing and distribution of electric wire;
2. Lighting and electrical accessories – import and distribution of light fittings, lamps and electrical accessories; and
3. Property investments.

The chief operating decision-maker assesses the performance of these individual segments from a product and market perspective. This assessment is based on operating profit before interest, tax, depreciation and amortisation (EBITDA). The reportable total assets and liability exclude available-for-sale financial assets and deferred taxation.

The details of reportable performance and financial position of the segments are as follows:

	Revenue R'000	Adjusted EBITDA R'000	Segment assets R'000	Segment liabilities R'000
31 December 2009				
Electrical wires	**591 939**	**35 975**	**227 059**	**34 976**
Lighting and electrical accessories	**366 033**	**46 234**	**530 874**	**78 261**
Property investments	**17 213**	**9 015**	**162 816**	**86 153**
	975 185	**91 224**	**920 749**	**199 390**
31 December 2008				
Electrical wires	747 994	99 634	241 342	41 158
Lighting and electrical accessories	388 623	77 860	569 296	150 718
Property investments	17 183	16 545	176 500	98 684
	1 153 800	194 039	987 138	290 560

Segment assets consist primarily of property, plant and equipment, intangible assets, inventories, receivables and operating cash. Segment assets exclude available-for-sale financial assets and any inter-group loans existing at reporting date.

Segment liabilities comprise operating liabilities, and exclude current and deferred taxation and any inter-group liabilities existing at reporting date.

// NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009 continued

28. SEGMENT REPORTING continued

Reconciliation of segment results to statement of comprehensive income and statement of financial position

	Group 2009 R'000	Group 2008 R'000
Revenue		
Reportable segment revenue	**975 185**	1 153 800
Inter-group revenue (property rentals)	**(16 000)**	(16 000)
Property revenue disclosed in other revenue	**(1 213)**	(1 183)
Revenue per consolidated statement of comprehensive income	**957 972**	1 136 617
EBITDA		
Adjusted EBITDA	**91 224**	194 039
Corporate overheads	**(12 908)**	(4 020)
Depreciation	**(13 894)**	(11 922)
Amortisation of intangible assets	**(4 263)**	(3 708)
Impairment of intangible assets	**–**	(39 000)
Impairment of available-for-sale financial assets	**–**	(1 582)
Impairment of interest free loans	**–**	(1 070)
Operating profit	**60 159**	132 737
Investment revenue	**2 843**	2 762
Finance expense	**(18 531)**	(27 630)
Profit before income tax	**44 471**	107 869
Assets		
Reportable segment assets	**920 749**	987 138
Corporate assets	**1 482**	59
Taxation receivable	**1 948**	179
Total assets per statement of financial position	**924 179**	987 376
Liabilities		
Reportable segment liabilities	**199 390**	290 560
Corporate liabilities	**3 819**	2 155
Deferred taxation	**26 818**	29 497
Taxation payable	**4 380**	7 049
Total liabilities per statement of financial position	**234 407**	329 261

The group operates primarily in South Africa and no geographical segmental information is disclosed, as there are no separately defined segments that contribute more than 10% of revenue, results or assets.

// ANALYSIS OF ORDINARY SHAREHOLDERS

AT 31 DECEMBER 2009

	Number of shareholders	% of total share-holders	Number of shares	% of shares in issue
Shareholder spread				
1 – 1 000 shares	218	19,86	133 038	0,08
1 001 – 10 000 shares	513	46,72	2 244 058	1,43
10 001 – 100 000 shares	270	24,59	10 237 741	6,55
100 001 – 1 000 000 shares	74	6,74	23 591 817	15,09
1 000 001 shares and over	23	2,09	120 172 140	76,85
Total	1 098	100,00	156 378 794	100,00
Distribution of shareholders				
Public companies	3	0,27	49 435 969	31,61
Retail shareholders	794	72,32	30 937 381	19,78
Trusts	130	11,84	29 192 405	18,67
Collective investment schemes	11	1,00	12 560 172	8,03
Private companies	49	4,46	8 107 059	5,18
Hedge funds	7	0,64	7 515 497	4,81
Stockbrokers and nominees	3	0,27	5 778 572	3,70
Foundations and charitable funds	25	2,28	3 854 343	2,46
Retirement benefit funds	19	1,73	3 672 695	2,35
Share schemes	1	0,09	2 690 592	1,72
Close corporations	33	3,01	859 396	0,55
Custodians	4	0,36	838 500	0,54
Assurance companies	1	0,09	700 000	0,45
Investment partnerships	16	1,46	196 968	0,12
Medical aid funds	1	0,09	26 400	0,02
Insurance companies	1	0,09	12 845	0,01
Total	1 098	100,00	156 378 794	100,00
Shareholder type				
Non-public shareholders	4	0,36	53 024 527	33,91
Directors and associates (direct holding)	2		5 220 045	3,34
Directors and associates (indirect holding)	1		27 734 563	17,74
Holders holding more than 10% (excluding directors' holding)				
Metallic City International Limited	1		20 069 919	12,83
Public shareholders	1 094	99,64	103 354 267	66,09
Total	1 098	100,00	156 378 794	100,00

	Total shareholding	% of shares in issue
Beneficial shareholders with a holding greater than 5% of the shares in issue		
Hong Tai Electric Industrial Co Limited	29 273 150	18,72
Metallic City International Limited	20 069 919	12,83
H.S. Family Trust	14 245 992	9,11
Total	63 589 061	40,66

// NOTICE OF ANNUAL GENERAL MEETING

South Ocean Holdings Limited
Incorporated in the Republic of South Africa
(Registration number: 2007/002381/06)
Share code: SOH ISIN: ZAE000092748

If you are in any doubt as to what action you should take in respect of the following resolutions, please consult your Central Securities Depository Participant (CSDP), broker, banker, attorney, accountant or other professional adviser immediately.

Notice is hereby given that the Annual General Meeting of the members of South Ocean Holdings Limited (the company) will be held in the boardroom, 12 Botha Street, Alrode on 4 June 2010 at 10h00 for the following purposes:

ORDINARY RESOLUTION NUMBER 1

To receive and consider the annual financial statements of the company and of the group together with the directors' report and the report of the independent auditors for the financial year ended 31 December 2009.

ORDINARY RESOLUTION NUMBER 2

To re-elect Mr HL Li as a director of the company and who retires in terms of the company's Articles of Association. An abbreviated CV for Mr Li appears on page 9 of the annual report.

ORDINARY RESOLUTION NUMBER 3

To re-elect Mr CY Wu as a director of the company and who retires in terms of the company's Articles of Association. An abbreviated CV for Mr Wu appears on page 9 of the annual report.

ORDINARY RESOLUTION NUMBER 4

To re-elect Ms M Chong as a director of the company and who retires in terms of the company's Articles of Association. An abbreviated CV for Ms Chong appears on page 9 of the annual report.

ORDINARY RESOLUTION NUMBER 5

To approve the fees of the non-executive directors for their services as directors in the amount of R1 225 000 for the financial year ended 31 December 2009 and as more fully disclosed in note 16 to the annual financial statements.

ORDINARY RESOLUTION NUMBER 6

To re-appoint PricewaterhouseCoopers Inc. as independent auditors to the company for the current financial year and to note that the individual registered auditor who will undertake the audit during the financial year ending 31 December 2010 is Ms P Pope.

ORDINARY RESOLUTION NUMBER 7: CONTROL OF AUTHORISED AND UNISSUED SHARES

That general authority be granted to the directors to allot and issue 15% of the unissued ordinary shares in the company subject to the following limitations:

- The authority shall be valid until the date of the next annual general meeting of the company, provided it shall not extend beyond 15 (fifteen) months from the date of this annual general meeting;
- Issues in terms of this authority will not, in any financial year, in aggregate exceed 15% of the number of ordinary shares in the company's issued share capital as at 31 December 2009;
- Issues in terms of this authority will not, in any financial year, in aggregate exceed 15% of ordinary shares in the company's issued ordinary share capital as at 31 December 2009, provided that this limitation will not apply to the issue of ordinary shares in terms of any share incentive scheme and, accordingly:
  - in calculating the number of ordinary shares issued in any financial year for the purpose of determining whether the aforementioned 15% threshold has been reached, any ordinary shares issued in terms of the rules of any share incentive scheme shall not be included in that calculation;
  - the number of ordinary shares which directors are authorised to allot and issue in terms of the rules of any share incentive scheme shall not be subject to limitation other than in terms of the rules applicable to that scheme; and
- Issues in terms of this authority shall be subject to the provisions of the Companies Act and the JSE Listings Requirements.

The reason for the above ordinary resolution number 7 is to give the directors authority to issue up to 15% of the unissued ordinary shares in the company in order to pursue suitable BEE partners.

// NOTICE OF ANNUAL GENERAL MEETING continued

SPECIAL RESOLUTION NUMBER 1

Resolved that the company or any of its subsidiaries be and is hereby authorised, by way of a general approval, to acquire ordinary shares issued by the company, in terms of Sections 85 (2) and 85 (3) of the Companies Act (Act 61 of 1973), as amended (the Companies Act) and in accordance with Article 10.1.7 of the company's Articles of Association and in terms of the JSE Listing Requirements, provided that:

- any such acquisition of ordinary shares shall be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counterparty;
- this general authority shall 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 number 1;
- an announcement prepared in accordance with paragraph 11.27 of the JSE Listings Requirements will be published as soon as the company or any of its subsidiaries has acquired ordinary shares constituting, on a cumulative basis, 3% of the number of ordinary shares in issue prior to the acquisition pursuant to which the aforesaid 3% threshold is reached and for each 3% in aggregate acquired thereafter, containing full details of such acquisitions;
- acquisitions of shares in aggregate in any one financial year may not exceed 20% of the company's ordinary issued share capital as at the date of passing of this special resolution number 1;
- in determining the price at which ordinary shares issued by the company are acquired by it or any of its subsidiaries in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be 10% of the weighted average of the market value at which such ordinary shares are traded on the JSE as determined over the five trading days immediately preceding the date of repurchase of such ordinary shares by the company or any of its subsidiaries;
- the company has been given authority by its Articles of Association;
- at any point in time, the company may only appoint one agent to effect any repurchase on the company's behalf;
- the company's sponsor must confirm in terms of paragraph 11.26 (d) of the JSE Listings Requirements, the adequacy of the company's working capital for purposes of undertaking the repurchase of shares in writing to the JSE before entering the market to proceed with the repurchase;
- the company and/or its subsidiaries not repurchasing any shares during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements, unless a repurchase programme is in place, where dates and quantities of shares to be traded during the prohibited period are fixed and full details of the programme have been disclosed in an announcement over the Securities Exchange News Services (SENS) prior to the commencement of the prohibited period;
- before entering the market to effect the general repurchase, the directors, having considered the effects of the repurchase of the maximum number of ordinary shares in terms of the aforegoing general authority, will ensure that for a period 12 (twelve) months after the date of the repurchase in question:
  - the company and the group will be able, in the ordinary course of business, to pay its debts;
  - the consolidated assets of the company and the group, fairly valued in accordance with International Financial Reporting Standards on a basis consistent with the financial year ended 31 December 2009 will exceed the consolidated liabilities of the company and the group; and
  - the company and the group's ordinary share capital, reserves and working capital will be adequate for ordinary business purposes.

The reason for and effect of Special resolution number 1 is to grant the directors of the company a general authority in terms of the Companies Act and the JSE Listings Requirements for the repurchase by the company, or a subsidiary of the company, of the company's shares.

The following additional disclosures required in terms of paragraph 11.26 of the JSE Listings Requirements (some of which appear elsewhere in the annual report of which this notice forms part) are provided below:

- Directors – page 36;
- Major shareholders – page 75
- Directors' interests in ordinary shares – page 37 and
- Share capital of the company – page 58

Litigation statement

The directors, whose names appear on page 36 of the annual report of which this notice forms part, are not aware of any legal or arbitration proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 (twelve) months, a material effect on the company's or group's financial position.

// NOTICE OF ANNUAL GENERAL MEETING continued

Directors' responsibility statement

The directors, whose names appear on page 36 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 such information.

Material changes

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 date of signature of the audit report and up to the date of this notice.

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.

ORDINARY RESOLUTION NUMBER 8

Resolved that any director of the company, or the Company Secretary, be and is hereby authorised and empowered to sign all such documents and do whatever else may be necessary to give effect to the registration of Special resolution number 1 above.

PROXIES

Any member entitled to attend and vote at the annual general meeting of the company may appoint a proxy to attend, speak and vote in his stead. The proxy need not be a member of the company. A proxy form is included in the back of this annual report. Completed proxy forms must be returned to the company's transfer secretaries, Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg 2001 (PO Box 61051, Marshalltown 2107).

Certificated shareholders and "own name" dematerialised shareholders who are unable to attend the annual general meeting to be held at 10h00 on Friday, 4 June 2010, but wish to be represented thereat, must complete and return the attached form of proxy in accordance with the instructions therein and lodge it with the transfer secretaries so as to be received by no later than 10h00 on Wednesday, 2 June 2010.

Dematerialised shareholders without "own name" registration who wish to vote by way of proxy at the annual general meeting, must provide their CSDP or broker with their voting instructions by the cut-off-time and date advised by the CSDP or broker for instructions of this nature, as specified in the custody agreement entered into between such shareholder and their CSDP or broker, in order for such CSDP or broker to vote in accordance with such instructions at the annual general meeting.

Dematerialised shareholders other than those with "own name" registration who wish to attend the annual general meeting must timeously advise their CSDP or broker of such, in order to obtain the necessary letter of authority to enable them to attend. This must be effected in terms of the agreement entered into between such shareholder and their CSDP or broker.

By order of the board of directors

WT Green
Company Secretary
30 April 2010

// SHAREHOLDERS' DIARY

2009 FINANCIAL YEAR-END

Annual General Meeting	4 June 2010

2010 FINANCIAL YEAR-END

Financial year-end	31 December

REPORTS

Interim report and declaration of interim dividend	September 2010
Final results	March 2011
Publication of annual report	June 2011

DIVIDEND PAYMENTS

Interim	September 2010
Final	April 2011
Annual General Meeting	June 2011

// CORPORATE ADMINISTRATION AND INFORMATION

SOUTH OCEAN HOLDINGS LIMITED

(Registration number: 2007/002381/06)
(Incorporated in the Republic of South Africa)
ISIN: ZAE000092748
Short name: South Ocean
JSE code: SOH
Currency: ZAR
Founded: 2007
Listed: 2007
Sector: Electronic and Electrical Equipment
Website: www.southoceanholdings.com
E-mail: info@southoceanholdings.co.za

BUSINESS ADDRESS AND REGISTERED OFFICES

12 Botha Street
Alrode 1451
South Africa
Postal address
PO Box 123738
Alrode 1451
South Africa
Telephone: +27 11 864 1606
Telefax: +27 11 262 6514

COMPANY SECRETARY

Whitney Thomas Green
21 West Street
Houghton 2198
South Africa
Postal address
PO Box 123738
Alrode 1451
South Africa
Email: whitneyg@glocapital.com
Telephone: +27 11 728 0255
Telefax: +27 11 728 8921

SHARE TRANSFER SECRETARIES

Computershare Investor Services (Pty) Limited
(Registration number: 2004/003647/07)
70 Marshall Street
Ground Floor
Johannesburg 2001
South Africa
Postal address
PO Box 61051
Marshalltown 2107
South Africa
Telephone: + 27 11 370 5000
Telefax: + 27 11 688 5200
Website: www.computershare.com

AUDITORS

PricewaterhouseCoopers Inc.
2 Eglin Road
Sunninghill 2157
South Africa
Telephone: + 27 11 797 4000
Telefax: + 27 11 797 5800

SPONSOR

Investec Bank Limited
(Registration number: 1969/004763/06)
Second Floor
100 Grayston Drive
Sandown, Sandton 2196
South Africa

PRINCIPAL BANKERS

First National Bank, a division of FirstRand Bank Limited
Standard Bank of South Africa Limited

// FORM OF PROXY

South Ocean Holdings Limited
Incorporated in the Republic of South Africa
(Registration number: 2007/002381/06)
Share code: SOH ISIN: ZAE000092748
(the company)

For use by certificated and "own name" registration dematerialised shareholders only at the annual general meeting of shareholders to be held at 10h00 on 4 June 2010, in the boardroom, at 12 Botha Street, Alrode (the annual general meeting).

Note: Dematerialised shareholders without "own name" registration must not use this form. Dematerialised shareholders without "own name" registration who wish to vote by way of proxy at the annual general meeting, must provide their Central Securities Depository Participant (CSDP) or broker with their voting instructions by the cut-off time and date advised by the CSDP or broker for instructions of this nature as specified in the custody agreement entered into between such shareholder and their CSDP or broker, in order for such CSDP or broker to vote in accordance with such instructions at the annual general meeting.

I/We

Please print

of (address)

Being the holder/s of ____________ ordinary shares in South Ocean Holdings Limited, hereby appoint

1. or failing him/her,

2. or failing him/her,

3. the Chairperson of the annual general meeting,
as my/our proxy to act for me/us and on my/our behalf at the annual general meeting of the company, which will be held at 10h00 on 4 June 2010, for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at any adjournment thereof; and to vote for and/or against the resolutions and/or abstain from voting in respect of the ordinary shares registered in my/our name/s in accordance with the following instructions:

Note: On a poll a member is entitled to one vote for each share held.

	In favour of	Against	Abstain
Ordinary resolution number 1 To receive and consider the annual financial statements for the year ended 31 December 2009			
Ordinary resolution number 2 To re-elect Mr HL Li as a director			
Ordinary resolution number 3 To re-elect Mr CY Wu as a director			
Ordinary resolution number 4 To re-elect Ms M Chong as a director			
Ordinary resolution number 5 To approve the fees of R1 225 000 payable to the non-executive directors			
Ordinary resolution number 6 To re-appoint PricewaterhouseCoopers Inc. as auditors			
Ordinary resolution number 7 Control of authorised and unissued shares			
Special resolution number 1 Authority for the company to acquire its own shares in terms of Sections 85(2) and 85(3) of Companies Act			
Ordinary resolution number 8 Authority to sign documents in respect of special resolution number 1			

(Indicate instruction to proxy by way of a cross in space provided above.)
Unless otherwise instructed, my/our proxy may vote as he/she thinks fit.

Signed this day of 2010

Signature Assisted by me (where applicable)

// NOTES TO FORM OF PROXY

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholders choice in the space(s) provided, with or without deleting "the Chairperson of the annual general meeting". The person whose name appears first on the form of proxy and whose name 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 in the manner in which that shareholder wishes to vote. Failure to comply herewith will be deemed to authorise the proxy to vote at the annual general meeting as he/she deems fit in respect of the shareholder's votes exercisable thereat, but where the proxy is the Chairperson, failure to so comply will be deemed to authorise the Chairperson to vote in favour of the resolutions. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or by the proxy.
3. Forms of proxy must be lodged at or posted to the company's transfer secretaries, Computershare Investor Services (Proprietary) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001, (PO Box 61051, Marshalltown, 2107) to be received by not later than 10h00 on Wednesday, 2 June 2010.
4. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.
5. Each shareholder is entitled to appoint one or more proxies (none of whom needs to be a shareholder of the company) to attend, speak and vote in his/her stead at the annual general meeting.
6. Documentary evidence establishing the authority of a person signing this form of proxy must be attached to this form of proxy unless previously recorded by the transfer secretaries of the company or waived by the Chairperson of the meeting.
7. The form of proxy shall be valid for any adjournment of the annual general meeting as well as for the meeting to which it relates, unless the contrary is stated therein.
8. A vote cast or act done in accordance with the terms of a form of proxy shall be deemed to be valid notwithstanding:
   – the death, insanity, or any other legal disability of the person appointing the proxy; or
   – the revocation of the proxy; or
   – the transfer of a share in respect of which the proxy was given,

   unless notice as to any of the abovementioned matter shall have been received by the company at its registered office or by the Chairperson of the annual general meeting at the place of the annual general meeting if not held at the registered office, before the commencement or resumption (if adjourned) of the annual general meeting at which the vote was cast or the act was done or before the poll on which the vote was cast.
9. The authority of a person signing this form of proxy:

   9.1 under a power of attorney; or
   9.2 on behalf of a company,

   must be attached to the form of proxy unless the full power of attorney has already been received by the transfer secretaries.
10. Where shares are held jointly, all joint holders must sign.
11. The Chairperson of the annual general meeting may accept or reject any form of proxy which is completed and/or received other than in accordance with these notes and instructions provided that he is satisfied as to the manner in which the shareholder wishes to vote.

South Ocean
HOLDINGS

www.southoceanholdings.com