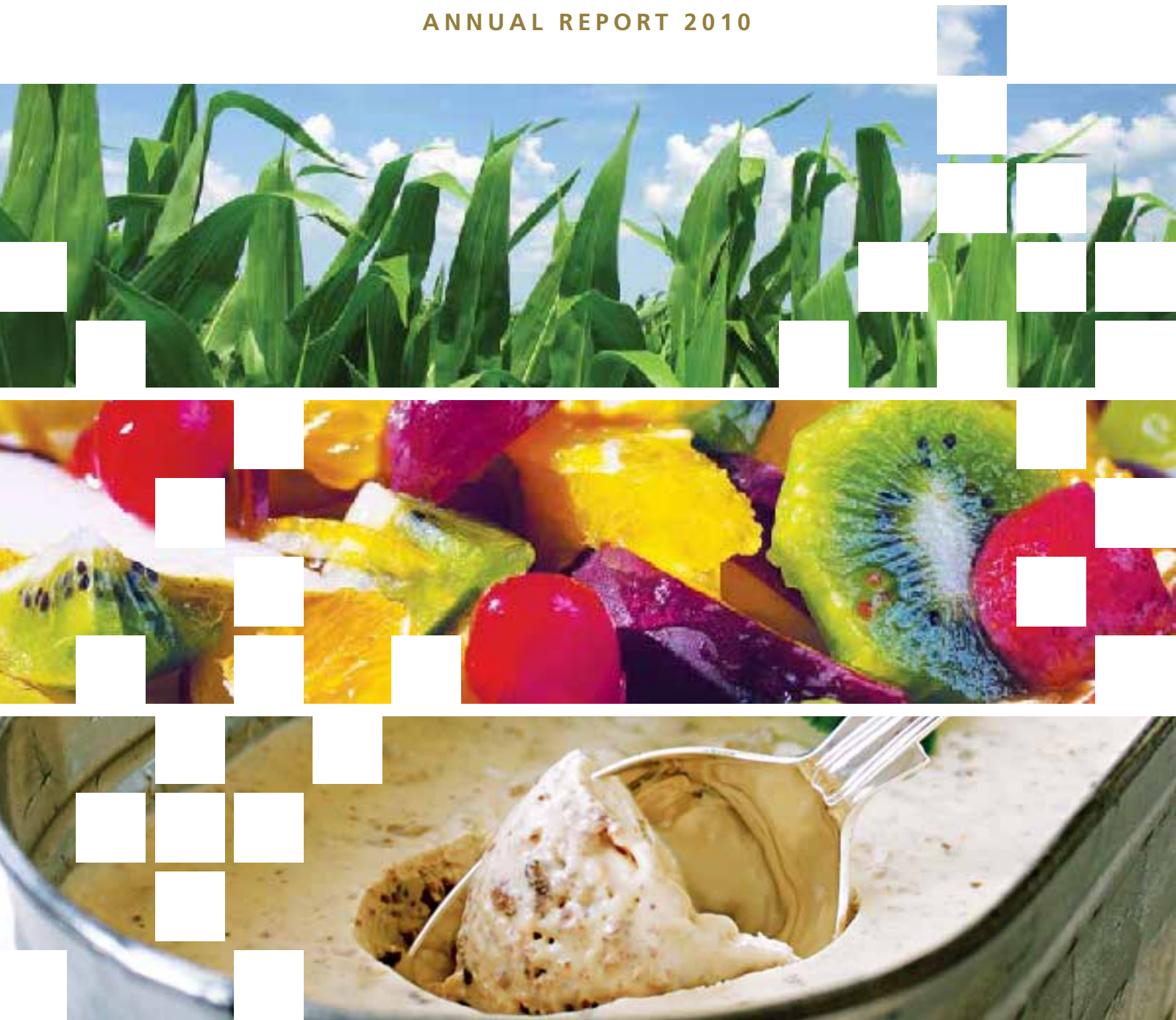


UBUBELE

holdings limited



ANNUAL REPORT 2010





annual report 2010

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our profile in brief

Ububele's business is best described as revolving on beneficiation. It operates a viable "give and take" model in the agricultural sector.

BACKGROUND

Ububele Holdings (Pty) Ltd was formed in 2002. At that time the board had not identified nor targeted any specific business sectors in which it intended to focus its investments. At one point Ububele had investments in airline catering, food production, agriculture, security and property.

Over time the agriculture and food production businesses grew steadily and showed much growth potential. The South African airline catering industry was facing some challenges at the time and for strategic reasons the Ububele board of directors decided to sell off Ground Crew at the end of 2005. The sale made it possible for the board to release the majority of its previous owners as shareholders and to settle some debt. By decreasing debt levels and increasing current assets the sale improved the balance sheet of Ububele Holdings (Pty) Ltd.

Since the disposal of Ground Crew, Ububele has acquired more businesses in the food and agriculture sectors – Novon WTP, RT Chemicals, Linktrade and Just Fruit and Veg. Importantly it also then made it possible for Ububele to establish itself in airline catering in Windhoek at Hosea Kutako International Airport.

At the beginning of 2007 Ububele's board decided that to secure growth and sustainability it would require external funding. The board had identified strategic acquisitions, but cash generated from operations was no longer enough to finance growth through acquisitions. Amongst other things it became evident that in order to remain sustainable it would be necessary to vertically integrate the chemical business by acquiring a manufacturer of chemicals. In this instance it was RT Chemicals who owned several chemical registrations and formulated some of its own product.

At this time, Ububele could list on the JSE (AltX) to raise such funds because the company met with the JSE (AltX) requirements but decided rather to postpone the listing to 2009 to give itself time to bulk up its assets and go to the equities market with a stronger balance sheet. Advice from the market was that in order for Ububele to be attractive to the equities market, it had to be more focused in its investments. Much growth was also in the pipeline and to secure such growth prior to the listing would aid the strengthening of the balance sheet.

At this point the natural way to go was to focus on the **food-processing and agriculture-related business sectors**. The group had expertise in these sectors and the sectors held much growth opportunity worldwide. The board had access to research results which indicated that food security would be receiving more and more attention from Government and Agri business leaders. It therefore made sense to the board, having expertise in both sectors and being convinced that agriculture and food are high-growth sectors, to focus its resources and energy on agriculture and food processing.

On 11 November 2009 Ububele listed on the AltX. By then the balance sheet was stronger and Ububele had proved to itself and its shareholders that it had the expertise to grow further into these sectors. After eight years in business it provided its shareholders and the market with a good track record.

AGRICULTURE

What follows is an extract from the latest Agri Review as presented by Standard Bank:

"Producers should bear in mind that to a large extent, the amount of profit that can be made at primary producer level is dependent on the final value that the entire value chain delivers to the consumer. We are focused on the entire value chain, from farm to fork. We believe that investing in your products' value chain serves as a hedge against commodity and input price fluctuations at farm level."

"Agriculture is and remains the life blood of the country's economy. Consumers are spending almost one-third of their income on food and liquor (including restaurants), representing a market worth more than R400 billion a year."

This represents the Ububele business model to a degree – **"From farm to fork"**. This then is the reason for Ububele supporting the farmer's primary activity and also adding value to the product produced on the farm in a manner fit to land on the "fork" – fork representing the consumer. To achieve this objective, Ububele has invested in companies – on the "farm" side as well as the "fork" side – as described hereunder.



THE UBUBELE BUSINESS MODEL

Ububele's business is best described as revolving on beneficiation. Ububele operates a viable "give and take" model in the agricultural sector. Essentially, Ububele supplies agricultural crop protection compounds to farmers to protect and maximise their crops. In some instances the selfsame farmers then return some of those fruit and vegetable crops as well as milk products to Ububele, where these are processed for specialist customers in South Africa – hotels, airline caterers, restaurants and supermarkets – as well as for a growing export market in the SADC countries, the Far East and potentially Europe.

Europe's labour costs are very high and it appears that Ububele could export value-added product to Europe efficiently. Feasibility studies are being conducted at present.

The following Agrichem subsidiaries reside in the Ububele Agriculture division:

Ububele Alfa Chemicals (Pty) Ltd (100%)

Ububele Alfa Chemicals specialises in the supply and servicing of industrial chemicals such as herbicides, bush encroachment chemicals, fungicides as well as insecticides for the industrial market in South Africa.

Enviro Industries (Pty) Ltd (100%)

Enviro Industries owns the registrations to various weed control, herbicide and pesticide chemicals. The company was registered in 1999 and has since established itself as national market leader in the areas of weed and pest control through a network of dealers in South Africa. The company owns brands in a wide spectrum of weed control products and outsources the formulation of the products to various formulation companies.

Enviro Weed Control Namibia (Pty) Ltd (jointly owned by Ububele Holdings Namibia and Ububele Chemical Group) (SAF). An extension of Enviro Industries (Pty) Ltd operating in Namibia.

Erintrade (Pty) Ltd trading as RT Chemicals (51%)

The company was formed in 1987 and has morphed from a start-up business supplying detergents, adhesives, fire-fighting foams and specialty paints into a specialist business now concentrating solely on the manufacturing and distribution of a core range of crop enhancement products. Currently the company owns 52 registrations, with another 51 registrations on various fruit species already submitted to the registrar for registration.

RT Chemicals distributes in many countries outside of South Africa. Ububele has an option to acquire the remaining 49% before 2012.

Alfa Agro Chem (Pty) Ltd (100%)

Alfa Agro Chem is a distributor of agricultural chemicals, i.e. pesticides, herbicides and fungicides, foliar feeds, wetters and seeds, directly to end-users. Alfa Agro Chem's activities are currently mainly focused in the areas of the Northern Cape and Northern and Eastern Free State. It distributes the multinational Syngenta's products in the Northern Cape and Free State.

Novon WTP (Pty) Ltd (100%)

Novon WTP, previously known as Wes-Transvaal Plantbeskerming, was established in 1992. Novon WTP is a distributor of agricultural chemicals and focuses its activities mainly in the North West province and the Northern Cape. The company distributes products of the multinational supplier, Syngenta, and also generic products from suppliers like Villa Crop Protection and RT Chemicals. Foliar feeds, wetters and stickers supplied by Hygrotech are also part of Novon WTP's core products. Novon WTP aims to supply customers with crop solutions in an effort to maximise crops.

FOOD PROCESSING

From the same Standard Bank review the following was picked up:

"With the trend among consumers, who have ample buying power and little spare time, being to buy precooked foods and prepared fresh fruits and vegetables many products acquire considerable value add in their journey from farm to table. Although farmers stand to earn considerably more income from these transformations, they also see a shrinking share in the final price, losing ground to those who provide processing, logistics support and marketing. In other words, if you, as a primary producer, are not involved in value adding, serious consideration should be given to investing in the firms in your value chain through the buying of shares."

Ububele's observation in the market concurs and thus its investment in food-producing businesses.

The following food-processing subsidiaries reside in the Ububele Food division:

Just Fruit and Veg (Pty) Ltd (100%)

Just Fruit and Veg specialises in providing value-added fruit and vegetables to clients. The company prides itself on supplying customers with superior quality products as well as the best possible service. All its fruit and vegetables are cut to customers' specifications. In addition to prepared fruit and vegetables, the company also deals in wholesale fruit and vegetables – sourced from the main fresh produce market in Cape Town and also from dedicated farmers.

Just Fruit and Veg has a broad spectrum of clients, including airline catering companies, retail shops, five-star hotels, up-market restaurants and specialist catering companies.

Linktrade Foods (Pty) Ltd (51%)

This company owns the technology and intellectual property necessary to produce hi-tech specialised fruit and vegetable juice concentrates on behalf of a fruit processor in Africa. The company does not derive its income from production but from a negotiated commission payable on all sales. Its juice concentrates are exported to the Far Eastern countries.

Ububele Dairy Products (UDP) (a division of Ububele Holdings Ltd) – previously Milkworx (100%)

UDP is an award-winning manufacturer and supplier of ice cream, soft serve, frozen novelties, frozen yogurt and related ice cream product.

Ububele Alpine In-Flight (Pty) Ltd

Ububele Alpine In-Flight is the only provider of in-flight catering services to domestic, regional and international airlines, which entails, inter alia, the provision of meals, loading services, stock storage, chilling facilities and cleaning services for airlines operating in and out of Hosea Kutako International Airport in Windhoek, Namibia.



your business partner of choice

Ububele's strategic plan is to expand its footprint in South and Southern Africa, more specifically amongst the SADC countries and, when the opportunity presents itself, to expand business into Europe.

our vision

The vision of the Ububele Group remains: "To be a business partner of choice, providing attractive investment opportunities in food and agriculture-related sectors."

our mission

The mission directs management to invest in new food and agriculture-related businesses and to support and grow our existing business to create sustainable value for all our stakeholders. To achieve the aforementioned, management's undertaking is:

- To guide the overall sustainability process at Ububele
- To create wealth for our stakeholders
- To be socially responsible
- To maintain high corporate governance standards
- To be environmentally responsible
- To support NEPAD's initiatives

Goals

Our objectives and plans of action all feed into our primary goals which have to do with growing the business, increasing shareholder wealth and being socially responsible. To this end much focus is continually placed on internal growth, expansion through acquisitions, sustainability, risk management, corporate governance, cost containment, succession planning and training.

South African market

Although Ububele did not make any acquisitions in the period under review, we did though manage to expand our footprint in South Africa through, amongst other things, increasing our customer base and product offering in both the agriculture and food-processing sectors.

Global presence

Ububele's presence in Namibia, Ireland and Mozambique remains a strategic initiative. Ububele's Namibian business developments are on track and poised for further development in both the agriculture and food-processing sectors. Namibia remains an accommodating country and our business remains sustainable there. Both the food-processing and agriculture sectors are targeted for growth.

Together with our Irish partners in Dublin we are eagerly anticipating the European economy coming out of recession for Ububele to pursue business development again. As stated elsewhere in this report, Europe's labour costs are very high and it appears that Ububele could export value-added product to Europe efficiently. Feasibility studies are being conducted at present.

The global economic fall-out reduced Ububele's efforts in establishing business connections in Europe to a snail's pace. Much contact though, with food processors and distributors in some European countries, has been established with the help from our Irish business partners. Much ground work has been done in Mozambique from which we are confident business will flow in the foreseeable future. But it must be emphasised that further business development in these areas remains a function of global economic conditions.

Ububele Agriculture division

Our Agri business has established itself on a small scale in Zimbabwe. The challenge in Zimbabwe remains the lack of foreign currency for cash purposes. In 2008 some R30 million of Ububele's Agri sales were into Zimbabwe, of course on a cash on order basis. Ububele is cautiously optimistic about doing business in Zimbabwe. In the initial stages of establishing Ububele in Zimbabwe, Ububele has already had a number of chemical product registrations approved by the Zimbabwean government for applications in that country. The last year proved to be a particularly challenging one for Zimbabwe business. During this period Ububele could not attract any business due to lack of foreign currency in that country. There are positive signs though that the next planting season may be a better one than the previous one for Ububele in Zimbabwe.

The targeted growth areas are:

- Diversification into other Agri sectors
- Increasing the Agrichem distribution footprint in South Africa and the SADC countries
- Increasing the number of Agrichem product registrations in Ububele's Agrichem manufacturing concerns

Ububele Food Production division

Our sales of fruit and vegetable juice concentrates into Japan commenced encouragingly with the acquisition of Linktrade Foods in 2007. Unfortunately business decreased drastically in Linktrade when the global recession hit the Japanese economy severely. We are happy to report though that in the last two months product has again commenced to slowly move into Japan. In the meantime, other markets for our products are being explored. Ububele's product developers are at present also studying a variety of other products to be marketed through Linktrade into other parts of the world.

At present, Ububele's value-added fruit and vegetables delivery into the South African retail sector features predominantly in the Western Cape. Plans are afoot to expand this side of the business into the rest of the country, with priority being given to the Gauteng province.

The targeted growth areas are:

- Increasing product offerings
- Broadening the customer base
- Acquisitions of sustainable and profitable food-processing businesses

In summary

Ububele's strategic plan is to expand its footprint in South and Southern Africa, more specifically amongst the SADC countries and, when the opportunity presents itself, to expand business into Europe.

We are happy to report that the promise we made to Ububele shareholders in 2007 – to list the group in 2009 – was met.



From left: Stephan Roux, Trevor Hayter, Bertie Cloete, June Matlala, Theo Kleinhans, Thys Mocke, Grant Bayne

ububele board of directors

JT (Theo) Kleinbans (58)
EXECUTIVE CHAIRMAN
BMil (Comm) (Stellenbosch)

Theo spent some time in the South African Navy as a Logistics Officer. In 1989 he left the Navy and went into private business. He worked as sales manager and regional manager at GKN Chep and left in 1993 to establish and operate his own airline catering company, Aerofare, which in a very short period was represented at all the major international and national airports in South Africa. He sold the company in 1996 but re-entered the industry in 1999 and established Ground Crew, another successful airline catering company.

In 2002, together with a few others, he founded Ububele Holdings (Pty) Ltd. He was appointed CEO by the shareholders – a position he still holds today.

SA (Stephan) Roux (44)
EXECUTIVE DIRECTOR

Stephan, the entrepreneur, commenced his business career in the 1970s specialising in catering by managing and operating several restaurants before he entered the business of manufacturing ice cream after establishing a Dairy Maid agency. He established two ice cream manufacturing concerns, Cream Star and Avondale, in 1986 and 1990 respectively. He was instrumental in listing Milkworx on the JSE, AltX.

Stephan has interests in, amongst others, plastics and packaging operations as well as property developments.

HW (Bertie) Cloete (44)
EXECUTIVE DIRECTOR
(GROUP FINANCIAL
DIRECTOR)

BComm (Stellenbosch), CMA
(London), MBL (Unisa)

During his working career until 1995, Bertie was the financial manager for one of the biggest construction and civil engineering companies in South Africa. Thereafter, until 1999, he was the financial director of one of the biggest fruit juice processors.

During 2000 he started his own entrepreneurial company, Unibert, and in conjunction with other private equity partners and financiers, built a sizable asset base. Most of these investments are in property, food and leisure-related businesses.

GI (Grant) Bayne (41)
NON-EXECUTIVE DIRECTOR
(CHAIRMAN: AUDIT & RISK
COMMITTEE)

CA(SA); BSc (Wits); PGDA (Natal);
BComm (Hons) (Taxation)

Grant completed his articles at Ernst & Young and was admitted as Chartered Accountant in 2002 and then worked in their Tax department for a couple of years and became a National Tax Partner. Later he established a tax consulting practice which he continues to run.

In 2004 Grant joined the Accounting Faculty at University of Cape Town after being an external examiner for a number of years. He also holds the position of Financial Director of a wine farm and a company with interests in tourism and food.

MP (Thys) Mocke (43)
EXECUTIVE DIRECTOR
BA, LLB (Stellenbosch)

During his working career, Thys practised as an attorney from 1994 to 1997, during which time he was a partner for two years. In 1998 he founded a fishing corporation and managed it as the chief executive officer for three years. In late 2000 Thys joined a South African registered merchant bank (Wipcapital Ltd) as the manager of the Cape Town office.

Thys also founded and/or operated businesses in Eritrea, Senegal, Mozambique, Angola, Namibia and Madagascar and consulted for a business in Kenya.

TB (Trevor) Hayter (48)
NON-EXECUTIVE DIRECTOR
BCom, CAIB, FIFM

Trevor served as chief executive of IQuad Group Limited until March 2010. He has notable skills and experience in financial services, treasury and banking, business development, entrepreneurship, acquisitions and mergers, as well as extensive experience in banking, forex risk management (financial and market risk), interest rate risk management and liquidity risk management. He has been an entrepreneur for more than 20 years, having been party to starting many different businesses. He was appointed as non-executive director of Ububele Holdings Ltd in July 2010.

Ms JMK (June) Matlala (55)
EXECUTIVE DIRECTOR
BSEd (Library & Education Media),
Bowling Green State University,
Ohio, USA; BBiEd (Hons),
University of Cape Town;
MA Lib Sc, University of Michigan,
Ann Arbor, USA;
Dipl Spec Ed, Unisa

June lectured at the College of Education before taking up the position of Chief Education Specialist for Policy Development and Monitoring at the Centre for Educational Technology and Distance Education. In 2001 she joined the City of Tshwane as General Manager: Special Programmes in the Office of the Executive Mayor. Over a period in her career, June served on several specialist working groups set up by various government departments. She is chairperson of the Capital Food Initiative, which is supported by IDASA, Pretoria News, City Improvement District and the City of Tshwane to eradicate poverty in Tshwane. She is also chairperson of the interim Gauteng PAET. She also sits on the board of the National Library of South Africa.

In 2005 June was a winner in the Gauteng Women in Local Government Awards.



Theo Kleinhans

strategic report on the company

Ububele, a Xhosa word which means “kindness” or “nurturing”, started business in 2002 and became a public company in 2007. In November 2009, Ububele listed on the AltX by way of a reverse listing into Milkworx Ltd.

INTRODUCTION

In this, my first year as Executive Chairman of Ububele Holdings Ltd, I am pleased to report on a creditable overall performance during a challenging year where the South African economy is struggling to recover from a severe global recession. Your company is in good shape to meet the challenges ahead – we have a formidable portfolio of subsidiaries in the agriculture and food-processing business sectors. Our business is adequately funded, our board has been refreshed and we are enthusiastically executing our clear strategy for delivering value – management capital and returns.

Management

Over the past twelve months we have embarked upon a restructuring/streamlining of subsidiaries and support services which is resulting in a new management structure. In addition a key action has been the establishment of a remuneration committee which is tasked to restructure remuneration and incentives for management.

Capital

Rigorous focus is placed on improving cash flow from operations and tightening controls over capital and other expenditure.

Returns

High on the agenda is to improve cash returns by:

- Driving up profits
- Exploiting opportunities in South Africa and the SADC countries

By publishing this, its first annual report, Ububele has reached another important milestone.

a case for agriculture and food

“Agriculture is a vital development tool for achieving the Millennium Development Goal that calls for halving by 2015 the share of people suffering from extreme poverty and hunger.”

Robert B. Zoellick, President, World Bank Group World Development Report 2008.

“Agriculture is and remains the life blood of the country’s economy. Consumers are spending almost one-third of their income on food and liquor (including restaurants), representing a market worth more than R400 billion a year. The basic need for food and fibre remains the primary need of humankind.”

PricewaterhouseCoopers, Standard Bank Agri Review, 2nd quarter 2010.

Over the next 50 years:

- World population will increase by 60%
- Average income will double
- Calories per capita will increase by 15%
- Total food demand will increase by 108%
- Total food supply will have to increase by 110%
- Agricultural land will increase by 13%
- Yields will increase by 86%
- Undernutrition will decline as incomes grow and prices fall

Source: *The World Food Problem*, Leathers and Foster, 2004

The UN General Assembly prioritised agriculture on the Millennium Development Goals (posted on September 24, 2010):

“A growing consensus on the importance of agriculture in achieving the Millennium Development Goals has culminated with the announcement that the World Bank will increase its funding to agriculture to between \$6 billion and \$8 billion a year over the next three years. This is a big increase from the \$4.1 billion pledged annually before 2008 and shows a transition from prioritizing food aid as a means to dealing with food insecurity issues, to addressing the longer-term solution of refuelling agricultural development programmes.”

Jacques Diouf of the UN Food and Agriculture Organisation provided a review of the global food challenge, saying:

“The current dramatic hunger situation is the result of neglect of agriculture in development policies over the past three decades. It is time to tackle the root causes of food insecurity by adopting lasting political, economic, financial, and technical solutions. We know what should be done and how to do it. Success stories do exist in Africa, in Asia and in Latin America. These experiences need to be scaled up and replicated.”

Ububele’s business offering

Ububele’s business offering is on the one hand that of agriculture services and on the other hand that of food processing. The business model can best be described as one of beneficiation. On the one side product and services are provided to farmers who in turn conduct their primary activity, e.g. growing maize, fruit, vegetables, producing milk, etc. On the other side Ububele is in a position to off-take harvested product, e.g. milk, fruit and vegetables. By adding value the finished product is sold to, amongst others, the retail industry or exported in the form of fruit and vegetable juice concentrates to the Far East.

Ububele, a Xhosa word which means “kindness” or “nurturing”, started business in 2002 and became a public company in 2007. In November 2009, Ububele listed on the AltX by way of a reverse listing into Milkworx Ltd. The Ububele brand essence is about creating sustainable wealth through innovative and holistic agricultural compounds and food-processing solutions in a manner that is socially responsible and environmentally sensitive. Ububele’s commitment to sustainability is about resuming responsibility in the broadest sense of the term. Our efforts are comprehensive, embracing good corporate governance, social responsibility, BBBEE, environmental management and sustained supplier and client bases.

Ububele has managed strong growth over the past seven years. We started with a turnover of just R2.7 million in 2002, which we grew to R482 million for the year ending June 2010.

Trading conditions over the reporting period were challenging. The strong rand which forced downward pressure on the margins of agrichemicals resulted in real reductions in product prices. These conditions did not, however, hamper the resolve of Ububele’s management, staff and customers to tackle the global recession head on. It was this positive attitude that led to the pleasing results of the period under review. The summary of the results are reflected next.

THE LOCAL ENVIRONMENT

The speed at which the South African economy will recover from weak economic conditions, created by the global financial crisis, remains uncertain. There are however signs that the worst is over and there is a general optimism that a double-dip recession has been warded off.

Generally speaking, the benefits of low interest rates and inflation under control must still translate into improved consumer demands.

Agriculture, specifically in the areas in which Ububele operates, experienced a generally favourable year with the average maize crop being well above average.

UBUBELE GROUP HIGHLIGHTS

- Revenue increased by 36%⁽¹⁾.
- Of the total growth 70% was generated by internal growth and 30% from new acquisitions.

- Analysing the growth in revenue further it is to be noted that the two Ububele divisions, Ububele Agri and Ububele Food, grew by 17% and 113% respectively.
- HEPS increased by 843%.
- ROE increased from 10.14% to 11.77%.
- Cash generated from operations increased by R18.9 million.

⁽¹⁾ Due to a higher volume output in agriculture during 2010, the Agriculture division experienced an increase of 17% in total sales. Sales prices were, however, under pressure from the stronger rand, resulting in a 1.5% reduction in sales prices. Fortunately, sales volume in Agriculture increased by 18.5%, resulting in a commensurate rand value sales increase of 17%. The more competitive retail environment also affected the Food division during 2009 and 2010, with sales prices only increasing by 2%. However, like in our Agriculture division, we experienced an increase in sales volumes of 137%. This resulted in a net increase in sales from Food of 139%. The exponential volume increase was mainly due to the acquisition of Milkworx's operations during the year.

It should also be noted that in both Just Fruit and Veg and Ububele Dairy Products (UDP, previously Milkworx) increased costs were incurred on, amongst other things, improving safety standards and hygiene, improving production capacity (income statement entries) and merging two factories at UDP. Of course, not to forget the R2.4 million direct costs incurred with the reverse listing in November 2009. By far the bulk of these costs are non-recurring.

The 2009 revenue comparative was recalculated to reflect a 12-month period.

Ububele Agriculture division

Volume increases could be directly attributed to:

- Good weather – sufficient rainfall in the catchment areas in which Ububele Agri operates
- Improved farming practices in our operating areas which led to increased production
- Organic growth through broadening the customer base
- Strengthening our sales force in terms of numbers and training
- Much improved technical support to our sales agents

The focus areas in this division are:

- Consolidating distribution subsidiaries by pooling support services
- Expanding the Ububele footprint in South Africa
- Diversification into the wider agriculture sector
- Expanding into the SADC countries
- Improving product range
- Improving customer service

Ububele Food division

Of course the big addition to this group was the acquisition of Milkworx through the reverse listing by Ububele Holdings on the

AltX in November 2009. Milkworx was incorporated carrying an operating loss of some R7 million for the financial year 2008/09. It should therefore be encouraging to note that management was able to effect a turnaround of the Milkworx business to an operating profit.

The focus areas in this division are:

- Increase the output from both existing Just Fruit and Veg and Ububele Dairy Products factories
- Stabilise expenditure
- Organic growth through broadening the customer base
- Expand into the SADC countries and develop new innovative products

Ububele Holdings Namibia (Pty) Ltd

Ububele Holdings Namibia is well poised for growth. The agriculture sector is showing signs of sustainable growth, specifically in the northern parts, bordering Angola, where Ububele's Enviro Weed Control operates. Feasibility studies are well under way to determine the possibilities of expanding Ububele's food-processing business into this country.

IAMU Holding Company Ltd (Ireland) and Ububele Holdings Mozambique Limitada

Business for Ububele has not yet taken off in either of these two countries. The world economic downturn has severely affected the economies of both countries.

Extending Ububele's global interests will be a function of the recovery in the world economic conditions but remains on the agenda.

APPRECIATION

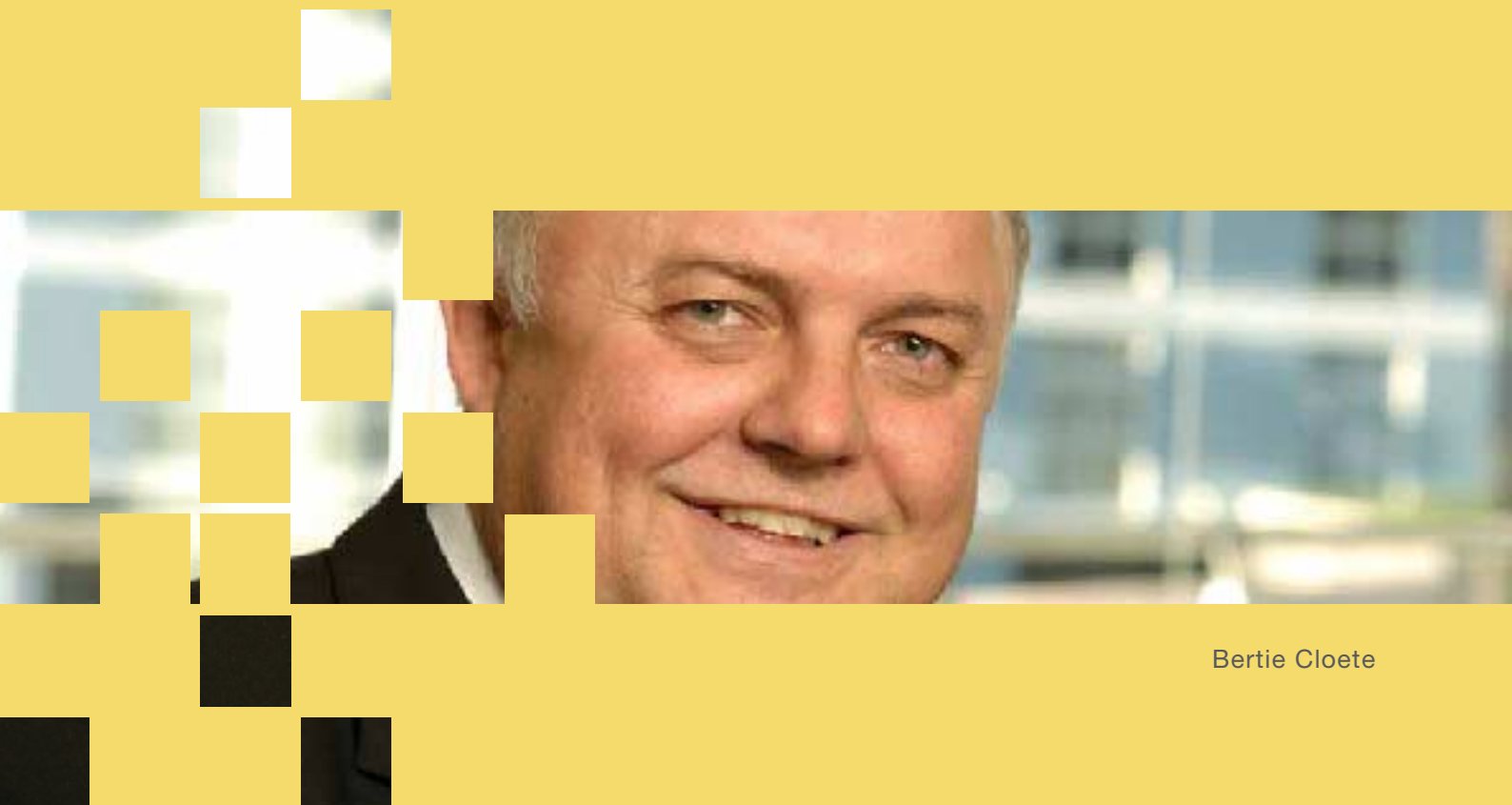
Finally, I extend a big thank you to my fellow board members and management team for their dedication and commitment. Times are very challenging but like Warren Buffet once said: "No matter how great the talent or effort, some things just take time. You can't produce a baby in one month by getting nine women pregnant." Ububele embarked on a completely new venture when it listed on the AltX in November 2009. It will take time to prove our worth to the investment market. Thank you for being conservative.

To our shareholders – your patience is hugely appreciated and thank you for being loyal to Ububele, especially in this time when stock markets are under pressure.



JT Kleinhans

Executive chairman
September 2010



Bertie Cloete

financial commentary on results

The core operations provide the group with a diversity of agriculture and food products in a broad and loyal customer base in both SADC and international markets.

OVERVIEW

Given the deferred effect of the economic downturn, the past financial year has been a unique challenge. The third successive year of favourable farming conditions led to another large maize crop and low commodity prices, throughout the year. The further strengthening of the rand against the major international currencies put pressure on agriculture and food export margins. However, due to a large maize crop and sales growth, we were able to counter the negative effect on sales prices and sales margin through volume growth.

The Food division also felt the more competitive environment during 2010. There were few price increases during the year in this constrained demand environment. However, like in Agriculture, we were able to offset much of this price pressure through growth in sales volumes.

COMMENTARY ON RESULTS

Ububele Holdings Limited is pleased to present its first set of audited financial results since its reverse listing on the JSE's AltX in November 2009. The previous financial year was a 16-month period; therefore all percentage comparisons will include a 12-month adjustment for 2009.

Revenue

Ububele has managed strong growth over the past seven years. We started with a turnover of R2.7 million in 2002, which grew to R482 million for the 2010 financial year.

Given the current world recession, Ububele also experienced pressure on sales prices in both our Agriculture and Food divisions. Mainly due to an increase in sales volumes, Ububele's gross revenue increased by 36% from 2009 to 2010, calculated over a 12-month period.

Due to a higher volume output in Agriculture during 2010, the Agriculture division experienced an increase of 17% in total sales. Sales prices were however under pressure from the stronger rand, resulting in a 1.5% reduction. Fortunately, sales volume in Agriculture increased by 18.5%, resulting in a commensurate rand value sales increase of 17%.

The Food division was also affected by the more competitive retail environment during 2009 and 2010, with sales prices only increasing by 2%. However, like in our Agriculture division, we experienced an increase in sales volumes of 137%. This resulted in a net increase in sales from Food of 139%. The exponential volume increase was mainly due to the acquisition of Milkworx's operations during the period.

Profitability

The gross profit margin decreased from 31.45% to 29.40%, mainly due to the decrease in selling prices in the Agriculture division of 1.5% and the small 2% increase in the average prices in our Food division. These price pressures cost the group R9 million through the year. However, as a result of increased sales volumes in both the Agriculture and Food divisions, the total gross profit increased by 27%.

The operating profit margin decreased from 3.6% to 3.3%, on the back of a decrease in operational cost from 29% to 28%. Again, due to the increase in sales volumes, the total operating profit increased by 22%.

Debt collection was somewhat slowed towards the end of the reporting period. Although cash flow was affected, the positive outcome was a net interest income of R688 000, compared to a net interest cost of R1 million during the previous financial year.

The earnings per share increased from 1.03 cents per share to 5.90 cents per share and the headline earnings per share increased from 0.88 cents per share to 8.30 cents per share. The amount of shares used in these calculations was adjusted for the effect of the share consolidation after year-end of 50:1.

The return on equity increased from 10.14% to 11.77%.

Liquidity and cash

On the back of volume growth and longer trading periods the current assets increased by 2.7%. Stock levels were 15% lower than last year and debtor levels were 20% higher than the previous year. The current liabilities were 1.6% lower than last year. The net current assets increased by R5.6 million. This is also attributed to the higher sales volumes together with the increase in profitability and the cash generated from operations. The cash generated from operations increased by R18.9 million.

IMPAIRMENT

Linktrade Foods (Pty) Ltd was founded in 2001 after its member shareholders were approached by a Japanese import company to produce and manufacture fruit and vegetable concentrates for the Japanese market. A long-term agreement was reached between a manufacturer and Linktrade, whereby Linktrade derives its proceeds from the sales into the Far East.

However, Japan is particularly hard hit by the current world economic crisis and it may take some years for it to recover. The downturn of the world economies and the effect of sales into Japan were clearly felt, with sales dropping by more than 50% from 2008 to 2010. Further, a moratorium was placed on imports by Japanese buyers worldwide. To worsen the conditions even further, the strengthening of the rand against the US dollar and the yen has put a lot of pressure on our competitiveness.

Sales have only recently started picking up again, but at much lower levels and prices than two years ago. It is with this in mind that we felt it necessary to re-value our investment in Linktrade and made provision for an impairment adjustment. Should market and trade conditions change in whatever way, we shall then re-visit this impairment.

UBUBELE DAIRY PRODUCTS (PREVIOUSLY MILKWORX)

Cost of amalgamation, re-constructing and future savings

On 11 November 2009, Ububele took over the operations of the dairy manufacturer, Milkworx Ltd in Pretoria. This business suffered an operational loss during the previous financial year. Ububele therefore started immediately with an extensive amalgamation and re-construction programme. The amalgamation included the merging of two factories into one production facility. This merging process cost Ububele R2.5 million during this financial year. The re-construction included, amongst other things, the re-design and implementation of new production processes. This cost Ububele a further R1.4 million. However, the re-construction has not been completed and will cost another approximately R1 million during this financial year.

The re-construction and amalgamation processes at Milkworx therefore cost us R2.5 million during this financial year. However, this spending was necessary and will result in future cost savings of approximately R3.2 million per year. Already, with the improved production processes implemented, Milkworx has made an operational profit in the period under review compared to a substantial loss during the previous financial year.

Much of the expenditure during 2009/10 is non-recurring but was necessary to build a profitable and sustainable business.

Listing costs

The direct cost to list Ububele on the AltX, was R2.4 million.

PROSPECTS AND FINANCIAL TARGETS

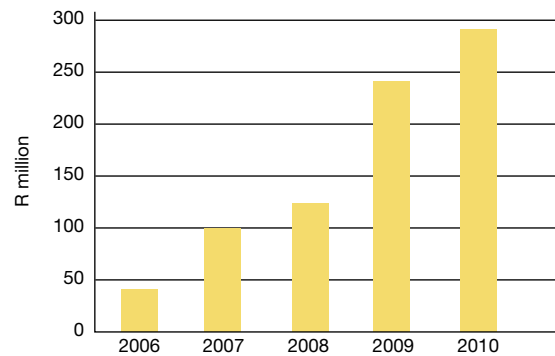
Economic environment

Ububele's financial year came to a close during the final week of the 2010 FIFA World Cup™. The infrastructure development that underpinned this event boosted South Africa's economic growth materially over the preceding three years.

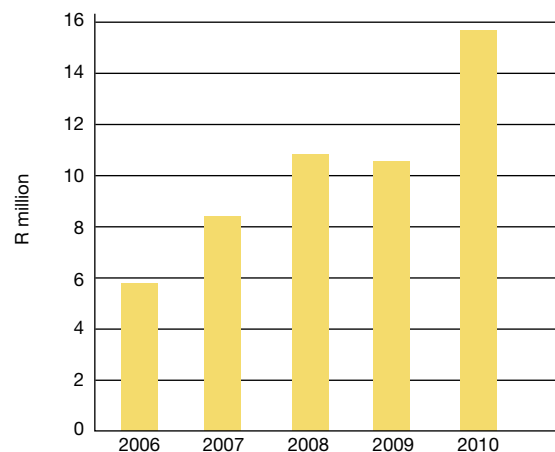
Future growth is however substantially dependent on the strength of South Africa's underlying economy and longer-term GDP growth. A better life for poor and underprivileged South Africans remains improbable without sustainable economic growth.

Ububele's results will remain under pressure, should the strong rand and weak food prices continue to prevail.

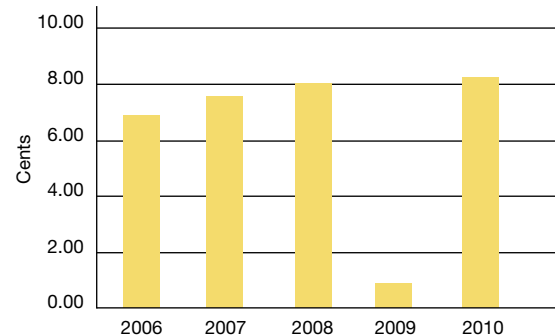
TOTAL GROSS ASSETS



NET PROFIT AFTER TAX FOR THE YEAR



HEADLINE EARNINGS PER SHARE (All figures calculated after the share consolidation)



Inflation, interest rates and credit extension

Consumer price inflation (CPI) decreased substantially from 7.10% in 2009 to a forecasted CPI of 4.30% in 2010. We forecast a slight increase to 4.60% in 2011.

The average prime lending rate also decreased substantially from 11.81% in 2009 to a forecasted average rate of 9.95% in 2010. We forecast even a further average decrease rate of 9.56% for 2011.

The rand continued to strengthen against the US dollar from an average rate of 8.42 in 2009 to 7.36 in 2010. We forecast this average rate to weaken slightly to an average of 7.46 in 2011.

For the past two years consumer credit tightened considerably due to an increase in impaired loans and the uncertain environment. Meanwhile, the supply of funds has fallen even further as financial institutions have increased the provisions for additional impairments.

Many consumers remained financially distressed during 2009/10. As producers, we have to carefully manage pricing to hold volumes and sales.

The impact of food inflation

The general view is that consumer spending is showing mixed signs of recovery, however the extent to which consumer demand in Ububele's categories will grow during the next year, is uncertain. We believe that the variable demand, low economic growth and tougher price competition which characterised the 2010 financial year, could prevail for the much of the new financial year and keep food inflation at its current low levels.

Future growth margins

The margins of Ububele depends very much on the levels of the Rand exchange rate and the food inflation rate. Given the current strong rand and the low inflation rate, margins will stay tight. We have however been able in 2010 to make good for the loss in margin by increasing our sales volumes. To grow our sales volumes will also be one of the major goals for 2011.

Operating costs

Cost reduction and amalgamation initiatives implemented at the end of the previous financial year will result in cost savings for the 2011 financial year. These cost-saving initiatives will be tightened even further during 2011.

CAPEX planned

The board has already approved a few capital projects for the forthcoming financial year and future expansion is being finalised.

Growth in profit

There are a number of exciting and material profit growth opportunities which will develop in the coming year. These range from ongoing efficiency improvements, capacity expansion and growth in new markets.

The board remains confident of Ububele's ability to compete effectively in the tough and volatile trading conditions and to pursue organic profit growth, while remaining vigilant for strong acquisition opportunities.

Cash and liquidity

In view of Ububele's low level of gearing, high level of investment in working capital and strong operational cash generation capability, the board approved an increase in the favourable interest-bearing facility with the Land Bank of South Africa.

DIVIDENDS

Currently the view of the board is to utilise all available capital for future growth. However, the payment of future dividends will be regularly reviewed by the board.

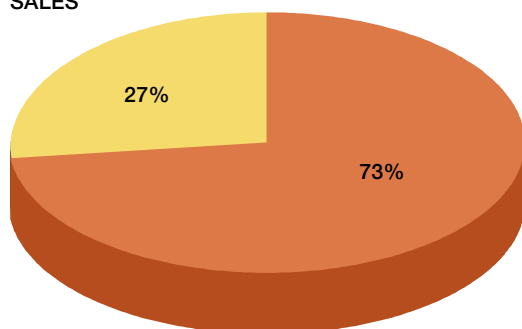
CLOSING COMMENTS

The core operations provide the group with a diversity of agriculture and food products in a broad and loyal customer base in both SADC and international markets. Given the current emphasis on food security and sustainable food supply, Ububele will remain committed to providing growth and sustainability to its shareholders and other stakeholders.



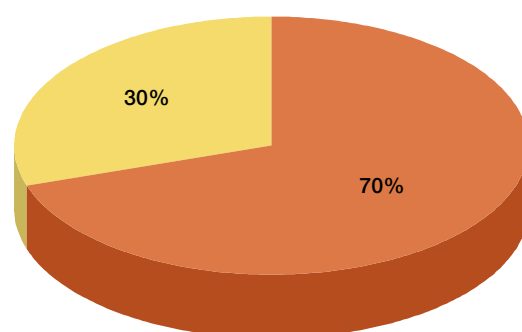
HW Cloete
Financial director

SALES



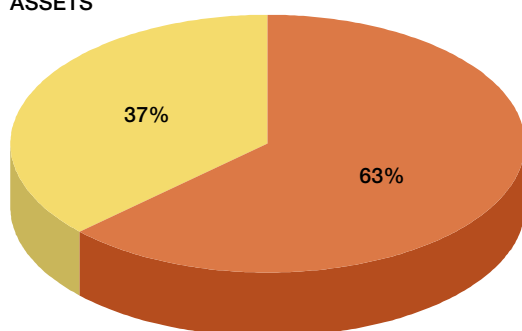
Food Agriculture

SUSTAINABLE NET PROFIT



Food Agriculture

ASSETS



Food Agriculture



report on the strategy for sustainable development

Specifically in agriculture, farmers are set on only dealing with suppliers who have proved themselves as trustworthy and who provide excellent technical back-up.

VISION 2050 PROJECT – WBCSD

Under the World Business Council for Sustainable Development's Vision 2050 Project, 29 WBCSD member companies developed a vision of a sustainable world by mid-century and a pathway leading to such a future – a pathway that will require fundamental changes in governance structures, economic frameworks, business and human behaviour. These changes are necessary, feasible and offer tremendous business opportunities for companies that turn sustainability into commercial strategy.

50 years from now:

- The world population will have grown by 60%
- Average income will have doubled
- Total food demand will have increased by 108%

Source – The World Food Problem, Leathers and Foster, 2004.

The board and management of Ububele have recognised and are comfortable with the fact that change is inevitable and that change must be managed effectively. The undermentioned activities are considered key to ensure strong and sustainable business in the future. Before we look at those we must accept the fact that people must eat and that in turn means that Ububele is in sustainable business sectors by their very nature – agriculture and food.

BLACK ECONOMIC EMPOWERMENT

In the group every subsidiary has its own BEE ratings. At corporate level Ububele's scorecard is affected by the rating of the old Milkworx and Ububele Corporate office combined. This is a result of the fact that Ububele reverse listed into Milkworx. An accredited rating agency is at present preparing an updated BEE rating for this entity. What is noteworthy is that 73 black individuals hold direct and indirect investments in Ububele Holdings Ltd.

EMPLOYMENT

There is no discrimination in the workplace or in terms of policy or working conditions. All appointments and promotions are measured against the minimum standards set by the Employment Equity Act and the group's policies.

In the group a fair representation of the designated category is maintained at operational level. Of course, Ububele strives to improve representation at all levels all the time.

REMUNERATION

Remuneration packages are so designed as to retain an above average workforce and incentivise productivity and sales.

A remuneration committee manages the remuneration packages of directors and other top management within the group.

HEALTH AND SAFETY

The Occupational Health and Safety Act is strictly adhered to at all operational levels and activities. Creating and ensuring a safe working environment is always high on management's agenda.

TRAINING AND DEVELOPMENT

Appropriate training and development programmes have been structured around the specific operational needs within the group. Such training takes place in-house and externally where necessary.

Specific attention is giving to the induction and training of Agrichem sales people. Candidates undergo a three-year training and development programme in the classroom as well as in the field before they are sent out on their own to the group's Agri client base.

SOCIAL INVESTMENT

The board of directors has embraced the responsibility of our business not to function amorally but instead to contribute to the welfare of our communities and that we have a responsibility to society at large.

To this end our Food division supplies several soup kitchens and other institutions, like hospices, with food product.

In our Agriculture division contributions to society are in the form of team sport sponsorships, the handing out of blankets and warm clothes in the North West province and the funding and running of a small library in the deep northern rural area of the Eastern Cape.

SUSTAINED SUPPLIER BASE

The largest quantities of Ububele's agrichemical supplies are sourced in China. A very long and healthy relationship exists with an agency in China. Regular contact is maintained with suppliers, and manufacturers are visited at least once a year to secure supply contracts and prices.

The sourcing of fresh fruit and vegetables are done on three fronts:

- The fresh produce market in Cape Town
- Individual dedicated farmers
- Reliable growers from, amongst other countries, Israel and Kenya

SUSTAINED CLIENT BASE

In both the Agriculture and Food-processing divisions sales people enjoy excellent technical support. Specifically in Agriculture, farmers are set on only dealing with suppliers who have proved themselves as trustworthy and who provide excellent technical back-up. Furthermore, to ensure that our sales people in Agriculture are at all times armed with the most up-to-date product knowledge, many resources are spent on continuous training. New sales representatives undergo a rigorous training regime over a period of three years before they are placed in the field as specialists.

Regarding assistance to emerging farmers it can be reported that Ububele has offered its services to KwaZulu-Natal local government to conduct a pilot project with an initiative in this regard. Furthermore, Ububele has joined hands with Land Bank to identify and direct similar projects in the North West province. To manage these initiatives, the board appointed Mrs June Matlala to be the driving force.

Sustainability in our Food-processing client base is ensured, amongst other activities, through:

- Good manufacturing practices (Excellent quality remains top priority)
- Product innovation
- Strategic merchandising

ENVIRONMENTAL REVIEW

Stephan Roux, an executive director, has been appointed by the board to drive Ububele's environmental sustainability practices and performance. At Ububele we know that being an efficient and profitable business and being a good steward of the environment are goals that can work together. Furthermore,

we accept that there are very clear business and legal reasons for taking measures to reduce both direct and indirect environmental impacts. The areas which receive Stephan's primary attention are:

- Measuring the group's carbon footprint
- Greater dependence on renewable energy
- Waste management
- Pollution management

Whilst Stephan is planning at a macro level the following can be reported on the micro level:

Food production

It can already be reported that the management of waste is outsourced. The business model employed for the management of waste ensures that there is an incentive to steer waste away from landfill disposal and realise an optimum return for waste streams with value by incorporating a 50% sharing of any income realised from any of the waste streams.

In terms of safety and hygiene standards, both Ububele's food-producing factories are HACCP (hazard analysis and critical control point system) certificated. It means that the factories satisfy the requirements of SANS 10330:2007.

Agriculture

Pesticides, herbicides and the like do not hold life-threatening or damaging threats to humans and nature if handled correctly and responsibly. Ububele's board and management take this part of the Agri business very seriously. Ububele Agriculture division therefore performs its functions strictly in terms of Act 36/1947.

Furthermore, Ububele is a member of:

- **AVCASA** – Association of Veterinary and Crop Associations of South Africa. AVCASA serves the industry by providing guidelines for the safe storage and responsible use of crop protection products on the farm, as well as the disposal of waste and empty containers, stressing the personal protection of farmer and workers and offering training programmes in responsible product handling and use.
- **ACDASA** – Agricultural Chemical Distribution Association of South Africa. The association is for members involved in the retail distribution of crop protection products to end-users and represents agrichemical dealerships in the Republic of South Africa. ACDASA is in the forefront of the crop protection industry by developing and maintaining professional and ethical marketing practices and customer

care. Furthermore, ACDASA promotes the responsible use, application, handling and storage of crop protection products as prescribed by legislation.

- **CropLife, South Africa.** CropLife is an association representing the plant science industry, including the majority of responsible manufacturers and suppliers of crop protection products, and through its training and accreditation of members' sales personnel it strives to ensure that farmers and other end-users are at all times provided with professional and efficient service.

BUSINESS ACQUISITIONS

Assets of this nature are acquired by a seriously considered approach. An acquisition committee conducts the feasibility studies and due diligences prior to presenting the opportunity to the main board of directors for consideration and final approval. In the event of Land Bank financing the deal, Land Bank in turn insists on an additional financial review being performed by a third party.

WORKING CAPITAL MANAGEMENT

Working capital management is at the heart of Ububele's business. Putting the business process simply: management buys in raw material, adds value to it, sells it and collects debtors. Working capital tied up in this process is discussed and analysed on a weekly basis at executive level.

UNDERTAKING

At Ububele we recognise the numerous and significant challenges for our endeavour to create and ensure collaboration of all the interests of all our stakeholders. At the same time we realise that in a modern economy these challenges are increasingly integral to effective management of our group of businesses. It is this acceptance that drives Ububele towards ensuring sustainable profitability and at the same time reinforcing the welfare of our stakeholders and contributing to sustainable development in the process.



report on

governance

Board members are individuals of integrity and courage and have the relevant knowledge, skills and experience to bring judgement to bear on the business of Ububele.

INTRODUCTION

The directors of Ububele Holdings Ltd (Ububele) acknowledge the importance of sound corporate governance and are committed to implementing the principles of the King Report on Corporate Governance insofar as is applicable and relevant to the company. Good corporate governance is key to the integrity of the Ububele Group and central to the health and stability of its subsidiaries.

All governance structures are regularly reviewed and adapted to ensure compliance with corporate developments and to adhere to best corporate practice.

The board considers corporate governance as a priority that requires more attention than merely establishing the steps to be taken to demonstrate compliance with legal, regulatory or listings requirements. Issues of governance will continue to receive the board and its committees' consideration and attention during the year ahead. Sound governance remains one of the top priorities of executive management.

The board is satisfied that the company has applied adequate corporate practices of transparency, integrity, and accountability for the year under review.

Compliance with regulatory provisions

The company maintained its listing of its ordinary shares on the JSE Limited (JSE) Alternative Exchange.

Ububele is subject to the ongoing disclosure, corporate governance and other requirements imposed by the Companies Act 61 of 1973, as amended, the requirements of the JSE and the King III Report on Corporate Governance.

Ububele welcomes and endorses the recommendations in the King III report which came into effect in March 2010. The board is in the process of considering the implications and effect of the King III best practice recommendations. The board will report on the implementation and application of King III at the end of the next financial year.

BOARD OF DIRECTORS

Board members are individuals of integrity and courage and have the relevant knowledge, skills and experience to bring judgement to bear on the business of Ububele. Board members of Ububele and all boards controlled by Ububele are required to act in a professional manner, thereby upholding the core values of integrity and enterprise with due regard to their fiduciary duties and responsibilities.

The directors are entitled to seek independent professional advice at Ububele's expense concerning the company's affairs and have access to any information they may require in discharging their duties as directors.

Main role and responsibilities of directors

In line with the powers conferred upon the board by the articles of association, the following was determined as main functions and responsibilities of the board:

- Retaining full and effective control over the company
- Determining the strategic objectives of the company and group companies
- Monitoring implementation by group companies, board committees and executive management of the board's strategies, decisions, values and policies
- Determining the company's values, and ethical business practice
- Bringing independent, informed and effective judgement to bear on material decisions of the company and group companies
- Ensuring that the company and group companies are governed effectively in accordance with corporate governance best practice, including risk management and internal control systems
- No individual has unfettered powers of decision-making and there is a clear division of responsibilities at board level to ensure an appropriate balance of power and authority.

Induction of newly appointed directors

Newly appointed directors are inducted in the company's business, board matters and their fiduciary duties and other governance responsibilities as directors under the guidance of the company secretary, in accordance with their specific needs.

Board charter

The board charter, which regulates how business is to be conducted by the board in accordance with the principles of good corporate governance, is in the process of being reviewed

to ensure proper alignment with the King III report. This charter will be reviewed annually and updated where necessary.

The objectives of this Board Governance Document are:

- To ensure that all board members acting on behalf of the Ububele Group are aware of their duties and responsibilities as board members
- To ensure that all board members acting on behalf of the Ububele Group are aware of the various legislation and regulations affecting their conduct
- To ensure that the principles of good corporate governance are applied in all the dealings of board members acting on behalf of the Ububele Group

Ongoing training

Directors are supplied with the information necessary to discharge their responsibilities individually and as a board and, in certain instances, as board committee members. Ububele is committed to providing continuing professional development training opportunities to our directors and officers.

Rotation of directors

The rotation of directors is more fully governed in terms of articles 13.2, 13.16 and 15 of the articles of association of the company. One-third of the directors shall retire from office at the annual general meeting. The retiring directors at each annual general meeting shall be firstly those who were appointed during the period under review, secondly any director who was removed from the board by the vote of the majority of directors during the period under review and thirdly those who have been longest in office since their last election or appointment. A retiring director shall act as a director throughout the meeting at which he retires and shall be eligible for re-election.

Composition of the board of directors

In terms of articles 13.1 of the company's articles of association, the number of directors on the board shall be a minimum of four.

The board is currently constituted as follows:

Johannes Theodorus Kleinhans	–	Executive Chairman
Herbert William Cloete	–	Group Financial Director
Matthys Petrus Mocke	–	Executive Director
Stephan Abraham Roux	–	Executive Director
June Mamsie Kelebohile Matlala	–	Executive Director
Grant Irvine Bayne	–	Independent Non-executive Director
Trevor Bertram Hayter	–	Independent Non-executive Director

The board acknowledges that the position of executive chairman should be separated. Plans are afoot to effect the change as soon as circumstances allow. Whilst this is the case the board has appointed Grant Bayne and, subsequent to year-end, Trevor Hayter as its non-executive directors. Furthermore, the board

is in the process of recruiting and appointing another non-executive director.

The board will link Ububele's governance and management functions through the executive chairman. Furthermore, the executive chairman is responsible for representing the board to the share owners and directly to the general public for performance.

Since listing on the AltX on 9 November 2009, the board has had one resignation and three new appointments:

- Dr Dirk Hertzog (non-executive) resigned on 7 June 2010 due to time constraints
- On 26 July 2010, Trevor Hayter was appointed to the board as an independent non-executive director
- On 2 December 2009, Grant Bayne was appointed to the board as an independent non-executive director
- On 2 December 2009, June Matlala was appointed to the board as executive director

Note: In the absence of a nomination committee, the board, as a whole, considers new appointees. All new appointments to the board are formal and transparent.

Non-executive directors

Non-executive directors are elected based on their business skills and acumen appropriate to the strategic direction of the company. Considerations of gender and racial diversity, as well as diversity in business, geographic and academic backgrounds, are taken into account by the board when appointments to the board are considered.

The board confirms that the non-executive directors of the company do not form part of the executive management team. They are not employees of the company. They are differentiated from executive directors in that they are not involved in the day-to-day business of the company. The non-executive directors have the following functions:

- They constructively challenge and contribute to the development of the strategy
- They scrutinise the performance of management in meetings
- They satisfy themselves that financial information is accurate and that financial controls and systems of risk management are robust and defensible
- They provide their independent views on resources, appointments and standards of conducts

Board meetings

A minimum of four board meetings are scheduled per financial year. Additional board meetings are convened on an ad hoc basis if and when required.

Further details on board meetings attended during the financial period under review are available on page 32.

In addition to the board meetings, the board annually convenes strategy meetings with executive management in order to determine strategic direction and to consider plans proposed by management for the achievement thereof. Progress against the strategic plan is monitored by the board on a quarterly basis.

Board subcommittees

The following committees have been established to assist the board in discharging its responsibilities.

- Audit and risk committee
- Remuneration committee

These committees have an important role in enhancing high standards of governance and achieving increased effectiveness within the group. The terms of reference of the remuneration committee are currently under review to ensure alignment with the recommendations of King III. All board committees comprise members of the board. All committee members are allowed to obtain such external or other independent professional advice as they consider necessary to carry out their duties.

Audit and risk committee

Members: G Bayne (chairman) and T Hayter
Another member will be appointed in the near future.

The chairman of the audit and risk committee has pleasure in submitting the following to shareholders:

The audit and risk committee is an important element of the board's system of monitoring and control. All members are independent non-executive directors. The chairman of the board is not a member of the committee. All committee members are financially literate.

The committee acts in terms of approved terms of reference. The terms of reference are in line with the recommendations of King III and a copy thereof can be obtained from the chairman.

The audit and risk committee primarily assists the board in:

- Overseeing the Ububele financial statements (including consolidated group financial statements, interim reports and other financial reports as well as circulars)
- Overseeing the qualification and independence of the external auditors for Ububele and all group companies
- Overseeing the scope and fees of the external audit function for Ububele and all group companies
- Overseeing the effectiveness of the Ububele Group's internal controls and internal audit function
- Overseeing the pre-approval by the audit committee of all permissible non-audit services provided by the external auditor
- Reviewing and assessing the integrity of the company's risk management processes
- Overseeing the competency and appropriate qualification of the financial director

Internal audit and internal control

The internal audit function is an integral part of the corporate governance regime.

Up until now the internal control function has resided in the domain of the group's financial manager. The board has however recognised and acknowledged that a fully mandated internal audit department has to be established so that the board will have absolute assurance with respect to:

- The effectiveness and efficiency of operations
- The safeguarding of the company's assets and information
- Compliance with applicable laws, rules and regulations
- Supporting business sustainability under normal as well as adverse operating conditions
- The reliability of reporting
- Behaving responsibly towards all stakeholders

Progress on the above appointment will be reported on in the next integrated report.

Risk management

The group is exposed, directly and indirectly to market risk, credit risk and liquidity risk. The board of directors is ultimately responsible for overseeing the group's risk management framework and use internal techniques to manage the risks where practicable.

The directors of the company constantly monitor the liquidity of the group and actively manage the group's cash resources as to maintain sufficient working capital requirements.

The group has minimised its liquidity risk by ensuring that it has adequate reserves and banking facilities and by periodically monitoring future commitments, credit facilities; and forecast and actual cash flows.

In the normal course of business, the group is exposed to the effects of movements in interest rates. At year-end, instalment sale agreements and shareholder loans and trade receivables and payables were exposed to interest rate variances.

The group minimises its exposure to interest rate fluctuations by positioning new and refinanced loans according to the expected movements in interest rates and only apply for these loans via major banks, which have established interest rate allocation criteria. The decision-making framework in terms of which financial risks are evaluated and managed, lies with the executive directors. The interest rate characteristics of new borrowings are positioned according to expected movements in interest rates.

Exposure to credit risk relates to trade receivables, loans and receivables and short-term cash deposits.

The group only deposits short-term cash surpluses with financial institutions of high-quality credit standing. The amount of exposure to any one financial institution is subject to the discretion of management.

Trade receivables consist of a small concentrated customer base and the granting of credit is dependent on each individual debtor's creditworthiness, which is reviewed on a periodic basis.

At year-end, the group did not consider there to be any significant concentration of credit risk which had not been adequately provided for.

The group trades internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. These foreign exchange risks arise from commercial transactions and recognised liabilities. The group reviews its foreign currency exposure, including commitments on an ongoing basis. Where considered necessary, the group hedges its foreign exchange exposure by entering into foreign exchange contracts. No contracts were outstanding at year-end.

Evaluation of annual financial statements

The audit and risk committee confirmed that they have reviewed and discussed the annual financial statements with the independent external auditors and financial director. Based on the information provided to the audit and risk committee by management and while considering the report of the independent auditors, the committee was satisfied that the group complies, in all material respects, with the requirement of the Companies Act 61 of 1973, the Corporate Law Amendment Act 24 of 2006 and International Financial Reporting Standards (IFRS).

After agreeing that the going concern premise was appropriate, the audit and risk committee has recommended the adoption of the annual financial statements by the board at a meeting held on 13 September 2010. These financial statements will be open for discussion at the forthcoming annual general meeting.

Financial director

As required by the JSE Listings Requirement 3.84(i), the audit and risk committee has satisfied itself that the financial director, Mr Bertie Cloete has appropriate expertise and experience to continue in his position as financial director.

External auditors

The external auditors have unrestricted access to the audit and risk committee. Their independence is in no way impaired. The committee confirms that it has nominated the auditors for reappointment.

The audit and risk committee has further evaluated the independence of Nolands Incorporated as the external auditors as required in terms of section 270A(5)(a)(b)(c)(d) and is satisfied that they have maintained their independence during the year.

The committee has nominated for approval at the annual general meeting, Nolands Incorporated as the external auditors for the 2010 financial year and CG Stansfield as the designated auditor.

Annual audit fees

The approved normal annual audit fee for the financial period under review amounted to R965 000 and was authorised by the committee. This fee did not include the audit on Ububele Holdings Namibia (Pty) Ltd, Alfa Agro Chem (Pty) Ltd, Ububele Alfa Chemicals (Pty) Ltd and Enviro Industries (Pty) Ltd.

Non-audit fees

The committee set the principles for recommending the use of the external auditors for non-audit services. There were no non-audit fees approved during the financial year under review.

All non-audit services remain subject to negotiation by management and the auditors. In the event that any non-audit services exceed the pre-approved amounts, it will be reviewed and reapproved by the audit committee.

Financial control and reporting

Every subsidiary has its own financial management team who reports to the divisional financial manager. The two operating divisions, namely Ububele Chemical Group (Pty) Ltd and Ububele Foods (Pty) Ltd, have their respective financial managers who in turn reports to Ububele Holdings Ltd's financial manager. The latter reports to the group financial director.

Audit and risk committee meetings

The executive chairman of the board, the financial director, the financial manager and external auditors attend audit and risk committee meetings on invitation.

The committee is required to meet at least twice a year. During the year, the committee met three times.

Further details on audit and risk committee attendance during the financial period under review are available on page 32.

Remuneration committee

Members: T Hayter (chairman) and G Bayne
Another member will be appointed in the near future.

The terms of reference of the remuneration committee will be available at the offices of the chairman as soon as the review process to align it with the recommendations of King III has been completed.

The chairman of the remuneration committee has pleasure in presenting the following to shareholders:

The executive chairman and financial director attends the meetings of the committee at the request of the committee, but are requested to leave the meeting before any decisions are made.

The functions of the remuneration committee:

- To assist the board in exercising its function of ensuring that affordable, fair and effective remuneration practices are implemented in the Ububele Group
- To determine the remuneration of group management members
- To make recommendations to the board on directors' fees and the remuneration and service conditions of executive directors, including the executive chairman
- To provide a channel of communication between the board and management on remuneration matters

The remuneration committee is mandated but not limited to the following:

- Reviewing the group's remuneration policies and practices and to make recommendations to the board on any proposed changes
- Ensuring that the levels of remuneration are sufficient to attract, retain and motivate executives of the competence required for high-level management and key personnel positions
- Playing a pivotal role in the succession planning, particularly in respect of the executive chairman and executive management
- Determining and approving any criteria for measuring the performance of executive directors in discharging their functions and responsibilities
- Reviewing and approving the terms and conditions of executive directors' employment contracts
- Reviewing and approving any disclosures in the annual report or elsewhere on remuneration policies or directors' remuneration

Directors' emoluments and other relevant remuneration information are disclosed on page 73 of the annual financial statements.

The committee is required to meet at least twice a year. As a result of the recent reverse listing of Ububele and the subsequent and ongoing process of reconstitution of the board and the subcommittees, the board as a whole considered the remuneration and related matters. Clearly defined responsibilities will be taken over by the committee during the current financial year.

The current committee members are in the process of reviewing the Group Human Resources Policies and Procedures as well as the Group Remuneration Policy.

DEALING IN THE COMPANY'S SECURITIES

The company's directors, executives and senior employees are prohibited from dealing in Ububele securities during certain prescribed restricted and closed periods. The company secretary regularly disseminates written notices to inform them of the insider trading legislation and advise them of closed periods.

All dealings in the company's securities are disclosed in terms of the applicable JSE listings requirements.

Investor relations and shareholder communication

Communication with Ububele's stakeholders is vital. Apart from communication through SENS, the group has embarked on roadshows and analyst presentations.

Analysis of shareholding

Please refer to the analysis of shareholding on page 40.

COMPANY SECRETARY

Fusion Corporate Secretarial Services (Pty) Ltd, represented by Melinda van den Berg, is the company secretary duly appointed in accordance with the South African Companies Act (the Act).

The company secretary has a direct channel of communication to the chairman while maintaining an arm's length relationship with the board of directors.

She is responsible to the board for ensuring the proper administration of board proceedings, including the preparation and circulation of board papers, ensuring that feedback is provided to the board and board committees and preparing and circulating minutes of board and board committee meetings. She provides practical support and guidance to the directors on their responsibilities within the prevailing regulatory and statutory environment and the manner in which such responsibilities (including not dealing in the company's shares during restricted periods) should be discharged.

GOING CONCERN

The annual financial statements are compiled in accordance with International Financial Reporting Standards and the policy is implemented consistently.

The board considers these financial statements, as well as the forthcoming year's business plan, budgets and the liquidity position in order to form its opinion on the group's ability to trade as a going concern.

The board's opinion pertaining to the appropriateness, validity and disclosure of the annual financial statement and explanations are set out in the declaration of directors' responsibility and approval.

DESIGNATED ADVISORS

PSG Capital was appointed as the designated advisors during the period under review.

TRANSFER SECRETARIES

Computershare Investor Services (Pty) Ltd is the appointed transfer secretary to the group. All shareholders can address shareholding-related queries to PO Box 61051, Marshalltown, South Africa, 2107.

UBUBELE MEETING ATTENDANCE TABLES: 1 JULY 2009 – 30 JUNE 2010

Board	29 Sep 2009	02 Dec 2009	25 Feb 2010	25 May 2010
T Kleinhans (Chairman)	P	P	P	P
S Roux	P	P	P	P
G Bayne	–	P	P	P
B Cloete	P	P	P	P
T Mocke	P	P	P	P
D Hertzog	–	P	A	P
J Matlala	–	P	P	P
T Hayter	–	–	–	–
A Stander	A	–	–	–
T Dajcar	P	–	–	–

Audit & Risk Committee	24 Aug 2009	21 Sep 2009	25 May 2010
J Usher (Chairperson)	P	–	–
H Grimmer (Member)	P	–	–
R Viviers (Invitee)	P	P	–
A Stander (Invitee)	P	P	–
B Cloete (Interim Chairperson)	–	P	–
B Cloete (Invitee)	–	–	P
T Mocke (Member)	–	P	–
G Bayne (Chairperson)	–	–	P
D Hertzog (Member)	–	–	P
T Kleinhans (Invitee)	–	–	–
T Hayter (Member)	–	–	–

Remuneration & Nominations Committee	None			
G Bayne (Chairperson)				
T Kleinhans				
S Roux				
B Cloete				
T Mocke				
D Hertzog				
J Matlala				
T Hayter				

Key: Present: P • Absent: X • Not yet appointed/resigned: – • Apology: A • Alternate: AP • Meeting cancelled: MC

APPOINTMENTS AND RESIGNATIONS

Name	Appointed	Resigned
Stephan Roux	01 July 2003	Active
Tomas Dajcar*	16 September 2004	22 October 2009
Adriana Stander*	03 November 2006	22 October 2009
Heidi Renate Grimmer*	12 December 2007	07 September 2009
Jacqueline Usher*	05 January 2009	07 September 2009
Rene Viviers*	07 September 2009	22 October 2009
Johannes Theodorus Kleinhans	07 September 2009	Active
Herbert William Cloete	07 September 2009	Active
Matthys Petrus Mocke	07 September 2009	Active
Dirk Willem Ryk Hertzog	22 October 2009	08 June 2010
June Mamsie Kelebohile Matlala	02 December 2009	Active
Grant Irvine Bayne	02 December 2009	Active
Trevor Bertram Hayter	26 July 2010	Active

* Directors of Milkworx Ltd, who resigned prior to Ububele's reverse listing.

financial statements 2010

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Report of the independent auditors

TO THE SHAREHOLDERS OF UBUBELE HOLDINGS LIMITED

We have audited the accompanying group annual financial statements and annual financial statements of Ububele Holdings Limited, which comprise the directors' report, the consolidated and separate statements of financial position at 30 June 2010, 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 as set out on pages 36 to 79.

DIRECTORS' RESPONSIBILITY FOR THE ANNUAL 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 misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these annual 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 that the annual financial statements are free of 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 auditor's judgement, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall financial statement presentation.

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

OPINION

In our opinion, these annual financial statements fairly present, in all material respects, the consolidated and separate financial position of Ububele Holdings Limited as at 30 June 2010 and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.



Nolands Inc

Registered Auditors

Per: Craig Stansfield CA(SA), RA

Cape Town

23 September 2010

Directors' responsibilities and approval

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

The annual financial statements are prepared in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

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

The directors have reviewed the group's cash flow forecast for the year to 30 June 2011 and, in the light of this review and the current financial position, they are satisfied that the group has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the group and company's annual financial statements. The annual financial statements have been audited by the company's external auditors and their report is presented on page 34.

The annual financial statements set out on pages 41 to 79, which have been prepared on the going concern basis, were approved by the board of directors and signed on their behalf by:



JT Kleinhans
Executive chairman



HW Cloete
Financial director

Cape Town
23 September 2010

Report of the directors

The directors submit their report for the year ended 30 June 2010.

1. INCORPORATION

Milkworx Limited ("Milkworx" or "the company") is a public company, registered in the Republic of South Africa in accordance with the Companies Act (Act 61 of 1973) as amended, and with its securities listed on the Alternative Exchange ("AltX") on the JSE Limited.

2. REVIEW OF ACTIVITIES

SPECIAL RESOLUTIONS IN SUBSIDIARIES

On 21 December 2009, Ububele Agri (Pty) Limited passed the following special resolutions:

- "That the company be and it is hereby converted from a public company having a share capital to a private company having a share capital"; and
- "That the existing articles of the company be deleted in their entirety and substituted for by new articles of association, duly identified by the Company Secretary or Chairman's signature".

MAIN BUSINESS AND OPERATIONS

Milkworx Limited previously focused solely on the distribution of ice cream and other related products. During the year, the Ububele Group reverse listed into the company and the company changed its name to Ububele Holdings Limited.

The principal activity of the company remained unchanged; however, the company has extended its ancillary object to investment holdings. Certain trading subsidiaries are engaged in the manufacturing and distribution of food products and all related activities, airline catering, and the distribution of chemicals and related substances.

During the year under review, the company acquired property, plant and equipment to the value of R12.5 million by way of a reverse listing in Milkworx Limited.

Furthermore, the group's dairy operations restructured their plant by closing one of their two factories and consolidating production into one factory.

On 7 November 2009, Ububele took over the operations of the dairy manufacturer, Milkworx Limited, in Pretoria. This operation made an operational loss during the previous financial year and Ububele therefore started immediately with an extensive amalgamation and re-construction programme. The amalgamation included the merging of the two factories into one premises. This merging process cost Ububele approximately R2.7 million during this financial year. The re-construction included, amongst others, the re-design and implementation of the new production processes. This cost Ububele a further R1.4 million and the project should be completed within the next financial year.

The total cost during this financial year attributable to the re-construction and amalgamation processes at Milkworx, cost the company R4.1 million during this financial year. This spending was deemed necessary and should result in future cost savings of approximately R3.2 million per year. Already, with the improved production processes, Milkworx made an estimated operational profit before depreciation and amortisation in the current year compared to a substantial operating loss during the previous financial year.

3. GOING CONCERN

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

4. POST REPORTING DATE EVENTS

The directors are not aware of any material matter or circumstance arising since the end of the financial year that has not been adequately disclosed elsewhere in these annual financial statements.

5. SHARE CAPITAL

The authorised share capital was increased from 3 000 000 000 ordinary shares of R0.01 each to 15 000 000 000 ordinary shares of R0.01 each through the creation of 12 000 000 000 ordinary shares of R0.01 each. An additional 7 685 875 719 shares of R0.01 were issued during the year under review.

6. DIVIDENDS

The dividends already declared and paid to non-controlling shareholders during the year are as reflected in the attached statement of changes in equity.

7. DIRECTORS

The directors of the company at the date of this report are as follows:

Name

HW Cloete	Appointed 7 September 2009
JT Kleinhans	Appointed 7 September 2009
MP Mocke	Appointed 7 September 2009
JMK Matlala	Appointed 2 December 2009
SA Roux	Appointed 1 July 2003
GI Bayne	Appointed 2 December 2009
TB Hayter	Appointed 26 July 2010
T Dajcar	Resigned 22 October 2009
A Stander	Resigned 22 October 2009
HR Grimmer	Resigned 7 September 2009
J Usher	Resigned 7 September 2009
R Viviers	Appointed 7 September 2009, resigned 22 October 2009
DWR Hertzog	Appointed 22 October 2009, resigned 8 June 2010

8. SECRETARY

The company secretary is M van den Berg.

Business address

Fusion Corporate Secretarial Services (Pty) Limited
Route 21 Corporate Park
No 56 Regency Road
Irene
Pretoria
Gauteng

Postal address

PO Box 68528
Highveld
0169

Report of the directors (continued)

		Issued share capital	% held		Shares at cost	
Activity			2010	2009	2010	2009
9. INVESTMENTS IN SUBSIDIARIES						
NAME OF SUBSIDIARY						
Direct subsidiaries						
Incorporated in South Africa:						
Ububele Agri (Pty) Limited	Investment holdings	217 880 440	100	–	174 180 949	–
Ububele Foods (Pty) Limited	Investment holdings	120	100	–	120	–
Incorporated in Namibia:						
Ububele Holdings Namibia (Pty) Limited	Investment holdings	100	51	–	51	–
Dormant subsidiaries						
Incorporated in Ireland:						
IAMU Holding Company Limited	Investment holdings	1 138	50	–	569	–
Incorporated in Mozambique:						
Ububele Holdings Mozambique Limited	Investment holdings	100	60	–	60	–
					174 181 749	–
Indirect subsidiaries						
Incorporated in Namibia:						
Enviro Weed Control Namibia (Pty) Limited	Distribution of chemicals	1 300	65	–	227 845	–
Ububele Alpine Inflight (Pty) Limited	Airline catering services	100	50	–	500	–
Ububele Investments (Namibia) (Pty) Limited	Investment holdings	100	100	–	100	–
Ububele Properties (Pty) Limited	Investment in property	100	100	–	100	–
Incorporated in South Africa:						
Ububele Chemicals Group (Pty) Limited	Investment holdings	100	100	–	5 740 897	–
Alfaspray (Pty) Limited	Distribution of chemicals	100	100	–	100	–
Enviro Industries (Pty) Limited	Distribution of chemicals	1 000	100	–	3 946 221	–
Ububele Alfa Chemicals (Pty) Limited	Distribution of chemicals	500	100	–	2 867 647	–
Alfa Agro Chemicals (Pty) Limited	Distribution of chemicals	625	100	–	5 000 000	–
Erintrade (Pty) Limited	Wholesale and retail of chemicals	1 000	50.10	–	20 754 853	–
RT Chemicals (Pty) Limited	Manufacture and distribution of chemicals	100	50.10	–	1 334 157	–
Novon WTP (Pty) Limited	Distribution of chemicals	640 202	100	–	37 072 566	–
Just Fruit and Veg (Pty) Limited	Food distribution	120	100	–	120	–
Linktrade Foods (Pty) Limited	Food distribution	100	51	–	4 494 012	–

The percentage held in respect of indirect holdings reflects the effective interest in those companies.

The aggregate amount of profits and losses, after taking into account taxation, earned by the subsidiaries in so far as concerns the interest of the company in its subsidiaries is R7 550 113 (2009: R4 947 098).

10. IMPAIRMENT OF CUSTOMER CONTRACT

During the year under review, an amount of R4.4 million was written off as an impairment of a customer contract in the Food Group. This impairment relates to the business of Linktrade Foods (Pty) Limited.

Linktrade was founded in 2001 after its member shareholders were approached by a Japanese import company to produce and manufacture fruit and vegetable concentrates for the Japanese market. An agreement was reached between a manufacturer and Linktrade, whereby Linktrade will receive all the proceeds deriving from the sales into the Far East.

However, Japan was particularly hard hit by the current world economic crisis and it may take some years for it to recover. The downturn of the world economies and the effect of sales into Japan were clearly felt with sales dropping by more than 50% from 2008 to 2010. Furthermore, a moratorium was placed on imports by Japanese buyers worldwide. To worsen the conditions even further, the strengthening of the rand against the US dollar and the yen has put a lot of pressure on the group's competitiveness. The rand was trading at the time of negotiating the price at R8 to R9 against the US dollar. The current rate of R7.30 makes it very difficult to compete. The same applies for the rand against the yen.

It is only now that sales are picking up again, but at much lower levels and prices than two years ago.

It is with this in mind, that we felt it necessary to re-value our investment in Linktrade and accordingly raised an impairment adjustment.

Should market and trade conditions change in whatever way, we will then re-visit this impairment again.

11. PROPERTY, PLANT AND EQUIPMENT

During the year under review, the company acquired property, plant and equipment to the value of R12.5 million by way of a reverse listing in Milkworx Limited.

The group purchased additional property, plant and equipment of R5.8 million during the year under review to expand operations.

12. AUDITORS

Nolands Inc will continue in office in accordance with section 270(2) of the Companies Act.

13. ANALYSIS OF SHAREHOLDERS

Shareholder spread	Number of shareholders	%	Number of shares	%
1 – 1 000 shares	54	3.58	30 427	0.00
1 001 – 10 000 shares	236	15.65	1 473 268	0.02
10 001 – 100 000 shares	487	32.29	21 748 377	0.25
100 001 – 1 000 000 shares	448	29.71	186 453 202	2.11
1 000 001 shares and over	283	18.77	8 644 835 893	97.63
Total	1 508	100.00	8 854 541 167	100.00

Distribution of shareholders	Number of shareholders	%	Number of shares	%
Banks	6	0.40	37 680 272	0.43
Brokers	1	0.07	10 858 686	0.12
Close corporations	23	1.53	5 313 172	0.06
Endowment funds	2	0.13	134 094	0.00
Individuals	1 365	90.52	2 792 499 264	31.54
Mutual funds	1	0.07	625 000	0.01
Nominees and trusts	62	4.11	2 623 714 078	29.63
Other corporations	19	1.26	3 265 170	0.04
Private companies	28	1.86	3 181 872 454	35.93
Public companies	1	0.07	198 578 977	2.24
Total	1 508	100.00	8 854 541 167	100.00

Report of the directors (continued)

13. ANALYSIS OF SHAREHOLDERS (continued)

Public/non-public shareholders	Number of shareholders	%	Number of shares	%
Non-public shareholders	5	0.33	3 825 839 889	43.21
Strategic holdings (more than 10%)	1	0.07	2 063 061 000	23.30
Directors' holdings	4	0.27	1 762 778 889	19.91
Public shareholders	1 503	99.67	5 028 701 278	56.79
Total	1 508	100.00	8 854 541 167	100.00

Beneficial shareholders holding 3% or more	Number of shares	%
Mentele Investments (Pty) Limited	2 063 061 000	23.30
Unibert Investments (Pty) Limited	685 701 047	7.74
Kleinhans Family Trust	495 841 431	5.60
Dirk Willem Ryk Trust	333 333 334	3.76
Roux, SA	332 991 562	3.76
Anco Familietrust	278 586 000	3.15
Pieter Naudé Trust	267 289 026	3.02

Breakdown of non-public shareholders	2010		2009	
	Total number of shares	% of shares	Total number of shares	% of shares
Directors				
Cloete, HW	711 544 039	8.04	–	–
Unibert Investments (Pty) Ltd	685 701 047	7.74	–	–
Doekvoet Belegging	25 842 992	0.29	–	–
Kleinhans, JT	495 841 431	5.60	–	–
Kleinhans Family Trust	495 841 431	5.60	–	–
Roux, SA	332 991 562	3.76	319 038 074	27.30
Roux, SA	332 991 562	3.76	319 038 074	27.30
Mocke, MP	222 401 857	2.51	–	–
Intsikelelo Family Trust	222 401 857	2.51	–	–
Hertzog, DWR Dr	–	–	333 333 334	28.52
Hertzog, DWR Dr	–	–	333 333 334	28.52
Dajcar, T	–	–	62 465 173	5.35
Dajcar, T	–	–	62 465 173	5.35
Total	1 762 778 889	19.91	714 836 581	61.17

Subsequent to year-end, Messrs JT Kleinhans and SA Roux obtained a further 22 300 and 465 235 Ububele shares respectively, and Mr HW Cloete sold 465 235 Ububele shares. There were no other changes to the directors' shareholding between 30 June 2010 and the date of this report.

Strategic Holdings (more than 10%)	Total number of shares	% of shares
Mentele Investments (Pty) Limited	2 063 061 000	23.30
Total	2 063 061 000	23.30

14. REGISTERED ADDRESS

9th Floor MetLife Centre
7 Coen Steytler Avenue
Cape Town
8001

15. MANAGEMENT

The business of the company or any part thereof or of a subsidiary has not been managed by a third person or a company in which any director has an interest, under any agreement during the accounting period.

Statements of financial position as at 30 June 2010

		Group		Company	
		30 June	30 June	30 June	30 June
		2010	2009	2010	2009
Notes		R	R	R	R
ASSETS					
Non-current assets					
Property, plant and equipment	3	23 692 743	10 122 756	14 012 136	13 279 956
Goodwill	4	80 085 181	63 632 737	–	–
Intangible assets	5	23 710 249	25 688 462	84 961	57 267
Investments in subsidiaries	6	–	–	174 181 749	–
Investment in associates	7	–	–	–	–
Deferred taxation	8	14 396 117	3 021 353	9 937 231	5 057 896
Available-for-sale financial assets at fair value	9	3 239 928	1 566 937	–	–
		145 124 218	104 032 245	198 216 077	18 395 119
Current assets					
Trade and other receivables	10	75 098 265	62 498 095	3 715 543	3 313 706
Inventories	11	49 609 325	58 406 471	4 826 093	5 922 022
Loans owing by group companies	12	–	–	11 163 248	–
Loans receivable	13	99 078	108 934	–	–
Cash and cash equivalents	14	8 132 912	10 069 883	1 936 123	3 110 083
Taxation		1 686 885	–	–	–
		134 626 465	131 083 383	21 641 007	12 345 811
Total assets		279 750 683	235 115 628	219 857 084	30 740 930
EQUITY AND LIABILITIES					
Equity					
Share capital and premium	15	99 649 329	67 774 997	227 992 269	51 012 298
Other reserves	16	1 388 800	248 210	–	59 859
Accumulated profit/(loss)		26 891 008	17 017 912	(29 967 915)	(33 636 233)
Non-controlling interest		16 737 894	17 186 305	–	–
		144 667 031	102 227 424	198 024 354	17 435 924
Liabilities					
Non-current liabilities					
Loans payable	17	1 405 473	–	–	–
Interest-bearing borrowings	18	6 312 064	6 872 678	464 549	–
Deferred taxation	8	3 792 822	374 115	3 311 152	3 377 896
		11 510 359	7 246 793	3 775 701	3 377 896
Current liabilities					
Trade and other payables	19	62 495 697	65 146 238	7 300 531	6 539 290
Loans owing to group companies	12	–	–	7 788 289	–
Loans from shareholders	20	2 832 601	42 331 551	–	8 388
Loans payable	17	36 306 267	1 260 546	–	154 555
Taxation		4 532 063	3 046 460	–	–
Interest-bearing borrowings	18	2 625 960	1 825 950	97 956	338 262
Derivative financial instruments	21	44 391	41 290	–	–
Bank overdrafts and acceptances	14	14 736 314	11 989 376	2 870 253	2 886 615
		123 573 293	125 641 411	18 057 029	9 927 110
Total equity and liabilities		279 750 683	235 115 628	219 857 084	30 740 930

Statements of comprehensive income

		Group		Company	
		12 months ended 30 June 2010	16 months ended 30 June 2009	12 months ended 30 June 2010	12 months ended 30 June 2009
	Notes	R	R	R	R
Gross revenue	22	481 973 805	471 769 348	65 727 438	66 968 719
Cost of sales		(340 254 716)	(323 403 512)	(50 149 963)	(53 026 007)
Gross profit		141 719 089	148 365 836	15 577 475	13 942 712
Other income		11 159 638	5 102 300	1 152 760	1 335 250
Operating expenses		(137 107 360)	(136 273 448)	(17 787 701)	(19 045 974)
Operating profit/(loss)	23	15 771 367	17 194 688	(1 057 466)	(3 768 012)
Investment revenue	24	6 660 760	4 715 659	53 349	1 628
Income from equity accounted investments	25	–	453 105	–	–
Finance costs	26	(5 337 010)	(5 727 266)	(333 503)	(1 224 208)
Profit/(loss) before taxation		17 095 117	16 636 186	(1 337 620)	(4 990 592)
Taxation	27	(1 209 432)	(6 523 460)	4 946 079	(3 577 291)
Profit/(loss) for the period		15 885 685	10 112 726	3 608 459	(8 567 883)
Other comprehensive income		1 140 590	248 210	–	–
– Net change in fair value of available-for-sale financial assets		1 140 590	248 210	–	–
Total comprehensive income/(loss) for the period		17 026 275	10 360 936	3 608 459	(8 567 883)
Attributable to:					
Equity holders of the parent		11 013 686	1 657 555	3 608 459	(8 567 883)
Non-controlling interest		6 012 589	8 703 381	–	–
		17 026 275	10 360 936	3 608 459	(8 567 883)
Earnings per share (cents)					
Basic	39	5.90	1.03		
Diluted basic	39	5.90	1.03		

Statements of changes in equity

	Share capital R	Share premium R	Total share capital and premium R	Other reserves R	Accu- mulated profit/(loss) R	Total attributable to equity holders of the group/ company R	Non- controlling interest R	Total equity R
GROUP								
Balance at 1 March 2008	17 775	33 990 238	34 008 013	–	17 385 967	51 393 980	2 008 793	53 402 773
Total comprehensive income for the period	–	–	–	248 210	1 409 345	1 657 555	8 703 381	10 360 936
Issue of shares	4 103	36 762 881	36 766 984	–	–	36 766 984	–	36 766 984
Repurchase of shares	(334)	(2 999 666)	(3 000 000)	–	–	(3 000 000)	–	(3 000 000)
Dividends paid	–	–	–	–	(1 777 400)	(1 777 400)	–	(1 777 400)
Net acquisition of subsidiaries	–	–	–	–	–	–	6 474 131	6 474 131
Balance at 1 July 2009	21 544	67 753 453	67 774 997	248 210	17 017 912	85 041 119	17 186 305	102 227 424
Issue of unlisted shares	244	2 195 761	2 196 005	–	–	2 196 005	–	2 196 005
Share conversion at 3 465 per 100	75 495 572	(5 524 570)	69 971 002	248 210	17 017 912	87 237 124	17 186 305	104 423 429
Effective shares issued to Milkworx shareholders	11 686 654	15 192 651	26 879 305	–	–	26 879 305	–	26 879 305
Issue of shares	1 363 184	1 435 838	2 799 022	–	–	2 799 022	–	2 799 022
Total comprehensive income for the period	–	–	–	1 140 590	9 873 096	11 013 686	6 012 589	17 026 275
Dividends paid	–	–	–	–	–	–	(6 461 000)	(6 461 000)
Balance at 30 June 2010	88 545 410	11 103 919	99 649 329	1 388 800	26 891 008	127 929 137	16 737 894	144 667 031

Statements of changes in equity

	Share capital R	Share premium R	Total share capital and premium R	Other reserves R	Accu- mulated profit/(loss) R	Total attributable to equity holders of the group/ company R	Non- controlling interest R	Total equity R
COMPANY								
Balance at 1 July 2008	5 952 475	30 863 009	36 815 484	–	(25 068 350)	11 747 134	–	11 747 134
Total comprehensive loss for the year	–	–	–	–	(8 567 883)	(8 567 883)	–	(8 567 883)
Issue of shares	7 820 961	8 853 832	16 674 793	–	–	16 674 793	–	16 674 793
Repurchase of shares	(2 086 782)	(202 850)	(2 289 632)	–	–	(2 289 632)	–	(2 289 632)
Share issue expenses	–	(188 347)	(188 347)	–	–	(188 347)	–	(188 347)
Share based payment reserve	–	–	–	59 859	–	59 859	–	59 859
Balance at 1 July 2009	11 686 654	39 325 644	51 012 298	59 859	(33 636 233)	17 435 924	–	17 435 924
Total comprehensive income for the year	–	–	–	–	3 608 459	3 608 459	–	3 608 459
Issue of shares	76 858 758	100 121 213	176 979 971	–	–	176 979 971	–	176 979 971
Share based payment reserve	–	–	–	(59 859)	59 859	–	–	–
Balance at 30 June 2010	88 545 412	139 446 857	227 992 269	–	(29 967 915)	198 024 354	–	198 024 354

Statements of cash flows

	Notes	Group		Company	
		12 months ended 30 June 2010	12 months ended 30 June 2009	12 months ended 30 June 2010	12 months ended 30 June 2009
		R	R	R	R
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from/(used in) operations	28	21 734 542	2 781 239	3 071 110	(1 578 115)
Interest income		6 025 228	4 684 584	53 349	1 628
Dividends received		635 532	31 075	–	–
Finance costs		(5 337 010)	(5 727 266)	(333 503)	(1 224 208)
Taxation paid	29	(7 864 422)	(8 401 540)	–	–
Dividends paid	30	(6 461 000)	(1 777 400)	–	–
Net cash from operating activities		8 732 870	(8 409 308)	2 790 956	(2 800 695)
CASH FLOWS FROM INVESTING ACTIVITIES					
Additions to property, plant and equipment to expand operations	3	(5 832 785)	(4 796 614)	(3 902 866)	(388 293)
Proceeds on disposal of property, plant and equipment		1 470 826	1 334 194	544 572	430 386
Acquisition of intangible assets	5	(527 256)	(963 721)	(74 823)	–
Acquisition of interest in subsidiaries	31	(7 835 039)	5 093 165	–	–
Loans granted to group companies		–	–	(11 163 248)	–
Proceeds on disposal of investments		–	165 083	–	–
Loans receivable repaid		9 856	82 682	–	–
Acquisition of available-for-sale financial assets		(532 401)	(41 717)	–	–
Proceeds on disposal of unlisted investment		431 957	–	–	–
Proceeds on disposal of associate		–	539 269	–	–
Net cash from investing activities		(12 814 842)	1 412 341	(14 596 365)	42 093
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds on share issue	15	4 995 027	12 682 070	2 798 222	8 370 296
Loans payable repaid		–	(8 908 099)	(154 555)	(1 745 264)
Loans payable raised		25 256 665	–	–	–
Loans from shareholders raised		–	5 432 869	–	–
Loans from shareholders repaid		(31 093 025)	–	(8 388)	–
Interest-bearing borrowings raised		2 905 784	4 156 915	914 36	–
Interest-bearing borrowings repaid		(2 666 388)	(1 966 380)	(680 118)	(766 585)
Loans from group companies raised		–	–	7 788 289	–
Repurchase of shares		–	(5 222 223)	–	–
Net cash from financing activities		(601 937)	6 175 152	10 647 811	5 858 447
Increase/(decrease) in cash and cash equivalents for the period		(4 683 909)	(821 815)	(1 157 598)	3 099 845
Cash and cash equivalents at the beginning of the period		(1 919 493)	(1 097 678)	223 468	(2 876 377)
Cash and cash equivalents at the end of the period	14	(6 603 402)	(1 919 493)	(934 130)	223 468

Notes to the financial statements

1. BASIS OF PREPARATION

1.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act of South Africa.

The financial statements were approved by the board of directors on 23 September 2010.

1.2 Basis of measurement

The separate and consolidated financial statements have been prepared on the historical cost basis except for the following:

- Derivative financial instruments are measured at fair value;
- Financial instruments at fair value through profit or loss are measured at fair value; and
- Available-for-sale financial assets are measured at fair value.

1.3 Significant judgements and estimates

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates.

Trade receivables

The group assesses its trade receivables for impairment at each reporting date. In determining whether an impairment loss should be recorded in the profit or loss, the group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from the financial asset.

The impairment for trade receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method, which involves the identification of an acquirer, measuring the cost of the business combination and allocating, at acquisition date, the cost of the business combination to the assets acquired and liabilities and contingent liabilities incurred or assumed. The cost of the business combination is measured as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed and equity instruments issued by the acquirer in exchange for control of the acquiree, plus any costs directly attributable to the business.

The acquiree's identifiable assets, liabilities and contingent liabilities, that meet the conditions for recognition under IFRS 3, Business Combinations, are recognised at their fair values at the acquisition date, except for non-current assets, or disposal groups, that are classified as "held-for-sale" in accordance with IFRS 5, Non-current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

Goodwill arising on acquisition is recognised as an asset and is initially measured at the cost of the business combination over the group's interest in the net fair value of the acquiree's recognised identifiable assets, liabilities and contingent liabilities.

Property, plant and equipment

The group assesses the useful lives of depreciation rates and residual values of these assets at each reporting date. These estimates take cognisance of current market and trading conditions for the group's specific assets.

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these separate and consolidated financial statements, and have been applied consistently by group entities.

2.1 Basis of consolidation

The consolidated annual financial statements comprise the financial statements of the company and the subsidiaries controlled by the company. Subsidiaries are defined as those companies in which the group, either directly or indirectly, has more than one half of the voting rights, has the right to appoint more than half of the board of directors or otherwise has the power to control the financial and operating activities of the company.

The results of subsidiaries are consolidated from acquisition date and cease to be consolidated on the date control ceases. Where there is a disposal or loss of control of a subsidiary, the consolidated financial statements include the results for part of the reporting period during which the group had control. Any difference arising on disposal between the carrying amount of the subsidiary and the net proceeds is recognised in the statement of comprehensive income.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation and where necessary accounting policies for subsidiaries are changed to ensure consistency with the policies adopted by the group.

Minority interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the group's equity. Minority interests consist of those interests at the date of the original business combination and the minority's share of the changes in equity since the date of the combination.

2.2 Underlying Concepts

Changes in accounting policies are accounted for in accordance with the transitional provisions in the applicable standard.

Where no such provision exists, these changes are applied retrospectively, unless it is impracticable to do so, in which case they are applied prospectively.

Changes in accounting estimates are recognised in profit or loss.

Prior period errors are retrospectively restated unless it is impracticable to do so, in which case they are applied prospectively.

Accounting policies are not applied when the effect of applying them is immaterial.

2.3 Property, plant and equipment

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

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

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

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

Depreciation is provided to write down the property, plant and equipment, on a straight-line basis, to their residual values as follows:

Item	Average useful life
Computer equipment	2 – 3 years
Furniture and fixtures	6 years
Leasehold improvements	3 years
Motor vehicles	2 – 5 years
Office equipment	6 years
Plant and equipment	3 – 5 years
Refrigeration equipment	6 years
Security equipment	6 years

The residual value and the useful life of each asset are reviewed at the end of each financial period.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

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

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

Leasehold improvements are depreciated over the term of the lease contract.

2.4 Goodwill

Goodwill/Negative goodwill arises on the acquisition of subsidiaries and associates.

Goodwill represents the excess of the cost of the acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When negative goodwill arises, it is recognised immediately in profit or loss.

2.4.1 Acquisitions of non-controlling interests

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

2.4.2 Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted investee.

2.5 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the group and company; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost and are carried at cost less any accumulated amortisation and impairment losses.

Notes to the financial statements (continued)

An intangible asset arising from development is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale;
- there is an intention to complete and use or sell it;
- there is an ability to use or sell it;
- it will generate probable future economic benefits;
- there are available technical, financial and other resources to complete the development and to use or sell the asset; and
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at the end of every period.

Reassessing the useful life of an intangible asset with a definite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Useful life
Patents, trademarks and recipes	indefinite
Restraint of trade	3 – 6 years
Product development costs	5 years
Customer contract	indefinite
Computer software	2 years

2.6 Investments in subsidiaries

Company annual financial statements

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

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

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

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

2.7 Investments in associates

Group annual financial statements

An associate is an entity over which the group has significant influence, but not control over the operating and financial policies, generally accompanying, but not limited to, a shareholding of between 20% and 50% of the voting rights.

Investment in associates are accounted for using the equity method, except when the asset is classified as held-for-sale. Under the equity method, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the group's share of the profits or losses of the investee after acquisition date. The use of the equity method is discontinued from the date the group ceases to have significant influence over the associate.

Any impairment losses are deducted from the carrying amount of the investment in an associate.

Distributions received from the associate reduce the carrying amount of the investment.

Profits and losses resulting from transactions with associates are recognised only to the extent of unrelated investors' interests in the associate.

The excess of the group's share of the net fair value of an associate's identifiable assets, liabilities and contingent liabilities over the cost is excluded from the carrying amount of the investment and is instead included as income in the period in which the investment is acquired.

2.8 Financial instruments

Initial recognition

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

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

Group company loans/Loans receivable and payable

These loans are recognised initially at fair value and are subsequently measured at amortised cost, using the effective interest rate method. Loans that are interest-free and have no fixed date of repayment are measured at cost.

Trade and other receivables

Trade receivables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired.

Significant financial difficulties of the debtors and default or delinquency in payments are considered indicators that the trade receivables are impaired. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the profit or loss for the period.

Bad debts are written off to profit or loss when it is considered that the group will be unable to recover the debt and it has been handed over to a third party for collection. Subsequent recoveries of amounts previously written off are recognised in profit and loss. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Trade and other payables

Trade payables, which are primarily settled on 30-day terms and are occasionally extended to 90-day terms, are carried at cost, being the fair value of the consideration to be paid in the future for goods and services rendered. These are subsequently measured at amortised cost, using the effective interest rate method.

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

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing costs.

Available-for-sale financial assets

These financial assets are non-derivatives that are either designated in this category or not classified elsewhere.

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

These investments are measured initially and subsequently at fair value. Gains and losses arising from changes in fair value are recognised directly in other comprehensive income until the security is disposed of or is determined to be impaired.

2.9 Taxation

Current taxation assets and liabilities

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

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

Deferred taxation assets and liabilities

A deferred taxation asset/liability is recognised for all temporary differences, except to the extent that the deferred tax asset/liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit/loss.

A deferred taxation asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

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

Taxation expenses

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

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

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

2.10 Leases

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

Notes to the financial statements (continued)

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

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

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

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

2.11 Inventories

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs.

2.12 Foreign currencies

Functional and presentation currency

The company's annual financial statements are presented in the South African rand, which is the company's functional and presentation currency.

Transactions and balances

Transactions in foreign currencies are initially recorded in the functional currency at the rate ruling at the date of the transaction. At the reporting date, monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at

exchange rates ruling at that date. Exchange differences arising on the settlement of transactions at rates different from those at the date of the transaction and unrealised foreign exchange differences on unsettled foreign currency monetary assets and liabilities, are recognised in profit or loss for the period.

2.13 Impairment of assets

Financial assets

At each reporting date the group assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. A financial asset is considered to be impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the group on terms that the group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy and the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics. In assessing collective impairment the group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

An impairment loss in respect of an available-for-sale financial asset is calculated with reference to its current fair value. Impairment losses on available-for-sale investment securities are recognised by transferring the cumulative loss that has been recognised in other comprehensive income, and presented in the

fair value reserve in equity, to profit or loss. The cumulative loss that is removed from other comprehensive income and recognised in profit or loss is the difference between the acquisition cost and the current fair value, less any impairment loss previously recognised in profit or loss. If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

Non-financial assets

The carrying amount of the group's non-financial assets, other than inventories and deferred tax assets, is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.14 Share capital and equity

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

2.15 Employee benefits

Short-term employee benefits

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

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

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

2.16 Revenue

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

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest is recognised, in profit or loss, using the effective interest rate method.

Dividends are recognised, in profit or loss, when the company's right to receive payment has been established.

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date.

2.17 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs.

Notes to the financial statements (continued)

The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

2.18 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

2.19 Segment reporting

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the group's other components.

All operating segments' operating results are reviewed regularly by the group's CEO to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the company's headquarters), head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, and intangible assets other than goodwill.

2.20 Derivative financial instruments

The group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

2.21 Adoption of new standards and changes in accounting policies

Standards and Interpretations affecting amounts reported in the current period (and/or prior periods)

No standards and interpretations adopted in the current period have materially affected the amounts reported in these financial statements.

Standards affecting presentation and disclosure

IAS 1 (as revised in 2007) – Amendments to the structure of financial statements, effective 1 January 2009, have resulted in the expansion of disclosure in these financial statements regarding the company's financial instruments and management of capital.

Standards and interpretations adopted with no effect on the financial statements (effective for annual periods beginning on or after the stipulated date)

The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

IFRS 1 First-time adoption of IFRS – Measurement of the cost of investments in subsidiaries, jointly controlled entities and associates when adopting IFRS for the first time.

IFRS 2 Share-based Payments – Amendments to vesting conditions and cancellations; Clarification of scope of IFRS 2 and IFRS 3 revised.

IFRS 3 Business Combinations – Amendments to accounting for business combinations.

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations – Plan to sell the controlling interest in a subsidiary.

IFRS 7 Financial Instruments: Disclosures – Presentation of finance costs; Amendment dealing with improving disclosures about financial instruments; Amendments enhancing disclosures about fair value and liquidity risk.

IFRS 8 Operating Segments – New standard on segment reporting (replaces IAS 14).

IAS 1 Presentation of Financial Statements – Current/non-current classification of derivatives; Current/non-current classification of convertible instruments.

IAS 8 Accounting Policy, Changes in Accounting Estimates and Errors – Status on implementation guidance.

IAS 10 Events after the Reporting Period – Dividends declared after the end of the reporting period; Amendments resulting from the issue of IFRIC 17.

IAS 16 Property, Plant and Equipment – Recoverable amount; Sale of asset held for rental.

IAS 18 Revenue – Costs of originating a loan.

IAS 19 Employee Benefits – Curtailments and negative past service cost; Plan administration costs; Replacement of term 'fall due'; Guidance on contingent liabilities.

IAS 20 Accounting for Government Grants and Disclosure of Government Assistance – Government loans with a below-market rate of interest; Consistency of terminology with other IFRSs.

IAS 21 The Effects of Changes in Foreign Exchange Rates – Consequential amendments from changes to Business Combinations.

IAS 23 Borrowing Costs – Amendment requiring capitalisation only model; Components of borrowing costs.

IAS 27 Consolidated and Separate Financial Statements – Amendment dealing with measurement of the cost of investments when adopting IFRS for the first time; Consequential amendments from changes to business combinations; Measurement of subsidiary held-for-sale in separate financial statements.

IAS 28 Investments in Associates – Required disclosures when investments in associates are accounted for at fair value through profit or loss; Impairment of investment in associate; Consequential amendments from changes to business combinations.

IAS 29 Financial Reporting in Hyperinflationary Economies – Description of measurement basis in financial statements; Consistency of terminology with other IFRSs.

IAS 31 Interests in Joint Ventures – Required disclosures when interests in jointly controlled entities are accounted for at fair value through profit and loss; Consequential amendments from changes to business combinations.

IAS 32 Financial Instruments: Presentation – Certain financial instruments will be classified as equity whereas, prior to these amendments, they would have been classified as financial liabilities.

IAS 34 Interim Financial Reporting – Earnings per share disclosures in interim financial reports.

IAS 36 Impairment of Assets – Disclosure of estimates used to determine recoverable amount.

IAS 38 Intangible Assets – Advertising and promotional activities; Unit of production method of amortisation; Additional consequential amendments arising from revised IFRS 3; Measuring the fair value of an intangible asset acquired in a business combination.

IAS 39 Financial Instruments: Recognition and Measurement – Reclassification of derivatives into or out of the classification of at fair value through profit or loss; Designation and documenting hedges at the segment level; Applicable effective interest rate on cessation of fair value hedge accounting; Clarification of two hedge accounting issues, inflation in a financial hedged item and a one-sided risk in a hedge.

IAS 40 Investment Property – Property under construction or development for future use as investment property; Consistency of terminology with IAS 8; Investment property held under lease.

IAS 41 Agriculture – Discount rate for fair value calculations; Additional biological transformation; Examples of agricultural produce and products; Point-of-sale costs.

IFRIC 9 (amended) Reassessment of Embedded Derivatives – Scope of IFRIC 9 and revised IFRS 3.

IFRIC 15 Agreements for the Construction of Real Estate.

IFRIC 16 (amended) Hedges of a Net Investment in a Foreign Operation – Amendment to the restriction on the entity that can hold hedging instruments.

IFRIC 17 Distribution of Non-cash Assets to Owners.

IFRIC 18 Transfers of Assets from Customers.

Standards and Interpretations in issue but not yet effective (effective for annual periods beginning on or after the stipulated date)

The following Standards and Interpretation have been issued but are not yet effective:

IFRS 1 First-time Adoption of IFRS – Amendments relating to oil and gas assets and determining whether an arrangement contains a lease (effective 1 January 2010); Amendments relieves first-time adopters of IFRSs from providing the additional disclosures introduced through Amendments to IFRS 7 in March 2009 (effective 1 July 2010); Amendment clarifies that changes in accounting policies in the year of adoption fall outside of the scope of IAS 8; Amendment permits the use of revaluation carried out after the date of transition as a basis for deemed cost; Amendment permits the use of carrying amount under previous GAAP as deemed cost for operations subject to rate regulation (effective 1 January 2011).

IFRS 2 Share-based Payments – Amendments relating to group cash-settled share-based payment transactions – clarity of the definition of the term “group” and where in a group share-based payments must be accounted for (effective 1 January 2010).

IFRS 3 Business Combinations – Amendments to transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS; Clarification on the measurement of non-controlling interests; Additional guidance provided on un-replaced and voluntarily replaced share-based payment awards (effective 1 January 2011).

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations – Disclosures of non-current assets (or disposal groups) classified as held for sale or discontinued operations (effective 1 January 2010).

IFRS 7 Financial Instruments: Disclosures – Amendment clarifies the intended interaction between qualitative and quantitative disclosures of the nature and extent of risks arising from financial instruments and removed some disclosure items which were seen to be superfluous or misleading (effective 1 January 2011).

Notes to the financial statements (continued)

IFRS 8 Operating Segments – Disclosure of information about segment assets (effective 1 January 2010).

IFRS 9 Financial Instruments – New standard that forms the first part of a three-part project to replace IAS 39 Financial Instruments: Recognition and Measurement (effective 1 January 2013).

IAS 1 Presentation and Disclosure of Financial Statements – Clarification of statement of changes in equity (effective 1 January 2011).

IAS 7 Statement of Cash Flows – Classification of expenditures on unrecognised assets (effective 1 January 2010).

IAS 17 Leases – Classification of leases on land and buildings (effective 1 January 2010).

IAS 21 The Effects of Changes in Foreign Exchange Rates – Consequential amendments from changes to IAS 27 Consolidated and Separate Financial Statements (Clarification on the transition rules in respect of the disposal or partial disposal of an interest in a foreign operation) (effective 1 July 2010).

IAS 24 Related Party Disclosures – Simplification of the disclosure requirements for government-related entities; Clarification of the definition of a related party (effective 1 January 2011).

IAS 27 Consolidated and Separate Financial Statements – Transition requirements for amendments arising as a result of IAS 27 Consolidated and Separate Financial Statements (effective 1 July 2010).

IAS 28 Investments in Associates – Consequential amendments from changes to IAS 27 Consolidated and Separate Financial Statements (Clarification on the transition rules in respect of the disposal or partial disposal of an interest in a foreign operation) (effective 1 July 2010).

IAS 31 Interests in Joint Ventures – Consequential amendments from changes to IAS 27 Consolidated and Separate Financial Statements (Clarification on the transition rules in respect of the disposal or partial disposal of an interest in a foreign operation) (effective 1 July 2010).

IAS 32 Financial Instruments: Presentation – Accounting for rights issues (including rights, options, warrants) that are denominated in a currency other than the functional currency of the issuer (effective 1 February 2010).

IAS 34 Interim Financial Reporting – Clarification of disclosure requirements around significant events and transactions including financial instruments (effective 1 January 2011).

IAS 36 Impairment of Assets – Unit of accounting for goodwill impairment test (effective 1 January 2010).

IAS 39 Financial Instruments: Recognition and Measurement – Scope exemption for business combination contracts; Cash flow hedge accounting (effective 1 January 2010).

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments (effective 1 July 2010).

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the company and will primarily result in additional disclosure requirements.

The statements will be adopted at the respective effective dates, except for IFRS 8: Operating Segments. The group early adopted the amendments to IFRS 8, which becomes effective for annual periods beginning on or after 1 January 2010, which does not require segment assets and liabilities to be disclosed if such information is not regularly provided to the operating decision makers. Accordingly, segment assets and liabilities have not been disclosed.

3. PROPERTY, PLANT AND EQUIPMENT

	Group			Company		
	Cost	Accumulated depreciation and impairment	Carrying value	Cost	Accumulated depreciation and impairment	Carrying value
	2010	2010	2010	2009	2009	2009
	R	R	R	R	R	R
GROUP						
Computer equipment	1 759 945	(1 131 905)	628 040	1 120 506	(628 190)	492 316
Furniture and fixtures	775 691	(393 334)	382 356	723 981	(231 350)	492 631
Leasehold improvements	94 527	(94 527)	–	94 527	(70 894)	23 633
Motor vehicles	14 896 261	(7 582 185)	7 314 076	10 329 551	(4 351 215)	5 978 336
Office equipment	768 985	(401 312)	367 673	457 091	(220 149)	236 942
Plant and equipment	25 366 462	(11 283 953)	14 082 510	3 325 662	(1 624 933)	1 700 729
Refrigeration equipment	1 680 154	(762 066)	918 088	1 680 154	(481 985)	1 198 169
Total	45 342 025	(21 649 282)	23 692 743	17 731 472	(7 608 716)	10 122 756
COMPANY						
Computer equipment	407 066	(245 305)	161 761	411 956	(289 753)	122 203
Furniture and fixtures	90 399	(39 418)	50 981	57 153	(38 508)	18 645
Motor vehicles	3 837 806	(2 207 450)	1 630 356	3 332 241	(1 918 146)	1 414 095
Office equipment	231 148	(190 189)	40 959	275 295	(193 424)	81 871
Plant and equipment	21 604 440	(9 476 361)	12 128 079	21 601 093	(9 958 098)	11 642 995
Security equipment	5 868	(5 868)	–	5 868	(5 721)	147
Total	26 176 727	(12 164 591)	14 012 136	25 683 606	(12 403 650)	13 279 956

Reconciliation of property, plant and equipment

	Opening balance	Additions	Additions through business combinations	Disposals	Depreciation	Total
	R	R	R	R	R	R
GROUP 2010						
Computer equipment	492 316	382 107	110 466	(13 491)	(343 358)	628 040
Furniture and fixtures	492 631	70 583	17 818	(117 909)	(80 767)	382 356
Leasehold improvements	23 633	–	–	–	(23 633)	–
Motor vehicles	5 978 336	3 165 440	1 266 511	(841 332)	(2 254 879)	7 314 076
Office equipment	236 942	138 192	66 506	(2 970)	(70 997)	367 673
Plant and equipment	1 700 729	2 076 463	12 649 520	(580 616)	(1 763 586)	14 082 510
Refrigeration equipment	1 198 169	–	–	–	(280 081)	918 088
	10 122 756	5 832 785	14 110 821	(1 556 319)	(4 817 301)	23 692 743

2009

Computer equipment	141 298	407 803	221 059	(9 748)	(268 096)	492 316
Furniture and fixtures	563 374	62 706	–	(10 463)	(122 986)	492 631
Leasehold improvements	65 644	–	–	–	(42 011)	23 633
Motor vehicles	4 382 924	3 863 689	1 463 421	(1 294 795)	(2 436 903)	5 978 336
Office equipment	6 956	2 734	280 288	(4 134)	(48 902)	236 942
Plant and equipment	1 788 136	328 913	128 220	(2 939)	(541 601)	1 700 729
Refrigeration equipment	1 178 974	130 769	201 096	–	(312 670)	1 198 169
	8 127 306	4 796 614	2 294 084	(1 322 079)	(3 773 169)	10 122 756

Notes to the financial statements (continued)

3. PROPERTY, PLANT AND EQUIPMENT (continued)

COMPANY 2010	Opening balance R	Additions R	Disposals R	Depreciation R	Total R
Computer equipment	122 203	101 267	(8 287)	(53 422)	161 761
Furniture and fixtures	18 645	37 984	–	(5 648)	50 981
Motor vehicles	1 414 095	797 583	(110 694)	(470 628)	1 630 356
Office equipment	81 871	7 424	(2 505)	(45 831)	40 959
Plant and equipment	11 642 995	2 958 608	(558 683)	(1 914 841)	12 128 079
Security equipment	147	–	–	(147)	–
	13 279 956	3 902 866	(680 169)	(2 490 517)	14 012 136

	Opening balance R	Additions R	Disposals R	Depreciation R	Impairment loss R	Total R
2009						
Computer equipment	92 348	98 622	(7 477)	(61 290)	–	122 203
Furniture and fixtures	8 620	14 550	–	(4 525)	–	18 645
Motor vehicles	2 259 138	72 844	(401 737)	(516 150)	–	1 414 095
Office equipment	125 844	1 717	–	(45 690)	–	81 871
Plant and equipment	14 134 730	200 560	–	(1 779 374)	(912 921)	11 642 995
Security equipment	1 320	–	–	(1 173)	–	147
	16 622 000	388 293	(409 214)	(2 408 202)	(912 921)	13 279 956

	Notes	Group 2010 R	Group 2009 R	Company 2010 R	Company 2009 R
Carrying value of assets pledged as security					
Furniture and fixtures	18	131 387	156 413	–	–
Motor vehicles	18	5 301 712	4 396 713	719 066	909 981
Plant and equipment	18	594 635	733 684	–	–
Refrigeration equipment	18	629 224	701 165	–	–

4. GOODWILL

GROUP	Cost R	2010 Accumulated impairment R	Carrying value R	Cost R	2009 Accumulated impairment R	Carrying value R
Goodwill	80 085 181	–	80 085 181	63 632 737	–	63 632 737

GROUP 2010	Opening balance R	Additions arising from business combinations R	Total R
Reconciliation of goodwill			
Goodwill	63 632 737	16 452 444	80 085 181

GROUP 2009	Opening balance R	Additions arising through acquisition of subsidiaries R	Additions arising from purchase of business operations R	Total R
Reconciliation of goodwill				
Goodwill	32 462 254	27 182 778	3 987 705	63 632 737

The additions to goodwill were the result of a reverse listing into Milkworx Limited, as well as an additional investment in Novon WTP (Pty) Limited and Erintrade (Pty) Limited. Refer note 31.

Impairment test for goodwill

Goodwill is allocated to the group's cash-generating units (CGUs) identified according to the business segment.

The carrying amounts of goodwill and intangible assets with indefinite useful lives are as follows:

	Chemicals R	2010 Foods R	Total R	Chemicals R	2009 Foods R	Total R
Goodwill	47 514 415	32 570 766	80 085 181	40 360 469	23 272 268	63 632 737
Intangible assets with indefinite useful lives	–	3 769 011	3 769 011	–	3 769 011	3 769 011
	47 514 415	36 339 777	83 854 192	40 360 469	27 041 279	67 401 748

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five year period. Cash flows beyond the five year period are extrapolated using the growth rates estimated by management. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

Management determined budgeted gross margin based on past performance and its expectations of market development. The weighted average growth rates used are consistent with forecasts included in industry reports. The discounted cash rates used are pre-tax (16.47%) and reflect specific risks relating to the relevant segment. In consequence of the above, the directors are of the opinion that no impairment be recognised for the period under review.

Management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the carrying amount to exceed its recoverable amount.

Notes to the financial statements (continued)

5. INTANGIBLE ASSETS

GROUP	2010			2009		
	Cost	Accumulated amortisation and impairment	Carrying value	Cost	Accumulated amortisation and impairment	Carrying value
	R	R	R	R	R	R
Patents, trademarks and recipes	3 769 011	–	3 769 011	3 769 011	–	3 769 011
Restraint of trade	3 195 409	(1 647 450)	1 547 959	1 795 409	(1 332 313)	463 096
Customer contract	10 314 929	(4 365 935)	5 948 994	8 974 876	–	8 974 876
Product development costs	18 209 079	(5 849 755)	12 359 324	17 756 287	(5 274 808)	12 481 479
Computer software	365 012	(280 051)	84 961	–	–	–
Total	35 853 440	(12 143 191)	23 710 249	32 295 583	(6 607 121)	25 688 462

COMPANY	2010			2009		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
	R	R	R	R	R	R
Computer software	365 012	(280 051)	84 961	292 584	(235 317)	57 267

Reconciliation of intangible assets

GROUP 2010	Opening balance	Additions/ (Disposal)	Additions arising through business combination	Amortisation	Impairment	Total
	R	R	R	R	R	R
Patents, trademarks and recipes	3 769 011	–	–	–	–	3 769 011
Restraint of trade	463 096	1 400 000	–	(315 137)	–	1 547 959
Customer contract	8 974 876	1 340 053	–	–	(4 365 935)	5 948 994
Product development costs	12 481 479	452 792	–	(574 947)	–	12 359 324
Computer software	–	74 463	39 415	(28 917)	–	84 961
	25 688 462	3 267 308	39 415	(919 001)	(4 365 935)	23 710 249

Reconciliation of intangible assets

GROUP 2009	Opening balance	Additions/ (Disposal)	Additions arising through business combination	Fair value adjustment on acquisition of subsidiary	Amortisation	Total
	R	R	R	R	R	R
Patents, trademarks and recipes	3 769 011	–	–	–	–	3 769 011
Restraint of trade	–	595 409	–	–	(132 313)	463 096
Customer contract	11 974 876	(3 000 000)	–	–	–	8 974 876
Product development costs	587 244	368 312	1 310 236	12 488 724	(2 273 037)	12 481 479
	16 331 131	(2 036 279)	1 310 236	12 488 724	(2 405 350)	25 688 462

The total carrying amount of intangible assets with indefinite useful lives amounted to R9 718 005 (2009: R12 743 887).

The amortisation expense and impairment losses have been included in the line item "operating expenses" in the statement of comprehensive income. For a more detailed breakdown, refer to note 23.

The group holds various registrations in certain subsidiaries within its Agricultural division.

The useful life of patents, trademarks and other rights is considered indefinite. It is not bound by any expiry period, as there is no foreseeable limit to the period over which the asset is expected to generate net cash flows for the group.

The useful life of the customer contract is considered indefinite. It is not bound by any expiry period, as there is no foreseeable limit to the period over which the asset is expected to generate net cash flows for the group.

During the year under review, an investment in Linktrade Foods (Pty) Limited was impaired by approximately R4.4 million in the separate financial statements of Ububele Foods (Pty) Limited, a subsidiary of Ububele Holdings Limited.

Linktrade Foods (Pty) Limited was founded in 2001 after its member shareholders were approached by a Japanese import company to produce and manufacture fruit and vegetable concentrates for the Japanese market. An agreement was reached between a manufacturer and Linktrade, whereby Linktrade Foods (Pty) Limited will receive all the proceeds deriving from the sales to the Far East.

However, Japan was particularly hard hit by the current world economic crisis and it may take some years for it to recover. The downturn of the world economies and the effect of sales into Japan were clearly felt, with sales dropping by more than 50% from 2008 to 2010. Furthermore, a moratorium was placed on imports by Japanese buyers worldwide. To worsen the conditions even further, the strengthening of the rand against the US dollar and the yen has put a lot of pressure on our competitiveness. The rand was trading at the time of negotiating the price at approximately R8 to R9 against the US dollar. The current rate of exchange makes it very difficult to compete. The same principle applies for the rand against the yen.

It is only now that sales are recovering, but at much lower levels and prices than two years ago.

It is with this in mind, that we felt it necessary to re-value our customer contract and made provision for an impairment adjustment.

Should market and trade conditions change in whatever way, we will then re-visit this impairment again.

6. INVESTMENTS IN SUBSIDIARIES

Name of company	Activity	% holding 2010	% holding 2009	Carrying amount 2010 R	Carrying amount 2009 R
Ububele Agri (Pty) Ltd	Investment holdings	100	–	174 180 949	–
Ububele Foods (Pty) Ltd	Investment holdings	100	–	120	–
Ububele Holdings Namibia (Pty) Ltd	Investment holdings	51	–	51	–
IAMU Holding Company Limited	Investment holdings	50	–	569	–
Ububele Holdings Mozambique Limited	Investment holdings	60	–	60	–
Investment in subsidiaries are valued as stated in note 1.				174 181 749	–

The carrying amounts of subsidiaries are at cost as no impairment has been recognised to date.

Notes to the financial statements (continued)

7. INVESTMENT IN ASSOCIATES

On 1 July 2008 the group purchased an additional 24.1% of the issued share capital in both Erintrade (Pty) Limited and RT Chemicals (Pty) Limited. These entities are now consolidated as subsidiaries in the group.

During the prior financial period, the group disposed of its interest held in Styleprops 182 (Pty) Limited.

8. DEFERRED TAXATION

	Group		Company	
	2010 R	2009 R	2010 R	2009 R
Deferred taxation asset/(liability)				
Property, plant and equipment	(3 438 073)	(522 525)	(3 311 152)	(3 377 896)
Available-for-sale financial assets	(148 251)	29 400	–	–
Intangible assets	(236 444)	(270 648)	–	–
Tax losses	11 739 752	3 131 363	9 797 695	4 628 669
Income received in advance	–	142 457	–	–
Accruals and provisions	2 686 311	137 191	139 536	429 227
	10 603 295	2 647 238	6 626 079	1 680 000
Reconciliation of deferred tax asset/(liability)				
At beginning of the year	2 647 238	830 796	1 680 000	5 257 291
Reduction due to rate change	–	(32 506)	–	–
Temporary differences	7 956 057	1 848 947	4 946 079	(3 577 291)
	10 603 295	2 647 238	6 626 079	1 680 000
Non-current assets	14 396 117	3 021 353	9 937 231	5 057 896
Non-current liabilities	(3 792 822)	(374 115)	(3 311 152)	(3 377 896)
	10 603 295	2 647 238	6 626 079	1 680 000

	Opening balance R	Recognised in profit or loss R	Recognised in other compre- hensive income R	Acquisitions/ disposals R	Closing balance R
Movement in temporary differences for the group during the year 2010					
Property, plant and equipment	(522 525)	(2 915 548)	–	–	(3 438 073)
Available-for-sale financial assets	29 400	–	(177 651)	–	(148 251)
Intangible assets	(270 648)	34 204	–	–	(236 444)
Tax losses	3 131 363	6 928 389	–	1 680 000	11 739 752
Income received in advance	142 457	(142 457)	–	–	–
Accruals and provisions	137 191	2 549 120	–	–	2 686 311
	2 647 238	6 453 708	(177 651)	1 680 000	10 603 295

Movement in temporary differences for the group during the year 2009	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Acquisitions/disposals	Closing balance
Property, plant and equipment	(15 552)	(68 924)	–	(438 049)	(522 525)
Available-for-sale financial assets	–	–	29 400	–	29 400
Intangible assets	–	(270 648)	–	–	(270 648)
Tax losses	779 790	2 351 573	–	–	3 131 363
Income received in advance	–	142 457	–	–	142 457
Accruals and provisions	66 559	70 632	–	–	137 191
	830 797	2 225 090	29 400	(438 049)	2 647 238

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS AT FAIR VALUE

	Group 2010 R	2009 R	Company 2010 R	2009 R
Unlisted shares	3 239 928	1 566 937	–	–

Investments are valued as stated in note 1.

Fair value measurements for available-for-sale financial assets

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped in Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable input).

	Level 1	Level 2	Level 3	Total
Unlisted shares – 2010	–	3 239 928	–	3 239 928
– 2009	–	1 566 937	–	1 566 937

Notes to the financial statements (continued)

10. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2010 R	2009 R	2010 R	2009 R
Trade receivables – net	70 399 582	52 496 711	3 620 970	3 261 797
Value-added taxation	2 333 586	2 831 121	21 600	–
Other receivables	2 365 097	7 168 216	72 973	51 909
	75 098 265	62 496 048	3 715 543	3 313 706
Gross trade receivables	70 814 734	57 336 244	3 928 734	4 149 917
Impairment provision	(415 152)	(4 839 533)	(307 764)	(888 120)
Net trade receivables	70 399 582	52 496 711	3 620 970	3 261 797
Movement in impairment provision				
Balance at beginning of year	4 839 533	110 905	888 120	937 500
Impairment losses recognised on receivables	1 966 960	6 391 341	307 764	804 928
Impairment losses reversed	(6 391 341)	(1 662 713)	(888 120)	(854 308)
	415 152	4 839 533	(307 764)	888 120
Interest is charged on outstanding accounts at the South African prime lending rate. Interest on outstanding accounts is waived at the discretion of the directors.				
The group has raised an impairment provision for trade receivables in all ageing status levels based on estimated irrecoverable amounts from the sale of merchandise, determined by reference to past default experience.				
Before accepting any new credit customer, the group assesses the potential customer's credit quality and defines credit limits for each customer. Limits are reviewed periodically in accordance with the requirements of the National Credit Act and upon request by a customer.				
As at 30 June 2010, trade receivables of R33 001 089 (2009: R43 022 326) were past due but not impaired.				
The ageing of these trade receivables are as follows:				
Past due, but not impaired				
Between 60 and 90 days	4 883 330	9 775 883	595 945	109 227
Greater than 90 days	28 117 759	33 246 443	98 621	83 192
	33 001 089	43 022 326	694 566	192 419
As at 30 June 2010, trade receivables of R415 152 (2009: R4 839 533) were impaired and provided for.				
An analysis of receivables that are impaired				
Greater than 90 days	415 152	4 839 533	307 764	1 825 620

Trade receivables are encumbered as stated in notes 14 and 18.

Subsidiaries in the Agricultural division make use of agents to sell their inventory and these agents are also responsible for collecting their relating outstanding debtors. At 30 June 2010, an amount of R20 492 370 (2009: R8 837 762) has been retained from distributions payable to agents relating to outstanding debtors.

11. INVENTORIES

	Group		Company	
	2010 R	2009 R	2010 R	2009 R
Raw materials	4 205 421	415 052	3 345 428	4 498 871
Merchandise for resale	45 403 904	57 991 419	1 480 665	1 423 151
	49 609 325	58 406 471	4 826 093	5 922 022

Inventories are valued as stated in note 1.

The cost of inventories expensed for the year amounted to R340 254 716 (2009: R323 403 512).

12. LOANS OWING BY/TO GROUP COMPANIES

	Group		Company	
	2010 R	2009 R	2010 R	2009 R
Subsidiaries				
Amounts due on loan account to subsidiaries	–	–	(7 788 289)	–
Amounts due on loan account from subsidiaries	–	–	11 163 248	–
	–	–	3 374 959	–
These loans bear interest at rates linked to the South African prime lending rate, which were on average between 10% and 12% for the year under review, and have various dates of repayment.				
Current assets	–	–	11 163 248	–
Current liabilities	–	–	(7 788 289)	–
	–	–	3 374 959	–

13. LOANS RECEIVABLE

	Group		Company	
	2010 R	2009 R	2010 R	2009 R
Unsecured loans	99 078	108 934	–	–
Current assets	99 078	108 934	–	–

These loans are interest-free and have no fixed date of repayment.

Notes to the financial statements (continued)

14. CASH AND CASH EQUIVALENTS

	Group		Company	
	2010 R	2009 R	2010 R	2009 R
Cash and cash equivalents consist of:				
Cash resources	96 740	16 530	45 291	81 643
Bank balances	8 036 172	10 053 353	1 890 832	3 028 440
Bank overdraft and acceptances	(14 736 314)	(11 989 376)	(2 870 253)	(2 886 615)
	(6 603 402)	(1 919 493)	(934 130)	223 468
Current assets	8 132 912	10 069 883	1 936 123	3 110 083
Current liabilities	(14 736 314)	(11 989 376)	(2 870 253)	(2 886 615)
	(6 603 402)	(1 919 493)	(934 130)	223 468

The group has the following banking facilities available:

- A revolving credit facility of R9 400 000
- A debtor finance facility of R13 500 000
- A vehicle and asset finance facility of R3 205 000
- A fleet managements facility of R300 000
- Bank guarantees amounting to R150 000
- A medium-term loan facility of R1 924 982

The banking facilities of the group are secured as follows:

- Limited letters of suretyship given by the company and certain directors.
- Unlimited letters of suretyship given by the company, certain subsidiaries, certain directors and certain directors of subsidiaries.
- Cession of certain loan accounts by the company, certain subsidiaries, a director and certain directors of subsidiaries.
- Unlimited cession of books debts of a certain subsidiary.

15. SHARE CAPITAL AND PREMIUM

	Group		Company	
	2010 R	2009 R	2010 R	2009 R
Authorised				
15 000 000 000 (2009: 1 000 000 000)				
Ordinary shares of R0.01 (2009: R0.0001 each)	150 000 000	30 000 000	150 000 000	30 000 000
Issued				
Ordinary shares of R0.01 (2009: R0.0001) each	88 545 410	21 544	88 545 412	11 686 654
Share premium	11 103 919	67 753 453	139 446 857	39 325 644
	99 649 329	67 774 997	227 992 269	51 012 298
Reconciliation of fully paid ordinary shares				
Reported as at 1 July 2009	215 440 435	177 746 123	1 168 665 442	595 247 525
Issue of ordinary shares on acquisition of subsidiaries	–	30 139 782	–	–
Issue of shares for cash	2 440 005	12 676 351	7 685 875 561	782 096 116
Shares in issue pre-listing	217 880 440			
Listed equivalent	7 549 557 142	–	–	–
Effective consideration to Milkworx shareholders	1 168 665 442	–	–	–
Share buy-back	–	(5 222 223)	–	(208 678 199)
Issue of shares in terms of restraint of trade agreement	–	100 402	–	–
Shares issue in terms of option agreement	23 527 419	–	–	–
Shares issued for repayment of loan	112 791 000	–	–	–
	8 854 541 003	215 440 435	8 854 541 003	1 168 665 442

The authorised but unissued shares in the capital of the company are under the control of the directors of the company, and they are authorised, subject to sections 221 and 222 of the Companies Act, 1973, as amended and the Listings Requirements of the JSE Limited ("the JSE"), to allot, issue and otherwise dispose of such shares to such person or persons on such terms and conditions as the directors, in their discretion, deem fit. This authority expires at the next annual general meeting of the company.

16. OTHER RESERVES

	Group		Company	
	2010 R	2009 R	2010 R	2009 R
Balance at the beginning of the period	248 210	–	59 859	–
Available-for-sale financial assets reserve	248 210	–	–	–
Share-based payment reserve	–	–	59 859	–
Revaluation of unlisted investments	1 140 590	248 210	–	–
Share-based payment reserve created	–	–	–	59 859
Share-based payment reserve reversed	–	–	(59 859)	–
Balance at the end of the period	1 388 800	248 210	–	59 859
Available-for-sale financial assets reserve	1 388 800	248 210	–	–
Share-based payment reserve	–	–	–	59 859

Notes to the financial statements (continued)

17. LOANS PAYABLE

	Group		Company	
	2010 R	2009 R	2010 R	2009 R
Loans from directors	6 313 247	212 125	–	–
Loans from directors of subsidiaries	7 267 046	973 304	–	–
Other	24 131 447	75 117	–	154 555
	37 711 740	1 260 546	–	154 555
Non-current liabilities	1 405 473	–	–	–
Current liabilities	36 306 267	1 260 546	–	154 555
	37 711 740	1 260 546	–	154 555

These loans bear interest at rates linked to the South African prime lending rates, which were on average between 10% and 12% for the year under review, and have various dates of repayment.

18. INTEREST-BEARING BORROWINGS

	Group		Company	
	2010 R	2009 R	2010 R	2009 R
Liabilities under instalment sale agreements bearing interest at rates linked to the South African prime lending rate, which were on average between 9% and 12% for the year under review, and repayable in monthly instalments of R240 313 (2009: R163 865), inclusive of interest. Secured by property, plant and equipment as stated in note 3.	6 974 472	6 073 638	562 505	338 262
Standard Bank – medium-term loan	1 963 552	2 624 990	–	–
The loan bears interest at rates linked to the South African prime lending rate, which were on average between 10% and 11% for the year under review, is repayable in monthly instalments of R58 334 over a term of 56 months and is secured as follows:				
– Limited cession of book debts of certain subsidiaries.				
– Unlimited suretyship by certain subsidiaries.				
– Limited suretyship amounting to R3 500 000 by certain directors.				
Less: Current portion of interest-bearing borrowings	(2 625 960)	(1 825 950)	(97 956)	(338 262)
	6 312 064	6 872 678	464 549	–
Non-current liabilities	6 312 064	6 872 678	464 549	–
Current liabilities	2 625 960	1 825 950	97 956	338 262
	8 938 024	8 698 628	562 505	338 262

19. TRADE AND OTHER PAYABLES

	Group		Company	
	2010 R	2009 R	2010 R	2009 R
Trade payables	46 741 795	53 664 183	6 224 013	5 392 812
Value-added taxation	904 401	71 834	–	269 106
Accruals and other payables	14 849 501	11 410 221	1 076 519	877 372
	62 495 697	65 146 238	7 300 531	6 539 290

20. LOANS FROM SHAREHOLDERS

	Group		Company	
	2010 R	2009 R	2010 R	2009 R
Unsecured loans payable	2 832 601	42 331 551	–	8 388
These loans bear interest at rates linked to the South African prime lending rate, which were on average between 10% and 12% for the year under review, and have various dates of repayment.				
Current liabilities	2 832 601	42 331 551	–	8 388

21. DERIVATIVE FINANCIAL INSTRUMENTS

	Group		Company	
	2010 R	2009 R	2010 R	2009 R
Forward exchange contracts – held for trading	44 391	41 290	–	–

The derivative is a result of a forward exchange contract that was taken out in respect of foreign cash flows relating to the purchase of inventory from a foreign supplier. The hedging criteria were not met and consequently hedge accounting was not applied.

22. REVENUE

	Group		Company	
	2010 R	2009 R	2010 R	2009 R
Rendering of services	2 061 465	2 617 763	65 727 438	66 968 719
Sale of goods	479 912 340	469 151 585	–	–
	481 973 805	471 769 348	65 727 438	66 968 719

Notes to the financial statements (continued)

23. OPERATING PROFIT/(LOSS)

	Group		Company	
	2010 R	2009 R	2010 R	2009 R
Operating profit/(loss) for the year is stated after accounting for the following:				
Income				
Administration and management fees received	–	249 520	–	–
Proceeds from loan written off	632 280	–	–	–
Income from profit guarantee	622 626	1 700 000	–	–
Profit on disposal of property, plant and equipment	–	12 115	–	21 172
Profit on disposal of investments	431 957	168 470	–	–
Profit on foreign exchange	18 416	–	–	137 731
Insurance claim received	1 035 088	–	1 035 088	117 769
Decrease in provision for doubtful debts	6 391 341	1 662 713	888 120	854 308
Expenditure				
Administration and management fees paid	600 000	643 500	–	–
Amortisation of intangible assets	919 001	844 259	46 770	52 874
Auditors' remuneration	1 008 629	1 444 132	275 748	200 000
Bad debts	388 204	1 070 589	114 720	142 970
Commission paid	13 275 703	18 233 462	–	495 662
Consulting fees	2 987 137	2 444 176	509 552	1 685 916
Sub-agents commission	32 034 612	30 528 542	235 513	582 758
Depreciation on property, plant and equipment	4 817 301	3 773 169	2 490 516	2 408 202
Impairment of intangible assets	4 365 935	–	–	–
Employee costs	41 287 050	37 556 399	8 631 351	9 804 902
Irrecoverable loan written off	538 064	–	–	–
Motor vehicle expenses	4 942 916	7 316 434	182 694	103 912
Loss on foreign exchange	–	1 965 752	32 544	–
Loss on disposal of property, plant and equipment	85 493	–	135 957	–
Operating lease charges	3 478 254	4 062 180	–	–
– Premises	3 457 712	3 728 951	1 297 929	1 491 916
– Motor vehicles	–	238 017	–	–
– Equipment	20 542	95 212	75 640	66 269
Increase in provision for doubtful debts	1 966 960	6 391 341	307 764	804 928

24. INVESTMENT REVENUE

	Group		Company	
	2010 R	2009 R	2010 R	2009 R
Dividend revenue				
Unlisted shares – Local	635 532	31 075	–	–
	635 532	31 075	–	–
Interest revenue				
Bank accounts	391 291	554 914	53 349	1 628
Loan accounts	233 263	124 375	–	–
Trade and other receivables	5 400 674	4 005 295	–	–
	6 025 228	4 684 584	53 349	1 628
	6 660 760	4 715 659	53 349	1 628
Interest per financial category:				
Loans and receivables (including cash and bank balances)	6 025 228	4 684 584	53 349	1 628

25. INCOME FROM EQUITY ACCOUNTED INVESTMENTS

	Group		Company	
	2010 R	2009 R	2010 R	2009 R
Portion of net profit attributable from associates				
Erintrade (Pty) Limited	–	453 105	–	–
	–	453 105	–	–

26. FINANCE COSTS

	Group		Company	
	2010 R	2009 R	2010 R	2009 R
Interest-bearing borrowings	977 912	1 788 557	54 311	122 013
Bank overdraft and acceptances	2 173 382	2 397 939	279 192	473 334
Trade payables	1 688 723	634 405	–	628 861
Other	496 993	906 365	–	–
	5 337 010	5 727 266	333 503	1 224 208

27. TAXATION

	Group		Company	
	2010 R	2009 R	2010 R	2009 R
Major components of the tax expense				
Current				
Local income tax – Current period	7 073 140	9 108 550	–	–
Secondary tax on companies – Current	590 000	–	–	–
Secondary tax on companies – Prior year adjustment	–	(360 000)	–	–
	7 663 140	8 748 550	–	–
Deferred				
Current year charge	(6 453 708)	(2 225 090)	(4 946 079)	3 577 291
– Origination and reversal of temporary differences	474 681	126 483	222 947	–
– (Increase)/decrease in tax losses provided for	(6 928 389)	(2 351 573)	(5 169 026)	3 577 291
	1 209 432	6 523 460	(4 946 079)	3 577 291
Reconciliation of the tax expense				
Reconciliation between applicable tax rate and average effective tax rate:				
Applicable tax rate	28.00%	28.00%	28.00%	28.00%
Permanent differences	20.03%	11.21%	–	43.68%
Secondary tax on companies	3.71%	–	–	–
Tax losses utilised/provided for	(44.13%)	–	(397.77%)	–
	6.97%	39.21%	(369.77%)	71.68%

Notes to the financial statements (continued)

28. CASH GENERATED FROM/(USED IN) OPERATIONS

	Group		Company	
	2010 R	2009 R	2010 R	2009 R
Profit/(loss) before taxation	17 095 117	16 636 186	(1 337 620)	(4 990 592)
Adjustments for:				
Depreciation on property, plant and equipment	4 817 301	3 773 169	2 537 286	2 461 077
(Profit)/loss on disposal of property, plant and equipment	85 493	183 223	135 957	(21 172)
Irrecoverable loan written off	538 064	–	–	–
Proceeds from loan written off	(632 280)	–	–	–
Income from equity accounted investments	–	(453 105)	–	–
Dividends received	(635 532)	(31 075)	–	–
Interest received	(6 025 228)	(4 684 584)	(53 349)	(1 628)
Finance costs	5 337 010	5 727 266	333 503	1 224 208
Amortisation of intangible assets	919 001	2 405 350	–	–
Impairment of intangible asset	4 365 935	–	–	–
Unrealised foreign exchange profit on forward exchange contracts	–	41 209	–	–
Profit on disposal of investment	(431 957)	(195 338)	–	–
Provision for doubtful debts	(4 424 381)	4 728 628	(580 356)	(49 380)
Impairment loss on property, plant and equipment	–	–	–	912 921
Share-based payment reserve	–	–	–	59 859
Adjustment – Non-cash item	–	–	–	1 300 132
Changes in working capital:				
Inventories	14 407 413	(9 068 398)	1 095 928	(1 059 829)
Trade and other receivables	(2 616 389)	1 002 091	159 642	2 154 726
Trade and other payables	(11 068 126)	(17 324 133)	780 119	(3 568 437)
Derivative financial instruments	3 101	41 290	–	–
	21 734 542	2 781 239	3 071 110	(1 578 115)

29. TAXATION PAID

	Group		Company	
	2010 R	2009 R	2010 R	2009 R
Balance at beginning of the period	(3 046 460)	(2 699 450)	–	–
Current tax for the period recognised in the statement of comprehensive income	(7 663 140)	(8 748 550)	–	–
Balance at end of the period	2 845 178	3 046 460	–	–
	(7 864 422)	(8 401 540)	–	–

30. DIVIDENDS PAID

	Group		Company	
	2010 R	2009 R	2010 R	2009 R
Dividends declared and paid by subsidiaries to non-controlling interest	6 461 000	1 777 400	–	–

31. ACQUISITION OF INTEREST IN SUBSIDIARIES

The Ububele Group listed on the JSE's AltX on 11 November 2009 through a reverse listing into Milkworx Limited. The effective date of the transaction was 22 October 2009.

In terms of an agreement signed on 2 July 2009 and a reinstatement and addendum dated 7 September 2009, Milkworx Limited has made an offer to acquire 100% of the issued share capital of Ububele on the basis of a share swap of 3 465 Milkworx shares for every 100 Ububele shares held.

As a result of the offer, 7 549 557 142 new Milkworx shares were issued to the "old" Ububele shareholders.

The consolidated results were prepared in terms of IFRS 3 Business Combinations. Consequently, the consolidated results for the year ended 30 June 2010 include the trading results of Milkworx Limited since the effective date, as well as the trading results of Ububele Holdings Limited for the entire period under review.

In a reverse acquisition, the acquirer is the entity whose equity interest has been acquired (the legal subsidiary) and the issuing entity (the legal parent) is the acquiree. Although, legally, the issuing entity is regarded as the parent and the entity whose equity interest has been acquired is regarded as the subsidiary, the legal subsidiary is the acquirer as it has the power to govern the financial and operating policies of the legal parent so as to obtain benefits from its activities. Consolidated financial statements prepared following a reverse acquisition are issued under the name of the legal parent, but are a continuation of the financial statements of the legal subsidiary (i.e. the acquirer for accounting purposes). Because such consolidated financial statements represent a continuation of the financial statements of the legal subsidiary:

- the assets and liabilities of the legal subsidiary are recognised and measured in those consolidated financial statements at their pre-combination carrying amounts;
- the retained earnings and other equity balances recognised in the consolidated financial statements are the retained earnings and other equity balances of the legal subsidiary immediately before the business combination;
- the amount recognised as issued equity instruments in the consolidated financial statements shall be determined by adding to the issued equity of the legal subsidiary immediately before the business combination, the cost of the combination. However, the equity structure appearing in the consolidated financial statements (i.e. the number and type of equity instruments issued) reflects the equity structure of the legal parent, including the equity instruments issued by the legal parent to effect the combination;
- comparative information presented in the consolidated financial statements is that of the legal subsidiary.

Notes to the financial statements (continued)

31. ACQUISITION OF INTEREST IN SUBSIDIARIES (continued)

The following reflects the cumulative net assets through acquisitions during the year under review:

	2010 R	Group 2009 R
Property, plant and equipment	14 110 821	1 788 848
Intangible assets	39 415	1 310 236
Loans receivable	–	66 696
Investments	–	2 195 992
Loans from/(to) shareholders	–	136 466
Inventories	5 610 267	38 074 258
Trade and other receivables	5 559 400	35 846 451
Trade and other payables	(8 202 712)	(41 127 005)
Deferred taxation	1 680 000	(438 049)
Loans payable	(320 418)	(21 269 255)
Borrowings	–	(58 898)
Cash	(681 092)	5 093 406
Taxation – liability	–	(1 623 147)
Provisions	(214 872)	–
Fair value of identifiable net assets	17 580 808	19 995 999
Consideration paid		
Cash paid	–	241
Issue of ordinary shares	26 879 305	22 275 402
Loan account – Ububele Holdings (Pty) Ltd	–	28 890 839
Fair value of identifiable net asset	(17 580 808)	(19 995 999)
Goodwill	9 298 497	31 170 483
Increase in consideration of previously acquired subsidiaries		
– Novon WTP (Pty) Ltd	5 678 947	–
– Erintrade (Pty) Ltd	1 475 000	–
Total goodwill for the period	16 452 444	31 170 483
Net cash outflow on acquisition	(7 153 947)	(241)
Cash consideration paid	(681 092)	5 093 406
Cash acquired	(7 835 039)	5 093 165

32. COMMITMENTS

	Group		Company	
	2010 R	2009 R	2010 R	2009 R
Authorised capital expenditure				
Already contracted for but not provided for:	–	–	–	–
– Property, plant and equipment	–	225 573	–	–
This expenditure relates to property, plant and equipment and will be financed by available cash resources.				
Operating leases – as lessee				
The future minimum lease repayments under non-cancellable operating leases are as follows:				
Not later than 1 year	3 028 492	1 757 340	791 208	–
Later than 1 year and not later than 5 years	4 032 955	3 492 285	870 329	–
Later than 5 years	–	795 035	–	–
	7 061 447	6 044 660	1 661 537	–

The average renewal period for leases with options for renewal is three years.

33. DIRECTORS' EMOLUMENTS

	Group		Company	
	2010 R	2009 R	2010 R	2009 R
Executive Directors				
JT Kleinhans	1 775 990	804 000	–	–
HW Cloete	1 805 990	822 000	–	–
MP Mocke	1 805 990	822 000	–	–
NS Matlala	119 170	–	–	–
Directors of subsidiaries				
JJ Taljaard	313 864	931 500	–	–
AA van Niekerk	324 813	448 500	–	–
P Naudé	–	–	–	–
DN Alexander	1 177 169	793 500	–	–
JH Schroeder	–	540 000	–	–
CCA Ackerman	378 431	322 072	–	–
RT Wimbush	1 338 720	1 342 769	–	–
RP Wimbush	762 032	455 088	–	–
JSM Kruger	–	208 440	–	–
T Dajcar	169 915	–	169 915	386 497
S Roux	581 400	–	581 400	614 968
R Viviers	68 000	–	68 000	–
P van Heerden	–	–	–	379 539
Non-executive				
H Grimmer	4 000	–	4 000	24 000
A Stander	21 000	–	21 000	12 000
T Usher	12 000	–	12 000	9 000
Gl Bayne	64 000	–	64 000	–
	10 722 484	7 489 869	920 315	1 426 004

Notes to the financial statements (continued)

34. RELATED PARTIES

Relationships

Subsidiaries

Entity under common management

Refer note 6

Santera Trading CC

Creative Flavors International (Pty) Ltd

Familie Roux Eiendomme (Pty) Ltd

Long Life Products Africa (Pty) Ltd

Plastikon (Pty) Ltd

Romo Park Properties

Thebe Packaging (Pty) Ltd

Styleprops 182 (Pty) Ltd

Wes-Transvaal Plantbeskerming (Pty) Ltd

Significant shareholders

Mentele Investments (Pty) Ltd

Lizandra Investments (Pty) Ltd

JS Pretorius

Intsikelelo Family Trust

Unibert Investments (Pty) Ltd

JJ Taljaard

Kleinhans Family Trust

RT Wimbush

RP Wimbush

J Faul

Hanganeni Investments Holdings (Pty) Ltd

Directors

JT Kleinhans

HW Cloete

MP Mocke

SA Roux

	Group		Company	
	2010	2009	2010	2009
	R	R	R	R
Related party balances				
Loan accounts – (owing to)/by related party				
Shareholders	127 400	1 482 161	–	–
Entity under common directorship	–	50 000	–	–
Amounts included in trade and other receivables				
Shareholders	–	143 301	–	–
Entity under common directorship	61 203	–	61 203	–
Amounts included in trade and other payables				
Shareholders	–	25 741	–	–
Entity under common directorship	838 010	–	838 010	1 193 378
Related party transactions				
Management fees received	–	–	425 737	–
Management fees paid				
Entity under common directorship	719 280	340 000	–	–

	Group		Company	
	2010 R	2009 R	2010 R	2009 R
Purchases of goods and services				
Entities under common directorship	6 365 680	5 459 221	6 365 680	5 459 221
Rent paid				
Entities under common directorship	1 236 566	786 360	1 236 566	786 360

Further related party details are as follows

Group companies – refer note 12
 Loans to/(from) shareholders – refer note 20
 Loans receivable – refer note 13
 Loans payable – refer note 17
 Income from associates – refer note 25
 Directors' emoluments – refer note 33

35. FINANCIAL INSTRUMENTS

	Group		Company	
	2010 R	2009 R	2010 R	2009 R
The group classified its financial assets and liabilities as follows:				
Financial assets				
Loans and receivables at amortised cost	75 197 343	62 607 029	14 878 791	3 313 706
– Trade receivables	75 098 265	62 498 095	3 715 543	3 313 706
– Loans receivable	99 078	108 934	–	–
– Amounts due from group companies	–	–	11 163 248	–
Available-for-sale financial asset at fair value	3 239 928	1 566 937	–	–
Cash and cash equivalents at fair value	8 132 912	10 069 883	1 936 123	3 110 083
	86 570 183	74 243 849	16 814 914	6 423 789
Financial liabilities				
Loans carried at amortised cost				
– Trade and other payables	62 495 697	65 146 238	7 300 531	6 539 290
– Interest-bearing borrowings	8 938 024	8 698 628	562 505	338 262
– Loans payable	36 306 267	1 260 546	–	154 555
– Loans from shareholders	2 832 601	42 331 551	–	8 388
– Bank overdrafts and acceptances	14 736 314	11 989 376	2 870 253	2 886 615
Amounts due to group companies	–	–	7 788 289	–
	125 308 903	129 426 339	18 521 578	9 927 110

Notes to the financial statements (continued)

36. FINANCIAL RISK MANAGEMENT

The group is exposed, directly and indirectly to market risk, credit risk and liquidity risk. The board of directors are ultimately responsible for overseeing the group's risk management framework and use internal techniques to manage the risks where practicable.

Liquidity risk

The directors of the company constantly monitor the liquidity of the group and actively manage the group's cash resources as to maintain sufficient working capital requirements.

The group has minimised its liquidity risk by ensuring that it has adequate reserves and banking facilities and by periodically monitoring future commitments, credit facilities; and forecast and actual cash flows.

The table below analyses the group and company's financial liabilities into their relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the actual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Group		Company	
	Less than 1 year R	Greater than 1 year R	Less than 1 year R	Greater than 1 year R
At 30 June 2010				
Trade and other payables	62 495 697	–	7 300 531	–
Interest-bearing borrowings	2 625 960	6 312 064	97 956	464 549
Loans payable	36 306 267	1 405 473	–	–
Loans from shareholders	2 832 601	–	–	–
Bank overdrafts and acceptances	14 736 314	–	2 870 253	–
Amounts due to Group companies	–	–	7 788 289	–
Total	118 996 839	7 717 537	18 057 029	464 549
At 30 June 2009				
Trade and other payables	65 146 238	–	6 539 290	–
Interest-bearing borrowings	1 825 950	6 872 678	338 262	–
Loans payable	1 260 546	–	154 555	–
Loans from shareholders	42 331 551	–	8 388	–
Bank overdrafts and acceptances	11 989 376	–	2 886 615	–
Total	122 553 661	6 872 678	9 927 110	–

Interest rate risk

In the normal course of business, the group is exposed to the effects of movements in interest rates. At year-end, instalment sale agreements and shareholder loans and trade receivable and payables were exposed to interest rate variances.

The group minimises its exposure to interest rate fluctuations by positioning new and refinanced loans according to the expected movements in interest rates and only apply for these loans via major banks, which have established interest rate allocation criteria. The decision-making framework in terms of which financial risks are evaluated and managed, lies with the executive directors. The interest rate characteristics of new borrowings are positioned according to expected movements in interest rates.

An interest sensitivity analysis for interest-bearing borrowings, shareholders' loans and trade receivables and payables has not been disclosed, as the amounts involved are considered immaterial.

Credit risk

Exposure to credit risk relates to trade receivables, loans and receivables and short-term cash deposits.

Cash and cash equivalents

The group only deposits short-term cash surpluses with financial institutions of high-quality credit standing. The amount of exposure to any one financial institution is subject to the discretion of management.

Trade and other receivables

Trade receivables consist of a small concentrated customer base and the granting of credit is dependent on each individual debtor's creditworthiness, which is reviewed on a periodic basis.

At year-end, the group did not consider there to be any significant concentration of credit risk which had not been adequately provided for.

Foreign exchange risk

The group trades internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. These foreign exchange risks arise from commercial transactions and recognised liabilities. The group reviews its foreign currency exposure, including commitments on an ongoing basis. Where considered necessary, the group hedges its foreign exchange exposure by entering into foreign exchange contracts. No contracts were outstanding at year-end.

Transactional foreign exchange risk

The group has transactional currency exposures arising through the acquisition of goods in currencies other than the functional currency.

The recognised assets and liabilities arising from these transactions at year-end are as follows:

	Group		Company	
	2010 R	2009 R	2010 R	2009 R
Current assets				
Trade receivable	1 055 269	8 617 953	–	–
USD138 305 (converted at a year-end exchange rate of \$1:R7.63)				
Current liabilities				
Trade payables	7 912 305	21 313 917	45 600	–
USD1 036 999 (converted at a year-end exchange rate of \$1:R7.63)				
The following table includes outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% increase in foreign currency rates and details the group's sensitivity thereto. Foreign currency denominated monetary items such as, trade receivables and trade payables have been included in the analysis.				
A positive number represents a gain while a negative number represents a loss.				
Trade receivables				
Profit on foreign exchange	105 527	861 795	–	–
Trade payables				
Loss on foreign exchange	(791 231)	(2 131 392)	–	–
Net effect on profit before tax	(685 704)	(1 269 597)	–	–

Notes to the financial statements (continued)

37. AUDITORS' REMUNERATION

	Group		Company	
	2010 R	2009 R	2010 R	2009 R
Fees	1 008 629	1 444 132	275 748	200 000

38. SEGMENT INFORMATION

The group has two operating segments as described below, which are the group's strategic business units. The strategic business units are managed separately as they offer entirely different services. For each of the strategic business units, the board reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the group's reportable segments, being foods and agriculture.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before interest and income tax, as included in the internal management reports. Segment profit before net finance income/expenses and income tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Business segments

	Agriculture R	Foods R	Total R
2010			
Revenue – external	349 430 712	132 543 093	481 973 805
Revenue – internal	81 643 145	1 000 000	82 643 145
Interest income	5 909 859	115 369	6 025 228
Finance costs	(4 303 926)	(1 033 084)	(5 337 010)
Depreciation and amortisation	1 754 547	3 981 755	5 736 302
Impairment of intangible assets	–	4 365 935	4 365 935
Segment profits/(losses) attributable to parent shareholders	11 464 617	(450 931)	11 013 686
Segment profits attributable to non-controlling interests	3 268 340	2 744 249	6 012 589
2009			
Revenue – external	397 724 621	74 044 727	471 769 348
Revenue – internal	63 364 435	90 000	63 454 435
Interest income	4 594 885	89 699	4 684 584
Finance costs	(4 618 640)	(1 108 626)	(5 727 266)
Depreciation and amortisation	3 569 664	2 458 860	6 028 524
Segment profits attributable to parent shareholders	712 710	944 845	1 657 555
Segment profits attributable to non-controlling interests	8 703 381	–	8 703 381

39. EARNINGS PER SHARE

	2010 R	Group 2009 R
The calculation of basic and headline earnings per share is based on the following attributable profits and weighted average number of shares:		
Profits attributable to parent shareholders	9 873 096	1 409 345
Adjusted for:		
Loss/(profit) on disposal of property, plant and equipment	85 493	(12 115)
Profit on disposal of investment	(431 957)	(195 338)
Impairment of investment	4 365 935	–
Headline earnings	13 892 567	1 201 892
Weighted average number of ordinary shares in issue	8 370 737 381	197 099 273
Weighted average number for diluted shares	8 370 737 381	197 099 273
Adjustment for share conversion at 3 465 listed shares per 100 unlisted shares	–	6 632 390 536
	8 370 737 381	6 829 489 809
Adjustment for share conversion at 50:1 after year-end	(8 203 322 633)	(6 692 900 013)
Adjusted weighted average number of shares	167 414 748	136 589 796
Basic earnings per share (in cents)	5.90	1.03
Basic earnings per share is calculated by dividing the profit attributable to the parent shareholders of the company with the weighted average number of ordinary shares in issue during the year.		
Headline earnings per share (in cents)	8.30	0.88
Headline earnings per share is calculated by dividing the profit attributable to the parent shareholders of the company, adjusted for certain items as reflected above, with the weighted average number of ordinary shares in issue during the year.		
Diluted earnings per share (in cents)	5.90	1.03
Diluted earnings per share is calculated by dividing the profits attributable to the parent shareholders of the company with the weighted average number of ordinary shares in issue during the year, increased by the number of shares that would have been outstanding assuming the conversion of all outstanding share options, representing dilutive potential ordinary shares.		
Diluted headline earnings per share (in cents)	8.30	0.88
Diluted headline earnings per share is calculated by dividing the profits attributable to the parent shareholders of the company, adjusted for certain items as reflected above, with the weighted average number of ordinary shares in issue during the year, increased by the number of shares that would have been outstanding assuming the conversion of all outstanding share options, representing dilutive potential ordinary shares.		



Notice of annual general meeting of Ububele Holdings Limited

(Previously Milkworx Limited)

(Incorporated in the Republic of South Africa)

(Registration number: 1998/011074/06)

("Ububele" or "the company")

ISIN Code: ZAE 000144739 Share Code: UBU

Notice is hereby given that the annual general meeting of shareholders of the company will be held on Tuesday 30 November 2010 at 10:00 at Ububele Chemical Head Office, 17 Eighth Road, Industria, Kroonstad 9499, to transact the following business:

Ordinary business

1. To receive, consider and adopt the audited financial statements for the year ended 30 June 2010, together with the reports of the directors and auditors contained therein.
2. To re-elect the following directors of the company:
 - 2.1 Trevor Bertram Hayter
 - 2.2 June Mamsie Kelebohile Matlala
 - 2.3 Grant Irvine Bayne

who retire by rotation at the annual general meeting in accordance with the company's articles of association, while being eligible, offer themselves for re-election. A brief curriculum vitae in respect of these directors, as referred to above, appears on page 11 of the annual report.

3. To authorise the directors, subject to the audit and risk committee being satisfied as to the auditors' independence to:
 - 3.1 re-appoint Nolands Incorporated as the auditors, with Mr CG Stansfield as the designated auditor, at partner status, for the ensuing year; and
 - 3.2 approve the remuneration of the external auditors for the financial year ended 30 June 2010.
4. To confirm and ratify the fees paid to directors, as disclosed on page 73 of the annual report of which this notice forms part.
5. To transact such other business as may be transacted at an annual general meeting.

As special business, to consider and, if deemed fit, to pass, with or without modification, the following ordinary and special resolutions:

Ordinary Resolutions

6. To consider and, if deemed fit, to pass, with or without modification, the following ordinary resolution number 1:

"Resolved that the authorised but unissued shares in the capital of the company be and are hereby placed under the control of the directors of the company, and that they are hereby authorised, subject to sections 221 and 222 of the Companies Act, 1973 (Act 61 of 1973), as amended ("the Companies Act"), and the Listings Requirements of the JSE Limited ("the Listings Requirements") ("the JSE"), to allot, issue and otherwise dispose of such shares to such person or persons on such terms and conditions as the directors, in their discretion, deem fit, and such authority to expire at the next annual general meeting of the company."

7. To consider and if deemed fit, to pass with or without modification, the following ordinary resolution number 2:

"Resolved that, subject to not less than 75% of shareholders, present in person or by proxy and entitled to vote at the annual general meeting at which this ordinary resolution is considered, voting in favour thereof, the directors of the company be and are hereby authorised, by way of general authority, to issue all or any of the authorised but unissued shares in the capital of the company for cash as they in their discretion deem fit, subject to the following limitations:

- the securities must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
- securities must be issued to public shareholders as defined in the JSE Listings Requirements and not related parties;
- the general issue of shares for cash in the aggregate in any one financial year may not exceed 50% of the company's issued share capital of that class;
- the maximum discount at which securities may be issued is 10% of the weighted average traded price of those securities over the 30 business days prior to the date that the price of the issue is determined or agreed by the directors of the applicant unless the company's securities have been suspended on the JSE, in which case the guidance of the JSE with regard to an appropriate issue price may be sought and complied with;
- after the company has issued securities representing, on a cumulative basis within a financial year, 5% or more of the number of securities in issue prior to that issue, the company shall publish an announcement on the JSE's Securities Exchange News Service (SENS) containing full details of the issue, including the effect of the issue on net asset value and earnings per share; and
- this authority shall not extend beyond 15 months from the date of this resolution, or the date of the next annual general meeting, whichever is the earlier date.

8. To consider and, if deemed fit, to pass, with or without modification, the following ordinary resolution number 3:

"It is resolved that any one director of the company or the company secretary be and hereby is authorised to do all such things and to sign all documents and take all such action as may be considered necessary to implement the resolutions set out in the notice of annual general meeting convening the meeting at which this resolution and such other resolutions are proposed."

Special Resolution number 1

9. To consider and if deemed fit, to pass with or without modification, the following special resolution number 1:

"Resolved that the directors of the company or any subsidiary of the company, be and are hereby authorised by way of general authority, to repurchase ordinary shares in the issued share capital of the company from time to time, subject to the Articles of Association of the company, the provisions of sections 85 to 89 of the Companies Act and in terms of the JSE Listings Requirements, and

- any such repurchase shall be implemented on the open market of the JSE;
- the company is authorised thereto by way of its articles of association;
- any such repurchase may not be made at a price higher than 10% above the weighted average market value for the shares for the five business days preceding the date on which the repurchase was agreed;
- acquisitions by the company and its subsidiaries of ordinary shares in the aggregate in any one financial year is limited to a maximum of 20% (where the repurchase is made by the company) and 10% (where the repurchase is made by a subsidiary) of the company's issued share capital of that class at the time the authority is granted;
- a SENS announcement giving full details of such acquisitions, including the impact on net asset value and earnings per share, will be published as soon as the company or any of its subsidiaries have acquired shares constituting, on a cumulative basis, 3% of the number of shares in issue at the time of the granting of the general authority, and in respect of every 3% thereafter;
- the general authority shall only be valid until the company's next annual general meeting, provided that it shall not extend beyond 15 months from the date of passing of this special resolution number 1;
- the company may not repurchase securities during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements; and
- the company may only appoint one agent to effect any repurchase(s) on its behalf.

Reason and effect of special resolution number 1

The reason for and effect of special resolution number 1 is to grant the company a general authority in terms of the Companies Act for the acquisition by the company or any of its subsidiaries of shares issued by the company, which authority shall be valid until the earlier of the next annual general meeting of the company or the variation or revocation of such general authority by special resolution by any subsequent general meeting of the company, provided that the general authority shall not extend beyond 15 (fifteen) months from the date of this annual general meeting. The passing and registration of this special resolution will have the effect of authorising the company or any of its subsidiaries to acquire shares issued by the company or its holding company.

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

Directors and management – page 37

Major shareholders of Ububele – page 40

Directors' interest in securities – page 40

Share capital of the company – page 36

Litigation statement

In terms of section 11.26 of the JSE Listings Requirements, the directors, whose names are given on page 11 of the annual report of which this notice forms part, are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous 12 months, a material effect on the company's financial position, apart from details that are disclosed in the directors' report.

Directors' responsibility statement

The directors, whose names are given on page 11 of the annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this 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 this resolution contains all information required by law and the JSE Listings Requirements.

Notice of annual general meeting of Ububele Holdings Limited (continued)

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 Ububele since the auditors signed off on the financials.

Statement by the board of directors of the company

Pursuant to, and in terms of, the JSE Listings Requirements, the board of directors of the company hereby state that:

- the intention of the directors of the company is to utilise the general authority to repurchase shares in the capital of the company or any of its subsidiaries if, at some future date, the cash resources of the company are in excess of its requirements or there are other good grounds for doing so. In this regard, the directors will take account of, *inter alia*, an appropriate capitalisation structure for the company, the long-term cash needs of the company and the interests of the company;
- in determining the method by which the company intends to repurchase its securities, the maximum number of securities to be repurchased and the date on which such repurchase will take place, the directors of the company will ensure that:
 - the company and its subsidiaries will, after the repurchase, be able to pay their debts as they become due in the ordinary course of business for the next 12 (twelve) months after the date of notice of this annual general meeting;
 - the consolidated assets of the company and its subsidiaries fairly valued and recognised and measured in accordance with the accounting policies used in the latest audited financial statements, will, after the repurchase, be in excess of the consolidated liabilities of the company and its subsidiaries for the next 12 (twelve) months after the date of notice of this annual general meeting;
 - the issued share capital and reserves of the company and its subsidiaries will, after the repurchase, be adequate for the ordinary business purposes of the company and its subsidiaries for the next 12 (twelve) months after the date of notice of this annual general meeting; and
 - the working capital available to the company and its subsidiaries will, after the repurchase, be sufficient for the ordinary business requirements of the company and its subsidiaries for the next 12 (twelve) months after the date of notice of this annual general meeting.

The company will not enter the market to proceed with such repurchase until the company's designated adviser has confirmed the adequacy of the company's working capital.

Voting and proxies

All shareholders will be entitled to attend and vote at the annual general meeting or any adjournment thereof. On a show of hands, every shareholder of the company who, being an individual, is present or is present by proxy at the general meeting or which, being a company or body corporate, is represented thereat by a representative appointed pursuant to section 188 of the Companies Act, shall have one vote only and on a poll every shareholder of the company (whether an individual or a company or a body corporate) or represented by a proxy at the annual general meeting shall have one vote for every share held by such shareholder. The necessary form of proxy is attached for the convenience of certificated shareholders and dematerialised shareholders with "own name" registration who cannot attend the annual general meeting, but who wish to be present thereat. Any shareholder entitled to attend and vote at the annual general meeting may appoint one or more persons to attend, speak and vote in place of such shareholder. A proxy so appointed need not be a shareholder of the company. In order to be valid, duly completed proxy forms must be received by the company's transfer secretaries, Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), by no later than Friday 26 November 2010 at 10:00. Dematerialised shareholders, other than own name dematerialised shareholders who wish to attend the annual general meeting, must request their Central Securities Depository Participant (CSDP) or broker to provide them with a Letter of Representation or must instruct their CSDP or broker to vote by proxy on their behalf in terms of the agreement entered into between the shareholder and the CSDP.

By order of the board

M van den Berg

Company secretary

23 September 2010

FORM OF PROXY



(Previously Milkworx Limited)
(Incorporated in the Republic of South Africa)
(Registration number: 1998/011074/06)
("Ububele" or "the company")
ISIN Code: ZAE 000144739 Share Code: UBU

FORM OF PROXY – for use by certificated and own name dematerialised shareholders only

For use at the annual general meeting of members to be held in the boardroom, Ububele Chemical Head Office, 17 Eighth Road, Industria, Kroonstad 9499, on Tuesday 30 November 2010 at 10:00 (the "annual general meeting").

I/We (please print names in full) _____

of (address) _____

being a member/s of Ububele Holdings Limited, _____ holding shares in the company, hereby appoint:

1. _____ or, failing him/her,
2. _____ or, failing him/her,
3. _____ or, failing him/her,
4. the chairman of the annual general meeting,

as my proxy to vote for me/us and on my/our behalf at the annual general meeting of the company to be held in the boardroom, Ububele Chemical Head Office, 17 Eighth Road, Industria, Kroonstad 9499, on Tuesday 30 November 2010 at 10:00 and at any adjournment thereof and to speak and act for me/us and, on a poll, vote on my/our behalf.

My/Our proxy shall vote as follows:

		Number of shares		
		In favour of	Against	Abstain
1.	To receive, consider and adopt the annual financial statements for the year ended 30 June 2010			
2.	To re-elect the following directors: 2.1 Trevor Bertram Hayter 2.2 June Mamsie Kelebohile Matlala 2.3 Grant Irvine Bayne			
3.	To authorise the directors, subject to the audit and risk committee being satisfied as to the auditors' independence to: 3.1 re-appoint Nolands Incorporated as the auditors, with Mr CG Stansfield as the designated auditor, at partner status, for the ensuing year; and 3.2 approve the remuneration of the external auditors for the financial year ended 30 June 2010.			
4.	To confirm and ratify the fees paid to directors			
5.	To transact such other business as may be transacted at an annual general meeting			
6.	Ordinary resolution: To place unissued shares under control of the directors			
7.	Ordinary resolution: Authorise directors by way of general authority to issue shares for cash			
8.	Ordinary resolution: Authorise any one director or the company secretary to sign all documents to give effect to the resolutions			
9.	Special resolution: General authority to repurchase shares			

(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 _____

Please read the notes on the reverse side hereof.

Notes:

1. A member may insert the name of a proxy or the names of two alternative proxies of the member's choice in the space/s provided, with or without deleting "the chairman of the annual general meeting", but any such deletion must be initialled by the member. The person whose name stands first on the form of proxy and who is present at the general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. Please insert an "X" in the relevant spaces according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of shares than you own in the company, insert the number of ordinary shares held in respect of which you desire to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the member's votes exercisable thereat. A member or his/her proxy is not obliged to use all the votes exercisable by the member or by his/her proxy, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the member or by his/her proxy.
3. Forms of proxy must be received by the company's transfer secretaries, Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) by not later than 10:00 on Friday 26 November 2010.
4. The completion and lodging of this form of proxy will not preclude the relevant member from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the company's transfer secretaries or waived by the chairman of the annual general meeting.
6. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
7. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries of the company.
8. The chairman of the annual general meeting may reject or accept a form of proxy which is completed and/or received, other than in accordance with these notes, if the chairman is satisfied as to the manner in which the member wishes to vote.

ADMINISTRATION

NON-EXECUTIVE DIRECTORS

Gl Bayne, TB Hayter

EXECUTIVE DIRECTORS

JT Kleinhans, HW Cloete, MP Mocke,

Ms JMK Matlala, SA Roux

COMPANY SECRETARY

Fusion Corporate Secretarial Services (Pty) Ltd

Melinda van den Berg

HEAD OFFICE AND REGISTERED ADDRESS

9th floor Metlife Centre,
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Telephone +27 21 425 7650
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REGISTRATION NUMBER 1998/011074/06

Share code: UBU

ISIN code: ZAE000140182

TRANSFER SECRETARIES

Computershare Investor Services (Pty) Ltd
70 Marshall Street, Johannesburg 2001
PO Box 61051, Marshalltown 2107
Telephone +27 11 370 5000
Facsimile +27 11 688 7721
www.computershare.com

SPONSOR AND DESIGNATED ADVISORS

PSG Capital

