STRATCORP
LIMITED

ANNUAL REPORT
2014

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CORPORATE INFORMATION

COUNTRY OF INCORPORATION
South Africa

COMPANY SECRETARY
NW Moffatt
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Heuwel Avenue
Centurion
0157
(PO Box 12022, Centurion, 0046)

COMPANY REGISTRATION NUMBER
2000/031842/06

REGISTERED ADDRESS
3rd Floor Lakeside Building B
Heuwel Avenue
Centurion
0157

POSTAL ADDRESS
PO Box 12022
Centurion 0046

BANKERS
ABSA Bank Limited
First National Bank Limited

AUDITORS
Nexia SAB&T
(Registration number 1997/018869/21)
("SAB&T Chartered Accountants Incorporated")
119 Witch-Hazel Avenue, Highveld Technopark, Centurion, 0157
(P.O. Box 10512, Centurion, 0046)

TRANSFER SECRETARIES
Computershare Investor Services Proprietary Limited
(Registration number: 2004/003647/07)
Ground Floor 70 Marshall Street, Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

DESIGNATED ADVISER
Exchange Sponsors (2008) Proprietary Limited
(Registration number 2008/019553/07)
("Exchange Sponsors")
44a Boundry Road, Inanda, 2196
(PO Box 411216, Craighall, 2024)

THE BOARD OF DIRECTORS

M M Patel (40) (CA (SA))
Independent Non-Executive Chairman
Committees – Nom (c), Rem, SEC

Mitesh is the managing partner of Nkonki Inc. Mitesh qualified as a Chartered Accountant in 2002. He has been in the audit and advisory profession for the past 14 years. Mitesh is also a non-executive director of Imbali Beauty Limited and WG Wearne Limited.
Appointed to the Board in 2007, resigned on 22 January 2014 and re-appointed as Non-Executive Director on 21 May 2014

D B Harington (53)
Former Chief Executive Officer
Committees – Risk, SEC

David was the founder of StratCorp in 2000. Being the CEO of StratCorp since inception, he was instrumental in taking the Company from a start-up operation over this period to an established Group that offers a diverse range of products and services to more than 25 000 regular monthly clients.
Appointed to the Board in 2001, resigned on 4 August 2014

J H P Engelbrecht (50) (CA (SA))
Acting Chief Executive Officer and Group Financial Director
Committees – Risk, SEC

Henk has over thirty years' experience in corporate finance and senior management. Henk qualified as a Chartered Accountant in 1988 and completed his articles at KPMG, for whom he worked from 1983 to 1990, the latter years as Group audit manager. He then joined the investment banking and corporate finance team of ABSA Merchant Bank until 1999, before accepting an opportunity at Grindrod Bank to co-found a corporate finance team. In 2008 he joined Vunani Corporate Finance where he remained until March 2011 when he was appointed as Group Financial Director of StratCorp. Henk briefly moved to Andulela Investment Holdings Limited as Chief Financial Officer in June 2013 before he returned as Group Financial Director of StratCorp on 1 July 2014. The Board appointed Henk as the acting Chief Executive Officer after the resignation of David Harington on 4 August 2014. He is a member of the Institute of Directors .
Appointed to the Board in 2011, resigned on 31 May 2013 and re-appointed on 1 July 2014

S I Kallen (33) (CA (SA))
Independent Non-Executive Director
Committees – Audit(c), Rem, Nom

Sangeeta completed an undergraduate degree in Accounting Sciences at the University of Pretoria and a postgraduate degree at UNISA. After successfully completing SAICA articles at the Auditor-General in 2006 and qualifying as a Chartered Accountant, Sangeeta remained at the Auditor-General and gained experience in the public sector. She remained in public sector audit for 5 years and joined Nkonki Inc. in 2010 as an audit partner where she manages the public sector and financial services portfolio. Her expertise lie in financial services and development finance related sectors. She is a member of the Institute of Directors.
Appointed to the Board on 26 May 2014

T M Masasa (34) (CA (SA))
Independent Non-Executive Director
Committees – Audit, Risk(c), Rem(c), Nom

Thuto qualified as a Chartered Accountant in 2006 and joined Nkonki Inc. as a senior manager during 2012. Thuto was appointed as an audit partner at Nkonki Inc. during September 2012 and is responsible for leading diverse teams to ensure productivity and accomplish complex tasks within Nkonki Inc. and various clients' projects. She is also involved in developing strategies, policies and procedures for running businesses which is gearing for growth. Thuto has also been appointed as a facilitator of Spirit of Youth at Gordon Institute of Business Science, as a board member of the charity organization "Beyond Lemonade Stand", as a member of African Women Chartered Accountants Board (AWCA) and she is a member of the Institute of Directors.
Appointed to the Board on 26 May 2014

S Coetzee (54) (BCom)
Non-Executive Director
Committees – Audit, Risk, Rem, Nom, SEC

Stefan studied BCom at the University of Pretoria. Stefan started his career as Private Secretary to Minister Dawie De Villiers, a cabinet minister responsible for portfolios such as Trade and Industry and Public Enterprises. He then joined Dr Anton Rupert as Director of Finance and Operations to set up the Peace Parks Foundation with the late Mr Nelson Mandela as Honorary Patron. Stefan, as one of the inventors of CarboHydrate Derived Fulvic Acid (CHD-FA), has dedicated the last 8 years of his life to this unique invention being responsible for worldwide production and sales in South Africa.
Appointed to the Board on 18 February 2014

T G Ratau (32) (CA (SA))
Non-Executive Director
Committees – Audit, Risk, Rem, Nom

Tumelo is a qualified Chartered Accountant. Tumelo completed his training with the Auditor-General in Pretoria after which he established LIDE Consultants and Chartered Accountants, a financial consulting and auditing firm in 2009. He is also involved in several Government Provincial Interventions for Local Government. Tumelo is a non-executive director of Kose-Kose Investments Limited who nominated him to serve on the StratCorp Board.
Appointed to the Board in 2011, resigned on 17 May 2013 and re-appointed on 28 June 2014

A Kissoonduth (53)
Non-Executive Director
Committees – Rem, Nom, SEC(c)

Anniruth was appointed as the Chief Executive Officer of Kusasa Healthcare Proprietary Limited during 1999. Anniruth also holds directorships at DHK Group Proprietary Limited, Piranha Galleries Proprietary Limited, Kusasa Clothing Proprietary Limited and Campus Crusade for Christ South Africa NPC. Anniruth is a non-executive director of Kose-Kose Investments Limited who nominated him to serve on the StratCorp Board.
Appointed to the Board on 28 June 2014

Abbreviations of Board Committees

Audit	-	Member of the Audit Committee	Nom	-	Member of the Nomination Committee
Risk	-	Member of the Risk Committee	SEC	-	Member of the Social and Ethics Committee
Rem	-	Member of the Remuneration Committee	(c)	-	Chairperson of relevant sub-committee

REPORT BY THE ACTING CHIEF EXECUTIVE OFFICER

BUSINESS OVERVIEW

StratCorp is an investment holding company that owns and invests in companies with high growth potential. Its focus is on providing its subsidiaries with infrastructural support and management services, which include centralised information technology systems and support, legal and human resource administration and support, finance support and funding facilities. StratCorp also provides its subsidiary companies with a central client base that has been built up over the past 13 years.

The Group currently operates in three segments, namely financial products through Virtus and WealthNet, health and wellness products through I-Cura, and general finance through StratFin.

The tough market conditions that the Group experienced during the 2013 financial year continued into the 2014 financial year with a constant decline in subscriptions from all the businesses in the Group. The disposable income of the main client base of the Group remained under pressure and customers cancelled their subscriptions in order to meet other more pressing expenses, such as living expenses.

As previously reported, a restructuring plan was implemented in May 2012 to reduce costs and return the Group to profitability. This plan included the reduction of staff, especially in the support functions within the Group, renegotiating leases for the branches, sharing of certain premises by the Group companies, reduction of directors' remuneration and the disposal of the Soldonné Residential complex effective from November 2012.

During 2013, the restructuring plan was escalated further after first restructuring plan did not yield the required results. This entailed the further reduction of staff on managerial and support functions, the closure of branches that were not contributing to Group revenue or profits, a further reduction in directors' remuneration, and cancelling of the Head Office lease and moving to smaller premises.

As a result, the Group as a whole managed to return to profitability in the 2014 financial year. Although revenue from continuing operations decreased from R 42.7 million in 2013 to R 34.2 million in 2014 as a result of a decrease in the client bases in some of the segments of the Group, the profit after tax from continuing and discontinuing operations improved from a loss of R 8.8 million in 2013 to a profit of R 2.7 million in 2014, after further impairments of R1.9 million were made against the intangible assets of the Group. The total loss from discontinued operations for 2014 amounted to R 1.19 million, that included a further impairment of R 0.9 million against the properties, compared to a loss of R 0.3 million for 2013.

The performance of the Group for the six years to 28 February 2014 are summarised below:

	2009	2010	2011*	2012*	2013*	2014*
Revenue - R'000	74 333	60 821	72 457	55 251	42 757	34 277
Net profit/(loss) after tax - R'000	(22 875)	(7 743)	(540)	(11 339)	(8 539)	3 925
EPS - cents	(22.60)	(4.89)	(0.34)	(7.16)	(5.39)	2.35
HEPS - cents	(20.39)	(5.03)	(0.99)	(10.76)	(5.42)	2.83
NAVPS - cents	29.1	24.2	20.0	5.21	0.44	2.65
NTAVPS – cents	27.5	22.1	17.2	2.21	(2.67)	1.10

* Net profit/(loss) after tax, EPS and HEPS excludes the results of the discontinued operations.

CASH FLOWS

A positive cash movement of R 0.3 million, which included the repayment of debt of R 2.1 million, was recorded for 2014, compared to a cash outflow of approximately R 1 million for 2013. Cash generated from operations decreased from R 1.5 million in 2013 to R 0.9 million in 2014 mainly due to a decrease in the client bases in some segments of the Group and the costs of the restructuring that the Group completed during 2014. Cash flow is managed tightly, and unnecessary costs have been eliminated to improve efficiencies within the Group.

ASSETS OF DISPOSAL GROUPS

Shareholders were advised in the 2012 results announcement that the Board has taken a decision to discontinue its property development operations, and to reflect its interests in property as part of the discontinued operations. The Group still owns two vacant properties in Karenpark and Orchards, which is currently for sale, but only at reasonable prices.

Management believe that the two properties have value and will reconsider its intention with regards to the two properties over the next six months, which may include developing the properties.

While the Group still owes the vendor of the Orchards property R4,8 million, the payment terms are linked to the development of that property, with an amount payable per stand once it has been developed and sold. There are no time constraints imposed on the Company to perform with regard to when the development must commence or be finalised.

HUMAN RESOURCES

Staff numbers reduced significantly from 88 at the end of the 2013 financial year to 50 at 28 February 2014 due to retrenchments as part of the overall restructuring plan and freezing of vacancies in non-essential positions as staff members resigned. The focus is on appointing staff in the core areas of revenue generation and customer services as part of the overall plan to increase the revenue base in the 2015 financial year.

CHANGES TO THE BOARD

The restructuring of the Group over the past three financial years, the continued reduction of costs and the spade of legal actions launched against the main subsidiary in the Group not only affected the employees of the Company but also the Board of StratCorp, with many of its directors resigning from the Board during the 2014 financial year.

The decision by certain key shareholders to not approve the special resolution relating to directors' remuneration at the Annual General Meeting in November 2013, also contributed to the exit of directors. The Company has however been able to resolve the issues around its directors and following the appointments in 2014, now has a Board of seven directors which inter alia, represents some of the major shareholders of the Company, as well as independent non-executive directors. The changes to the Board since the previous Annual Report is discussed in full under the Corporate Governance Review section contained in the Sustainability Review of this Annual Report on page 8.

The appointments of the respective directors who have not resigned in the interim are subject to the approval of the shareholders of the Company at the upcoming annual general meeting.

David Harington resigned as the Chief Executive Officer of the Company on 4 August 2014. The Board thanks David for his contribution as founder and Chief Executive Officer of StratCorp and his leadership during the period of more than 13 years and wish him well in his endeavours.

The Company has commenced the process to appoint a new Chief Executive Officer and shareholders will be advised of further developments as and when they occur.

STRATEGY

The restructuring plan over the past three years resulted in the Group achieving most of the goals that was intended, which inter alia, included reducing costs to acceptable levels and focussing on revenue generating opportunities in order for the Group to return to profitability.

The ongoing focus is to ensure that the operating business units that are profitable increase revenues and to deploy and apply the limited resources within the Group to ensure that the loss making business units return to profitability.

The reconstituted Board met at the end of June 2014 to review the strategic direction of the Group and to implement action plans to inter alia return the Company and its subsidiaries to sustainable profitability and cash flows and to deal with the litigation and investigations against one of its subsidiaries.

GENERAL

On behalf of the Board, I wish to thank our management team, personnel, stakeholders and shareholders for their valuable input and support over the past year.

We extend a special thank you to our previous Chairperson Piet de Jongh, for his leadership and guidance over the years he lead the Board and wish him well with his retirement.

On behalf of the board.

J H P Engelbrecht

Acting Chief Executive Officer

2 September 2014

STRATEGY AND PROFILE

StratCorp's annual Sustainability Review ("Review") forms part of the Annual Report, in line with the King Code and report on Corporate Governance for South Africa ("King III Report" / "King III"), which calls for greater integration of environment, social and governance considerations into financial management and reporting.

The Sustainability Review covers StratCorp's policies, practices and performance relating to its activities in these areas for the financial year ended 28 February 2014 and covers all Group company activities.

The Review has drawn on guidelines and criteria developed by various agencies which set the standard for corporate sustainability, but has also been adapted to address issues specific to the business and industry.

The information in the Review covers topics and indicators that reflect StratCorp's significant economic, environmental and social impacts or that would substantively influence the assessment and decisions of stakeholders. The review is focused at the Company's major stakeholders being shareholders, employees, agents, financiers, suppliers and clients. The services of an independent verification agency have not been used for this Review.

CORPORATE GOVERNANCE REVIEW

The Board of directors is committed to the implementation of good corporate governance within the Group and embraces the four values underpinning good governance, namely, fairness, responsibility, accountability and transparency. The Board has adopted and applied the Code of Corporate Practices and Conduct as set out in the King III Report for the year under review and up to the date of publishing this Annual Report. The Board is of the opinion that the Group currently complies with the specific requirements set out in the Johannesburg Stock Exchange Limited ("JSE") Listings Requirements and, except where indicated otherwise in this Corporate Governance Report, applied the recommendations as set out in the King III Report. Where a principle has not been applied, this has been highlighted and explained. A detailed assessment of the application of the King III principles is available on StratCorp's website at **http://www.stratcorp.co.za**.

Application of the principles as set out in the King III Report

The Company's summarised status of its application of the recommendations of the King III Report for the financial year under review and up to the date of this Annual Report was as follows:

Description	Application	Reference
Composition of the Board	ʘ	Paragraphs 1.1, 1.2 and 1.3
Remuneration	ʘ	Paragraphs 2.1 and 2.2
Governance office bearers		
a. Chairperson	ʘ	Paragraphs 3.1
b. Chief Executive Officer	ʘ	Paragraphs 3.2
c. Company Secretary	√	
Board role and duties		
a. Fiduciary duties	√	
b. Strategy	√	
c. Ethical leadership	√	
d. Corporate citizenship	ʘ	4.1
e. Risk	ʘ	4.2
f. IT governance	ʘ	4.3
g. Compliance	ʘ	4.4
h. Internal Audit	x	4.5
i. Business rescue	√	
Group boards	√	
Governing stakeholder relationships	ʘ	5.1
Integrated reporting and disclosure	ʘ	6.1
Board Committees		
a. Audit Committee	ʘ	7.1
b. Risk Committee	√	
c. Remuneration Committee	√	
d. Nomination Committee	ʘ	7.2
e. Social and Ethics Committee	√	
Performance assessment	ʘ	8.1

Rating key

√ = Full application

ʘ = Partial application

x = Not applied

Explanation on non- and partial application of King III recommendations

1. Composition of the Board

1.1. Majority of non-executive directors.

King III recommends that the Board should comprise of a majority of non-executive directors. For the period from 17 May 2013 to 21 May 2014 the Board did not comprise of a majority of non-executive directors as a result of the resignations of TG Ratau on 17 May 2013, PJ de Jongh on

30 November 2013 and MM Patel on 22 January 2014. This was rectified by the appointments of FD Olivier (who resigned on 14 April 2014) and S Coetzee on 18 February 2014, the subsequent re-appointment of MM Patel and TG Ratau and the appointment of TM Masasa, SI Kallen and A Kissonduth as non-executive directors to the Board.

1.2. Minimum of two executive directors (Chief Executive Officer and Financial Director)

King III recommends that the Board should have a minimum of two executive directors, consisting of the Chief Executive Officer and the director responsible for finance. The Board did not have an executive financial director from 1 June 2013 to 31 July 2013 as a result of the resignation of Henk Engelbrecht. Johan de Beer was appointed as the Group Financial Director on 1 August 2013 and as a result of his resignation on 14 April 2014 the Board did not have an executive financial director from 15 April 2014 to 30 June 2014. Henk Engelbrecht was re-appointed as the Group Financial Director on 1 July 2014. David Harington resigned as the Company's Chief Executive Officer on 4 August 2014. The Company has commenced the process to appoint a new Chief Executive Officer. Henk Engelbrecht, has been appointed by the Board as the acting Chief Executive Officer of StratCorp until such time that a new Chief Executive Officer has been appointed. Henk Engelbrecht will continue with his duties as Group Financial Director during this period.

1.3. Induction, training and development of directors

King III recommends that the induction of and ongoing training and development of directors should be conducted through formal processes. The Company provides a comprehensive induction programme to new directors to assist them with understanding their fiduciary and other duties as directors. Except for also making arrangement for newly appointed directors to attend the required AltX Directors' Induction Programme, the Board currently does not have any formal programme to ensure that inexperienced directors are developed through other mentorship programmes. The Board and the respective committees' meeting packs include relevant and useful information about topics relating to leadership, new developments in respect of legislation or requirements related to the specific Board committees for self-study by the directors. Directors are encouraged to become members of the Institute of Directors to remain abreast of developments and changes in the legal environment.

2. Remuneration

2.1. Approval of non-executive directors' fees in advance

King III recommends that the non-executive directors' fees should be approved by shareholders in advance. The remuneration of the non-executive directors was not approved by special resolution by the shareholders at the previous annual general meeting of the Company held on 1 November 2013, with the consequence that directors' fees paid up to 31 October 2013 need to be recovered from the relevant non-executive directors in terms of the provisions of the Companies Act.

2.2. Share-based and incentive schemes

King III recommends that share-based and other long-term incentive schemes should be regularly reviewed. As a result of the Company trading under cautionary announcements for the majority of the financial year, the Company has not been able to properly review the StratCorp Share Incentive Trust and the allocation of options to beneficiaries thereto.

3. Governance office bearers

3.1. Chairperson

King III recommends that there should be a formal succession plan for the Chairperson of the Board. There is currently no formal succession plan in place for the Chairperson. King III further recommends that the Chief Executive Officer of the Company should not also fulfil the role of Chairperson of the Board. From 1 December 2013 to 20 February 2014 the Chief Executive Officer acted as the Chairperson as a result of the resignation of Piet de Jongh on 30 November 2013. From 20 February 2014 to 14 April 2014 Francois Olivier was appointed as the Chairperson of the Company. The current Chairperson of the Board, Mitesh Patel, was appointed in this position on 11 June 2014.

3.2. Chief Executive Officer

King III recommends that there should be a formal succession plan for the Chief Executive Officer of the Company. There is currently no formal succession plan in place for the Chief Executive Officer. Also refer to David Harington's resignation as set out in paragraph 1.2 above.

4. Board roles and duties

4.1. Corporate Citizenship

King III recommends that the Board should ensure that measurable corporate citizenship programmes and policies are developed and implemented. The Company, through its business models enrich the lives of its clients by providing them with the opportunity to supplement their income through their own businesses. The Corporate Social Investment of the Group is discussed in this Social Performance on page 19.

4.2. Risk

King III recommends that a policy and a plan that provide for an effective system and process of risk management should be developed and approved by the Board. The risk management system and process must be reviewed and updated. At the Risk committee meeting of 28 July 2014 the committee considered and approved the risk management policy and work plan for the Group. The Board approved the risk management policy on 20 August 2014.

4.3. IT Governance

King III recommends that the Company has an IT governance framework that supports effective and efficient management of its IT resources and that an effective IT charter and policies are established and implemented. The IT governance framework and IT charter and policies must be approved by the Board. Management is in the process of compiling these documents for the consideration and approval of the Board.

King III further recommends that management regularly demonstrates to the Board that the Company has adequate business resilience arrangements in place for IT disaster recovery. Management is in the process of finalising the IT disaster recovery plan. Off-site back-up facilities are in place and daily back-ups are being performed.

King III recommends that the Board ensures that an Information Security Management System is developed, recorded and implemented and that the Information Security Management System ensures security, confidentiality, integrity and availability of information. While these systems are in place and managed, the Company needs to formalise the feedback to the Board on these matters.

4.4. Compliance

King III recommends that both the induction and ongoing training programmes of directors include an overview of, and changes to, applicable laws, rules, codes and standards. Although no formal updates and training programmes were in place during the year under review, feedback were provided to the Board at quarterly Board meetings or when requested. Currently the Board, Audit committee and Risk committee agendas include compliance as an item of discussion.

4.5. Internal Audit

King III recommends that the Board should ensure that there is an effective risk based internal audit. The Board is of the view that the current size of the Group does not justify the costs involved in establishing an internal audit function and as such it has not been established. The Company is satisfied that an appropriate risk management function is in place, and has compliance officers in place for its financial products segment to monitor compliance with the relevant regulations.

5. Governing stakeholder relationships

5.1. Communication with stakeholders

King III advises that the board should appreciate that stakeholders' perceptions affect a company's reputation. King III further recommends that the Board should oversee the establishment of mechanisms and processes that support constructive engagement by the Company with its stakeholders. Communication with certain stakeholders is currently only through results announcements and the publishing of the Annual Report. Critical stakeholders like financiers are updated regularly. Formal processes of communication with stakeholders will be reviewed, updated and implemented by the Board.

6. Integrated reporting and disclosure

6.1. Independently assurance of sustainability reporting

King III recommends that sustainability reporting should be independently assured in accordance with a formally established assurance process. Although the Company endorses the principles of integrity and transparency, the Board is of the view that the costs of an independently assured assurance process cannot be justified at the current moment.

7. Board committees

7.1. Audit committee

King III recommends that the Board should ensure that the Company has an effective and independent Audit committee. Although the majority of the members of the Audit committee have been independent for most of the year, the Audit committee consisted of only 2 members for the period from 17 May 2013 to 30 November 2013 and the Board assumed the responsibilities of this committee. At that stage the Chairperson of the Board was also a member of the Audit committee. After the resignation of Piet de Jongh on 30 November 2013 and Mitesh Patel on 22 January 2014, Francois Olivier and Stefan Coetzee were appointed on 20 February 2014 as the two members of the Audit committee. The Board were ultimately responsible for the functions of the Audit committee during the above periods. Subsequent to year-end, non-executive directors were appointed and the Audit committee was reconstituted, which currently consists of two independent non-executive directors and two non-executive directors.

7.2. Nomination committee

King III recommends that directors should be appointed through a formal process and assisted by the Nomination Committee. The Board approved the appointments of Francois Olivier and Stefan Coetzee as non-executive directors of the Company in January and February 2014 since the Nomination committee was non-functional at that stage due to the resignations of its previous members as directors of the Company. Subsequent to the 2014 financial year-end, new directors were appointed directly by the Board and the Nomination committee was subsequently reconstituted with the appointment of members on 28 June 2014.

8. Performance assessments

8.1. King III recommends that the results of performance evaluations are constructively used to identify training and development needs for directors. The Board, while recognising the importance of conducting evaluations of its performance, constitution, leadership and supporting structures, was as a result of the board composition during the financial year under review not in a position to conduct formal Board, committee and individual directors' evaluations as recommended by the King III Report and to constructively use it to identify training and development of the directors. The implementation of the performance management systems and performance of the abovementioned appraisals were not done and will be attended to during the current financial year. The results of these assessments will inform additional training and development plans as required for directors and will be published in future Annual Reports.

Board of Directors

The StratCorp Board comprise of seven directors at the date of this Annual Report, of which three are independent non-executive directors, three are non-executive directors and one is an executive director. Details of the directors are set out on page 3 of this Annual Report. During the 2014 financial year the number of directors decreased to two with the resignation of a number of directors, but the Company filled the vacancies and appointed a sufficient number of directors to serve on the Board and the committees of the Board in terms of the provisions of the Companies Act and the JSE Listings Requirements and having regard to its terms of reference with regard to ethnic and gender representation.

As a result of the resignation of the Chief Executive Officer on 4 August 2014, the Company does not comply with the provisions of the JSE Listings Requirements to have a minimum of two executive directors as discussed on page 7 of this Annual Report. The Company has commenced the process to appoint a new Chief Executive Officer.

Changes to the Board

The following changes occurred to the Board since the previous Annual Report:

- Tumelo Ratau resigned as a non-executive director on 17 May 2013, but was re-appointed on 28 June 2014 as a representative of Kose-Kose Investments Limited;
- Henk Engelbrecht resigned as an executive director on 31 May 2013, but was re-appointed as an executive director and Group Financial Director on 1 July 2014;
- Johan de Beer was appointed as executive director and Group Financial Director on 1 August 2013, but resigned on 14 April 2014;

- Piet de Jongh resigned as a non-executive director and Chairperson of the Group on 30 November 2013;
- Mitesh Patel resigned as a non-executive director on 22 January 2014, but was re-appointed as an independent non-executive director on 21 May 2014 and Chairperson on 11 June 2014;
- Francois Olivier was appointed as a non-executive director and Chairperson of the Group on 22 January 2014, but resigned on 14 April 2014;
- Stefan Coetzee was appointed as a non-executive director on 18 February 2014;
- Thuto Masasa was appointed as an independent non-executive director with effect from 26 May 2014;
- Sangeeta Kallen was appointed as an independent non-executive director with effect from 26 May 2014;
- Anniruth Kissoonduth was appointed as a non-executive director on 28 June 2014 as a representative of Kose-Kose Investments Limited; and
- David Harington resigned as the Chief Executive Officer on 4 August 2014.

Role, duties and responsibilities

There is a policy in place ensuring a clear balance of power and authority at Board level, to ensure that no one director has unfettered powers of decision making. The positions of the Chairman and Chief Executive Officer are separate, with the Chairperson being an independent non-executive director. The Chairperson also does not have a casting vote in the event of tied resolutions.

The role of the Board is regulated in the formal Board Terms of Reference which also defines matters reserved for Board approval. The responsibilities of the Board are set out in the Terms of Reference and the Board is required to review its operations annually against this framework.

The quorum for Board meetings is a majority of the directors, but full attendance is expected because the meetings have been planned well in advance. The Board meets at least four times a year and additional meetings are held as and when necessary. In assuming ultimate responsibility for effective control and leadership of the Group, the Board takes responsibility for the following:

- Ensuring that the Board's composition incorporates the necessary skills and experience;
- Appointment of directors;
- Elect the Chairperson on an annual basis;
- Annual assessment of the performance of the non-executive directors;
- Annual assessment of the performance of the executive directors;
- Giving direction on all strategic matters and annually approves the Group business plan and budgets;
- Monitoring the implementation of the business plan by management;
- Compliance with all relevant laws, regulations and codes of business practice;
- Definitions of levels of materiality, reserving specific powers to itself and delegating other matters to executive management in terms of an approved authority framework;
- Reviewing performance of the various Board committees established to assist in the discharge of its duties on an annual basis;
- Monitoring key risk and performance areas of the Group and identifies non-financial issues relevant to the Group;
- Determining the policies applied to ensure the integrity of:
  - o risk management and internal controls;
  - o director selection, appointment, orientation and evaluation;
  - o executive and general remuneration;
  - o external and internal communications;
  - o ensuring there is appropriate succession planning at senior management level; and
- At least twice a year, consider the going concern status of the Group.

All new appointments to the Board are made on a consensus basis between Board members and are subject to shareholder approval. The Company is in the process of formalising a policy detailing the procedure for Board appointments, with which the Nomination committee assists the Board.

The Board is supplied with all relevant information and has unrestricted access to all Group information, records, documents and property, which enables directors to adequately discharge their responsibilities. Information needs are defined and directors have full access to management and the company secretary.

Directors of companies listed on the Alternative Exchange of the JSE are required to attend the Directors' Induction Programme managed on behalf of the JSE when appointed. Arrangements are made for all newly appointed directors who have not attended the programme to do so as soon as possible after their appointment.

At each annual general meeting at least one third of the non- executive directors retire by rotation from the Board. These retiring directors may offer themselves for re-election. All the non-executive directors of the Company have been appointed subsequent to the annual general meeting in November 2013 and consequently their appointments will be subject to the approval of shareholders at the upcoming annual general meeting of the Company, the notice of which is attached to this Annual Report.

Insider trading

In line with the provisions of the Financial Markets Act, No 19 of 2012 (the "Financial Markets Act") and the requirements of the JSE Listings Requirements, no director or employee in the Group who has inside information on the Group may deal directly, indirectly, or otherwise prohibited by the Financial Market Act, in StratCorp securities. Directors and all employees in the Group are prohibited to deal directly, indirectly, or otherwise prohibited by the Financial Markets Act in the shares of the Company during a closed or prohibited period as defined in the JSE Listings Requirements, and are required to obtain prior approval from the Chairperson. The Company Secretary communicates with the Board on a regular basis with regard to dealings in the Company's shares.

Directors are required to notify the Company Secretary in writing immediately following any transaction involving the Company's shares. The trades are timeously disclosed to the JSE and are tabled at the Board meeting following any transaction.

Director's independence

The Board reviews the independence of its directors on an annual basis and their status is changed where applicable, with the necessary announcements being released through the Securities Exchange News Service of the JSE. The Board is satisfied with the independence of the independent non-executive directors.

Board committees

The Board is supported by the following Board committees in discharging its duties and responsibilities:

- Audit committee;
- Risk committee;
- Remuneration committee;
- Nomination committee; and
- Social and Ethics committee.

The Board committees, except for the Nominations committee as discussed earlier, have terms of reference that defines their respective powers and duties. Feedback by the respective committee chairpersons are included in the agendas of subsequent Board meetings and issues that require the Board's attention or a Board resolution are included as an agenda item. Notwithstanding the delegation of functions to Board committees, the Board remains ultimately responsible for the proper fulfilment of such functions, except for the functions of the Audit committee relating to the appointment, fees and terms of engagement of the external auditor.

The performance of the various Board committees is assessed on an annual basis against the duties and performance criteria that serve as a benchmark for each of these Board committees.

The directors' attendance at the Board and Board committee meetings for the year under review was as follows:

	Board	Audit committee	Risk committee	Remuneration committee	Nomination committee	Social and Ethics committee
Number of meetings held during the year under review	6	4	3	2	0	1
P J de Jongh (1)	4	2	1	0	0	0
M M Patel (2)	4	2	1	0	0	0
D B Harington (3)	6	4*	3	2*	0	1
J H P Engelbrecht (4)	2	0	0	0	0	0
J N de Beer (5)	4	4*	3	2*	0	1
T G Ratau (6)	0	0	0	0	0	0
F D Olivier (7)	2	2	2	2	0	1
S Coetzee (8)	2	2	2	2	0	1

(1) Resigned on 30 November 2013, (2) Resigned on 22 January 2014 and reappointed on 21 May 2014, (3) Resigned on 4 August 2014. (4) Resigned on 31 May 2013 and reappointed on 1 July 2014, (5) Appointed on 1 August 2013 and resigned on 14 April 2014, (6) Resigned on 17 May 2013 and reappointed on 28 June 2014,
(7) Appointed on 22 January 2014 and resigned on 14 April 2014, (8) Appointed on 18 February 2014
* Attended the respective meetings as invitees

The Designated Adviser, Exchange Sponsors, attended all the Board and Audit committee meetings as invitees and the external auditors attended all the Audit committee meetings as invitees.

The Audit committee

The members of the Audit committee are as follows:

Name	Date initially appointed	Date resigned	Date of subsequent appointment
PJ de Jongh	30 May 2013	30 November 2013	-
MM Patel	30 November 2007	22 January 2014	-
FD Olivier	20 February 2014	14 April 2014	-
TG Ratau	19 October 2011	17 May 2013	28 June 2014
S Coetzee	20 February 2014	-	-
SI Kallen	11 June 2014	-	-
TM Masasa	11 June 2014	-	-

At 28 February 2014 the Audit committee comprised of 2 members. The Board of the Company took over the function of this committee until June 2014 when the Company was able to fill the vacancies. The Audit committee consists of two independent non-executive directors and two non-executive directors at the date of this Annual Report.

The Audit committee operates in accordance with the terms of reference approved by the Board, which provides assistance to the Board with regard to:

- Ensuring compliance with applicable legislation and the requirements of regulatory authorities;
- Matters relating to financial and internal control, accounting policies, financial and integrated reporting and disclosure;
- External audit, including:
    - Recommending the appointment of the external auditors to the shareholders for their approval;
    - Review and approval of external audit plans, findings, problems, reports and fees;
    - The setting of principles for recommending the use of external auditors for non-audit services;
- Compliance with the Code of Corporate Practices and Conduct;
- Review of the risk profile and management of the Group; and
- Compliance with the Group's Code of Ethics.

The Audit committee met four times during the period under review to consider issues of accounting, auditing, internal controls and financial reporting.

The report of the Audit committee is set out on page 24.

The Risk committee

The members of the Risk committee are as follows:

Name	Date initially appointed	Date resigned	Date of subsequent appointment
MM Patel	19 October 2011	22 January 2014	-
JN de Beer	19 October 2011	14 April 2014	-
TG Ratau	19 October 2011	17 May 2013	28 June 2014
DB Harington	19 October 2011	4 August 2014	-
JHP Engelbrecht	1 July 2014	-	-
S Coetzee	20 February 2014	-	-
TM Masasa	11 June 2014	-	-

The Risk committee is responsible for the assessment of the Group's risk and reporting back to the Board. The terms of reference and work plan for the Risk committee have been considered and approved by the Board during the year under review.

The objective of risk management is to identify, assess, manage and monitor the risks to which the business is exposed. This includes examining and evaluating the Group's activities and resultant business risks and assisting executive management in the effective discharge of their responsibilities. The scope of the risk management function includes reviews of the reliability and integrity of financial and operating information, the systems of internal control, the means of safeguarding assets, the efficient management of the Group's resources and the effective conduct of its operations.

StratCorp pursues active management policies designed to minimise the impact of risk. A formal risk management policy has been approved by the Board, and implemented to identify, evaluate, monitor and manage the risk profile of the Group and the respective companies within the Group. Risk management is monitored regularly. With the assistance of risk consultants and where applicable, risks have been assessed and appropriate insurance cover provided for all material risks above pre-determined, self-insured limits. Levels of cover are re-assessed annually.

The Risk committee met three times in the past financial year, to review and consider the risk profile, policy and risk management process of the

Group and satisfied itself that appropriate procedures and processes are in place to manage the risk profile of the Group.

StratCorp does not have an internal audit function at the moment due to the current financial position of the Group and the related costs involved in establishing a fully functional internal audit department, but it is part of the medium term strategy of the Group to establish this function.

A discussion of the Risk Management by the Group during the period under review and until the date of this Annual Report is on page 20 of this Annual Report.

The Nomination committee

The members of the Nomination committee are as follows:

Name	Date initially appointed	Date resigned	Date of subsequent appointment
PJ de Jongh	27 August 2008	30 November 2013	-
MM Patel	27 August 2008	22 January 2014	28 June 2014
S Coetzee	28 June 2014	-	-
TM Masasa	28 June 2014	-	-
SL Kallen	28 June 2014	-	-
TG Ratau	28 June 2014	-	-
A Kissoonduth	28 June 2014	-	-

The Nomination committee is tasked with the nomination and recommendation to the Board regarding the appointment of new directors. The procedures for Board appointments are detailed in the Board Terms of Reference. The procedure which is formal, transparent and a matter for the Board as a whole, inter alia involves the identification of Board members, the nomination process and the process of appointment. The committee meet on an ad hoc basis and no meetings were held during the year under review.

The Social and Ethics committee

The members of the Social and Ethics committee are as follows:

Name	Date initially appointed	Date resigned	Date of subsequent appointment
DB Harington	27 February 2014	4 August 2014	-
JN de Beer	23 February 2012	14 April 2014	-
FD Olivier	27 February 2014	14 April 2014	-
S Coetzee	11 June 2014	-	-
MM Patel	11 June 2014	-	-
TG Ratau	23 February 2012	17 May 2013	-
A Kissoonduth	28 June 2014	-	-
JHP Engelbrecht	23 February 2012	31 May 2013	1 July 2014

The Company established a Social and Ethics committee in accordance with the requirements of the Companies Act during 2012. The Social and Ethics committee met once during the period under review.

In line with the Companies Act and the King III Report, this committee will oversee and monitor the Group's activities in relation to:

- social and economic development, including the principles of the UN Global Compact, Broad-based Black Economic Empowerment, Employment Equity and the OECD's recommendations on corruption;
- good corporate citizenship, including the promotion of equality, prevention of unfair discrimination, corporate social responsibility, ethical behaviour and managing environmental impacts;
- consumer relations; and
- labour and employment, including skills development.

A discussion of the Social Performance by the Group during the period under review and until the date of this Annual Report is on page 16 of this Annual Report.

The Remuneration Committee

The members of the Remuneration committee are as follows:

Name	Date initially appointed	Date resigned	Date of subsequent appointment
MM Patel	27 February 2008	22 January 2014	28 June 2014
PJ de Jongh	16 March 2007	30 November 2013	-
FD Olivier	20 February 2014	14 April 2014	-
S Coetzee	20 February 2014	-	-
TM Masasa	28 June 2014	-	-
SL Kallen	28 June 2014	-	-
TG Ratau	28 June 2014	-	-
A Kissoonduth	28 June 2014	-	-

The Remuneration committee is tasked with the assessment and approval of a remuneration strategy for the Group, the determination of short and long term incentive remuneration structures for executives and the positioning of senior executive remuneration levels relative to industry standard benchmarks. In order to promote an identity of interests with shareholders, as well as to provide a longer term balance and commitment in the mix of incentive remuneration, share incentives are considered to be critical elements of management incentive remuneration, in addition to annual incentive awards which are determined against achievement of pre-set value-driven goals. A management and personnel incentive trust have been set up for this purpose.

The committee met two times during the year under review.

On 1 March 2014 an annual increase of 6% was approved for all personnel of the Group, excluding the executive directors who received no increases.

The Remuneration committee herewith presents its Remuneration Report that covers the year under review until the date of this Annual Report.

REMUNERATION REPORT

The role of the Remuneration committee is to ensure that directors and executives are remunerated fairly and responsibly and that the disclosure of directors' remuneration is accurate, complete and transparent.

The duties of the Remuneration committee include the following:

- Oversee the setting and administering of remuneration of all directors, senior management and other employees;
- Oversee the establishment of a remuneration policy;
- Advise on the remuneration of non-executive directors;
- Ensure that the mix of fixed and variable pay, in cash, shares or other elements, meets the Group's needs and strategic objectives; and
- Oversee the preparation and recommending to the Board the remuneration report included in the Integrated Annual Report.

The Remuneration committee is satisfied that it has carried out its responsibilities for the period in compliance with its terms of reference.

REMUNERATION APPROACH

The remuneration policy for directors and senior management is aligned with the Company's approach to reward directors and senior management fairly and competitively, according to their capabilities, skills, responsibilities and level of performance. It aims to supporting the Company's remuneration principles of:

- Retaining the services of existing directors and senior management;
- Attracting potential new directors and senior management;
- Providing directors and senior management with remuneration that is fair and just;
- Ensuring that no discrimination occurs;
- Recognising and encouraging exceptional and value-added performance;
- Ensuring that remuneration structures are consistent with the Company's long-term requirements; and
- Protecting the Company's rights by means of standard contracts of employment.

The Board will be asking shareholders for a non-binding approval of the Company's remuneration policy at the coming Annual General Meeting.

The Remuneration committee are composed of non-executive directors tasked with operating on behalf of the Board to ensure the alignment of remuneration with realising shareholder value.

Executive Directors and senior management

These employees are rewarded by means of a two tier approach, which entails:

Fixed pay

This element consisting of components such as salary and car allowance is the total guaranteed package of these employees. As part of the annual review process by the Remuneration committee, guaranteed packages are benchmarked against the middle to upper quartile of the market for comparable companies as indicated in independent surveys. The services of independent remuneration consultants may be contracted for this purpose. The annual review is based on the executive's level of responsibility, overall performance and the achievement of specific agreed objectives. There were no salary increases for the executive directors and senior management with effect from 1 March 2013. The directors further agreed to reduce their remuneration by a further 12.5% from March 2013 as part of the restructuring of the Group.

Detail of the salaries paid to the executive directors of the Company for the year under review is contained in Note 39 of the annual group financial statements which forms part of this Annual Report.

Variable pay

The executive and key managers' remuneration is structured to ensure that a portion of their package is linked to performance and achievement of sustainable targets through short-term and long-term incentives.

Although senior management of the operating segments are usually also remunerated for performance of the respective subsidiaries they are responsible for, this practice was not in place for the 2014 financial year and has not been formalised for the current financial year. The Board intends finalising this aspect. This remuneration is usually in the form of a performance bonus linked to the achievement of predetermined performance measures, which include achieving and exceeding agreed on budgets for the financial year, both in terms of quantity and profit growth. In terms of the performance scheme, senior management will qualify for bonuses once they have achieved the budgeted net profit after tax, but the amount of the bonus will be subject to real growth in customers and net profit after tax above the budgeted numbers.

The Company currently does not have a bonus scheme in place for its executive directors, but this will be reviewed during the 2015 financial year and reported on in the next Annual Report.

The Company has a share incentive scheme in place for the benefit of the Group's personnel and senior executives, including directors. The purpose of the share incentive scheme is to align the remuneration of the participants with the long-term growth and sustainability of the Group. This approach ensures alignment between personal wealth creation and corporate strategy. The share incentive scheme, which has been in operation since 2001, but does not have any participants or options outstanding as at the date of this Annual Report, will be reviewed during the 2015 financial year to align it with the Group's strategic objectives.

Contracts of employment

The executive directors and senior managers of the Group do not have fixed term contracts, but are employed in terms of the Group's standard contracts of employment. The notice period for termination of service is three calendar months for executive directors and one calendar month for senior management. None of these employees have any exceptional benefits associated with the termination of their services.

Save for related party transactions in note 38 of the Annual Financial Statements, no other management, consulting, technical or other fees, directly or indirectly, including payments to management companies have been paid to any directors of the Company. No other material benefits or expense allowances were received by the directors. There is no commission, gain or profit sharing arrangement payable to any of the directors. The executive directors' remuneration was paid by StratCorp.

Non-executive directors

Non-executive directors do not have any employment contracts and do not receive any benefits associated with permanent employment. They do not participate in the Company's long-term incentive plans.

Non-executive directors are remunerated by way of an annual fixed fee which is reviewed annually on 1 March, subject to prior approval by shareholders at the Company's annual general meeting. The fees are market related and take into account the nature of the Company's operations. The annual fees payable to non-executive directors for the period commencing on 1 March 2013 were not approved by shareholders at the annual general meeting on 1 November 2013. Shareholders will be requested to approve the payment of directors' fees for the period 30 June 2014 to 6 November 2014 and for the next two years following the annual general meeting.

STRATCORP LIMITED SHARE INCENTIVE TRUST

The StratCorp Limited Share Incentive Trust was initially established in 2001 as a share purchase scheme for the benefit of the Group's personnel and senior management, including directors. The Trust started with 5 000 000 ordinary shares of which 2 700 000 shares were allocated and taken up by participants by 28 February 2007, resulting in a balance of 2 300 000 shares available for allocation. At the annual general meeting of the company held on 21 June 2007, shareholders approved the issue of an additional 18 403 531 shares to the Trust, resulting in a total of 20 703 531 shares being available for issue in terms of the Scheme.

The Trust granted options to participants to subscribe for 14 950 000 shares in terms of the Scheme on 21 June 2007, exercisable within five years from the date of granting of the options. No further grants were made in terms of the Scheme since then, and 5 100 000 shares reverted to the Trust when one of the participants resigned on 28 February 2011.

Shares offered and accepted in terms of the Scheme would vest in five equal tranches of 20% commencing on the third anniversary of the offer, subject to the purchase consideration for the shares being paid in full within the five year period.

At the annual general meeting of the Company held on 2 July 2010, shareholders approved the issue of an additional 8 000 000 shares to the Trust, but these shares have not been issued to the Trust.

The share options lapsed on 21 June 2012, with none of the participants exercising their options. There are currently no participants or outstanding options in the Scheme.

The Board of StratCorp will revisit the Scheme in the 2015 financial year, with a view of either allocating options to employees or to cancel the Scheme.

DIRECTORS' INTEREST IN SHARES

At 28 February 2014 the direct and indirect beneficial interests of the directors in the Company's issued shares were as follows:

Current Directors	Beneficial - Direct		Beneficial – Indirect*	
Ordinary Shares	**2014**	2013	**2014**	2013
- DB Harington^	**21 771 895**	21 771 895	**6 768 503***	6 768 503*
- JN de Beer+	**1 233 412**	1 233 412		
Total	**23 005 307**	23 005 307	**6 768 503**	20 239 224

^ Resigned on 4 August 2014. * Shares held indirectly via the Sonwe Trust (20 239 224) and spouse (20 621) for DB Harington. + Resigned on 14 April 2014.

DB Harington resigned as trustee of the Sonwe Trust with effect from 19 April 2013, and his Indirect Beneficial shareholding in the company reduced from 20 239 224 to 6 768 503 shares because his spouse is one of the beneficiaries of the Sonwe Trust. This change in shareholding is not classified as a director's dealing in shares.

Subsequent to the 2014 financial year-end and as at the date of this Annual Report the direct and indirect beneficial interests of the directors in the Company's issued shares were as follows:

Current Directors	Beneficial - Direct		Beneficial – Indirect*	
Ordinary Shares	**2014**	2013	**2014**	2013
- A Kissoonduth	**108 381**	-	**2 672#**	-
Total	**108 381**	-	**2 672**	-

Shares held indirectly via his spouse.

There has been no other changes in the directors' (or directors that have resigned during this financial period) interests in the Company in the period from 28 February 2014 to the date of this Annual Report.

COMPANY SECRETARY

The board considers the Company Secretary to be qualified to perform her duties in accordance with applicable legislation and to be fit and proper for the position. All directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures are followed. The Company Secretary fulfils no executive management function and is not a director. Therefore, the Board is satisfied that the Company Secretary maintained an arm's length relationship with the executive team, the Board and the individual directors.

INFORMATION TECHNOLOGY GOVERNANCE

The Board recognises that Information Technology ("IT") is an integral part of conducting business in the Group, as IT is fundamental to the support, sustainability and growth of the organisation. IT serves all aspects, components and processes in the organisation and is therefore not only an operational enabler for the Group, but a strategic business imperative which can be leveraged to create opportunities and to gain a competitive advantage. The Board is cognisant of the fact that as much as IT is a strategic asset within the Group, it also presents the organisation with significant risks. The latter, together with its related costs and constraints, should be well governed and controlled to ensure that it supports the Group's strategic objectives.

The IT charter ensures:

- The establishment of a sound and secure framework, taking into account internal policies, industry standards and external laws and regulations, within which all IT activities are executed;
- That the business and IT strategies are aligned and value is achieved from IT investments;
- IT services and processes are always available and agile to changing business needs; and
- IT risk is identified and managed.

The IT Steering committee comprises of the executive director and senior management. The committee meets regularly and will provide the Board with feedback on IT governance and strategy.

IT applications are managed on a centralised basis within the Group, and critical applications are developed and maintained in-house under the control of the executive directors following the resignation of the Chief Information Officer on 28 February 2013, supported by a small team of IT specialists and developers. The annual costs of the IT function are evaluated on a regular basis to ensure that the Group obtain maximum benefits from this function.

EMPOWERMENT AND SOCIAL RESPONSIBILITY

StratCorp is committed to the establishment of a social upliftment programme whereby the Company, through its subsidiaries, are actively involved in providing management skills, education, training, systems and agencies, which facilitate the establishment of numerous distribution outlets within the previously disadvantaged communities. This programme continued during the past financial year. The programme is administered in such a manner to ensure that the outlets add tangible value to the surrounding community, provide employment opportunities, enhance career development and ultimately meet the needs of the community at large.

WORKFORCE PROFILE

The resilience and success of StratCorp and its subsidiaries is underpinned by committed, competent and value orientated people that drive businesses from the front line to the boardroom. Living the following values and core beliefs are the key ingredients for the culture that supports achievement of the Group's strategy:

- Professionalism and brand ambassadors in working together to add value to clients and stakeholders;
- Respect for one another, all stakeholders and the environment;
- Integrity and honesty in managing relationships and partnerships;
- Establish and promote a non-discriminatory environment that supports people's rights and obligations;
- Accountable for complying with laws, regulations, policies and StratCorp's code of ethics; and
- Commitment to add value and support development of South Africa.

The workforce complement decreased over the last year from 88 at 28 February 2013 to 49 at 28 February 2014.

RECRUITMENT

The Group recruit its employees by way of advertising in national print or online media. Interviews are conducted with input from appropriate directors and senior management. In certain instances, the Group may head hunt pre-determined and appropriate personnel, and in instances where appropriate senior personnel cannot be sourced, the Group might utilise the services of employment agencies. Interview procedures are conducted in line with the guidelines of the Labour Relations Act, No.127 of 1998.

TRAINING

In addition to the requirements of the appropriate acts, appropriate training of all personnel including in-house training, external training and planned training are done on an on-going basis. The Board recognises and is committed to the principles of openness, integrity and accountability applicable for appropriate grants in terms of the Skills Development Levies Act, No.9 of 1999 and ensure that training reflects the adopted policy of continuous improvement to enhance employee skills and efficiency.

A key area of continuous training for the past financial year was in the Financial Products segment, to enable staff to qualify as financial advisors in terms of the requirements of the Financial Advisory and Intermediary Services Act, No 37 of 2002 (the "FAIS Act"). The education of staff, especially in the financial services business remains a key development area for the Group to enable it to continue providing products and services to its client base.

SKILLS DEVELOPMENT

The Group is committed to the development of all its employees and to this end supports initiatives aimed at promoting training, education and development. This is done through continuous, internal training programmes aimed at improving service delivery to clients and external training programmes. The Group, through its subsidiaries also provide the independent contractors which are members of its network, with regular training in all aspects required to enable them to own and manage successful businesses.

The principle of learning through experience, as well as formal training, is adhered to throughout the Group. Training needs are identified and documented in the form of work place skills plans. These plans and implementation reports are submitted to the relevant Sector Education and Training Authorities ("SETA"s). Grants have been received from the various SETA chambers for training completed

TALENT MANAGEMENT

The Group promotes an environment in which all employees are afforded equal developmental and promotional opportunities and to this end has supported initiatives aimed at promoting training, education and development. The principle of learning through experience, as well as formal training, is adhered to throughout the Group. In addition, employees with professional qualifications are encouraged to keep abreast of developments in particular fields by attending seminars, conferences and training courses. Financial assistance is also given to employees to encourage further tertiary education and to update the professional skills quotient in the organisation.

The Group is committed to ensuring equal opportunities for people from historically disadvantaged Groups. Employment equity reports are submitted in accordance with the Employment Equity Act, No. 55 of 1998 (the "Employment Equity Act").

LABOUR RELATIONS

The Group follows the principle of consultation for the benefit of management and employees. Freedom of association and dissociation is acknowledged.

DISCIPLINARY AND GRIEVANCE PROCEDURES

Behavioural standards are documented as conduct, performance or disciplinary codes and these are communicated to all employees. The Group prefers measures that are progressive in correction rather than punitive. To this end, in minor cases of misconduct, a written warning is given, subject to an investigation of the facts, and the outcome is based on a balance of probabilities. For more serious offences which may warrant dismissal, a fair and unbiased disciplinary hearing is conducted. All employees involved in a disciplinary procedure are permitted representation by another employee of his/her choice. There is an appeal procedure for all forms of disciplinary action.

A formal grievance procedure exists to enable employees to communicate grievances to management and to obtain the earliest possible resolution.

BROAD-BASED BLACK ECONOMIC EMPOWERMENT (B-BBEE)

B-BBEE is an integral component of South African business and the Group is committed to aligning its businesses with the national legislation in the area of sustainable business transformation and to the creation and development of an enabling environment, for effective implementation within the organisation.

The Group ensures each business retains business focus, values, performance, customer satisfaction and increase shareholder value. StratCorp has adopted a long-term developmental approach to B-BBEE which is aligned with the codes of Good Practice issued by the Department of Trade and Industry. Performance against the various elements of B-BBEE is measured by the generic balanced scorecard and/or specific industry scorecards.

EMPLOYMENT EQUITY

The Group continually considers governmental policies and informs itself about proposed legislation and regulations, the most significant being the Employment Equity Act. As such, it is essential that the cornerstones of the Group continue to encompass integrity, exemplary business practice, and respect for the individual, irrespective of colour, race or creed. The Group provides an opportunity to increase previously disadvantaged equity participation.

The official policy of the Group is to approach affirmative action from the perspective of making a substantive difference to people's lives, balanced with good business practice. This includes implementing affirmative action policies at all levels in the organisation. Certain positions were already filled over the past year to give effect to this policy.

All Group companies have adopted an employment equity policy promoting equal opportunity and fair treatment in employment through the elimination of any discriminatory practices and prejudices. An environment has been created in which every employee has the opportunity for advancement. Employment equity consultation committees consisting of individuals from different races, genders and occupational levels have been established and meet on a regular basis. A developmental approach is being taken to affirmative action with the focus on promoting education and training to assists persons from designated Groups to occupy more skilled and responsible positions within the Group. Employment equity reports have been submitted in accordance with the Employment Equity Act. Goals have been established for business transformation and are incorporated into various talent processes such as attraction, development and progression.

Succession and progression processes have further been improved to build a sustainable pipeline of leadership talent from the frontline to directors as referenced above.

In 2014, 81% (2013: 82%) of the workforce was composed of persons from designated groups.

The Group's current demographic profile of permanent employees in South African companies per occupational level is tabled below:

- Top management;
- Senior management;
- Middle management (professional qualified and experienced specialists and mid-management);
- Skilled (skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents);
- Semi-skilled (semi-skilled and discretionary decision maker); and
- Unskilled (unskilled and defined decision making).

Occupational Levels	Male			Female				Non designated (White Males)	Total
	A	C	I	A	C	I	W		
Top Management	1	0	2	1	0	1	0	2	7
Senior Management	0	0	0	0	0	0	2	0	2
Professionally qualified and experienced specialists and mid-management	0	1	0	0	0	0	1	5	7
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	1	0	0	0	0	0	4	3	8
Semi-skilled and discretionary decision making	1	1	0	19	0	0	3	0	24
Unskilled and defined decision making	4	0	0	2	0	0	0	0	6
TOTAL PERMANENT 2014	**7**	**2**	**2**	**22**	**0**	**1**	**10**	**10**	**54**
PERCENTAGE 2014	13%	3%	3%	41%	0%	2%	19%	19%	100%
TOTAL PERMANENT 2013	10	1	1	42	1	0	17	16	88
PERCENTAGE 2013	11%	1%	1%	49%	1%	0%	19%	18%	100%

HUMAN RIGHTS

StratCorp continued to uphold and respect employee human rights through its operations. Basic human rights are enshrined in company policy and in employment contracts. There is no child labour and forced labour within the Group or any of its suppliers that the Group is aware of. There were no incidents of human rights violations during the year under review.

HIV/AIDS

The Group is committed to reducing the spread and minimizing the impact of HIV/AIDS on our employees and our stakeholders. Across our companies, we promote non-discriminatory behaviour through our shared code of ethics and provide education to support safe and responsible decisions.

OCCUPATIONAL HEALTH AND SAFETY

StratCorp's health and safety objectives and targets remain simple: full compliance with applicable legislation with a target of zero incidents, within a culture of continual improvement.

Occupational health and safety is managed in terms of an integrated safety health and environment (SHE) or SHE and quality (SHEQ) management system. Senior employees in the company are required to ensure that all legal requirements are complied with and this forms part of their personal assessment. All serious incidents are reported to the board and dealt with in the most serious light, with full investigations conducted and appropriate remedial action taken, in all cases.

CORPORATE SOCIAL INVESTMENT

StratCorp's business model is focussed on providing members of the public who subscribe to its WealthNet or I-Cura membership, with the opportunity to start their own businesses. This is done by way of a franchise type and network marketing where the public is invited to presentations by WealthNet and I-Cura on a weekly basis, and acquires the business rights of the respective business opportunities.

For a monthly subscription thereafter, Virtus on its own accord and as agent provide members with an investment plan, death, disability, retrenchment, hospitalisation and funeral benefits. WealthNet supply administrative support to the Network members to build their own businesses and introducing other members to the business opportunity.

WealthNet currently has 21 394 clients (2013: 28 542) and Network members which contribute on a monthly basis by way of debit orders, the majority of which are within the LSM 4-7 band and from the previously disadvantaged groups in South Africa. In the past financial year, R2.4 million has been paid out to the Network members as their portion of the income earned on their business networks (2013: R4.6 million).

Since the introduction of the Wealth Creator Subscription Plan in 2003, the Group paid a total of R120 million of earnings to its members as their portions of the income they earned out of their business networks.

I-Cura provides similar services to its members, with the exception that it provides health and lifestyle products to its members. I-Cura provides training sessions for its Master Distributors and Network members as part of its service to assist them in growing their businesses. I-Cura has 2 129 customers and Network members (2013: 2 358) which use its products and services on a monthly basis. The target market for the I-Cura business is similar to that of WealthNet and in the past financial year, R1.4 million has been paid out to the Master Distributor and Network members as their portion of the income earned on their business networks (2013: R 3.1 million).

STAKEHOLDER ENGAGEMENT

StratCorp recognises that its operations and/or activities have an impact on various stakeholders ranging from communities to investors. StratCorp is committed to building and maintaining open, sustainable relationships with a range of stakeholder groups.

The Group's engagement with its respective stakeholders are summarised below:

Investors

- Interim and annual results released within three months from the period end to provide investors with current information on the Group and its activities;
- Up to date information is provided through SENS and share price feeds; and
- Progress towards meeting the King III requirements and other international reporting standards as well as improved disclosure in the annual and interim reports.

Customers

- Monthly interaction with the members with regard to expanding their businesses, provision of training and presentation facilities; and
- Regular meetings to introduce new products and services to members, and recognise outstanding performers.

Government authorities

- Continual engagement with government departments such as the Financial Services Board ("FSB"), Medical Control Counsel and South African Revenue Services relating to matters and/or legislation that would impact the Group's business; and
- Continual review of changes in legislation to ensure on-going compliance with the relevant legislation.

Financiers

- Regular meetings with the financiers of the Group to review facilities.

StratCorp's risk philosophy recognises that effective risk management is central to maintaining and improving a competitive advantage while adapting to changes in the business environment. StratCorp adopts a holistic approach to managing uncertainty, representing both risk and opportunity. The aim is to establish an acceptable level of risk in each area of business, which should be as low as reasonably practical, while taking full advantage of the highest returns possible to maximise shareholder wealth.

The Board approves the Group risk strategy policies in consultation with the Risk committee and decides the Group's appetite or tolerance for the risks StratCorp will or will not take in the pursuit of its goals and objectives.

The Board is responsible for risk management and for implementing an effective process to identify risk, measure its potential impact and initiate whatever is necessary to proactively manage such risks. The Audit committee, assisted by the Risk committee focuses on the review of the Group risk management process and quarterly risk management updates are tabled at the Audit committee as well as Board meetings.

Executive and operational management are accountable to the Board for designing, implementing and monitoring the process of risk management and integrating it into the day-to-day activities of the Group. Group risk management facilitates risk review at all subsidiary companies. These include reviews of all risk areas, legal compliance, contracts and insurance policies.

Matrixes are compiled setting out the risks identified at the risk review and grading these risks into high, medium and low risks. The controls are in place that are required to manage these risks and are detailed in this Annual Report.

The following risks have been identified as significant to the Group:

Risk type	**Management of risk**
STRATEGIC RISK	• understanding the markets the Group operates in – sectorally, geographically and in global or regional business culture terms; • obtaining adequate information about the market conditions and the market cycle; • combined experience base of StratCorp's executive and management team; • using an established supporting expertise base including financiers, insurers, agents, designated advisors and legal advisors; and • operating within set financial limits, approval frameworks and Board review.
MARKET RISK Counterparty/credit risk	• management regularly monitors all counterparties in order to assess their ability to perform on contracts; • internal controls include a thorough credit approval process with regular management review; • debtors are reviewed monthly by management; • operating within set financial limits; • significant exposures require board approval; and • the effectiveness of controls is assessed through the Group's risk management process, as determined by the audit and risk committee.
Economic risk	• regularly monitoring the market conditions and the impact thereof on the ability of the clients to continue subscribing to the Group's products and services; • regular review of the value added to clients by the Group through its product and service offerings; and • operating within set financial limits.
FINANCIAL RISK Interest rate risk	• the Group's interest rate policy is approved by the Board; • a detailed review of the Group's interest rate exposure is reviewed regularly by the Board; and • management performs an on-going review of the Group's interest rate exposure.
Risk of non-compliance with loan covenants	• loan covenants are continually reviewed to ensure that current loans are well within loan covenant ratios.
Fraud risk	• fraud risk factors and internal controls are regularly reviewed and assessed through the Group's risk management process; • the fraud risk management strategy is continuously reviewed and updated; and • a whistle blower policy is in place.
Funding risk	• the Group has a detailed cash flow and funding plan and liquidity gap analysis in order to facilitate adequate funding for its operations and to ensure that the Group's funding is at levels that result in an efficient cost of capital, while maintaining an acceptable level of risk.
OPERATIONAL RISK Loss or breakdown of key assets	• management plays a key role in ensuring that adequate insurance cover is held for all key assets; and • where necessary, such insurance has been extended to limited business interruption cover.
Financial claims from contractual exposures	• internal controls are in place to minimise claims for damages in respect of contractual exposures; and • insurance cover in place in the event that such claims arise.
LEGAL RISK	• operating companies rely on service providers such as auditors, designated advisors and attorneys as well as trade associations such as the Direct Selling Association to keep them abreast of any significant changes in legislation; and • legislation and changes thereto are regularly reviewed to ensure the Group is in compliance with all relevant tax legislation.
ORGANISATIONAL RISK Loss of key staff	• this risk is managed by ensuring competitive remuneration packages and long-term incentives, a progressive work environment, career growth opportunities and succession planning.
IT system failure	• centralized IT systems are backed up with a disaster recovery plan; and • the Group invests in appropriate computer technology to ensure that business units improve efficiencies and remain globally competitive.

ANNUAL GROUP FINANCIAL STATEMENTS

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DIRECTORS' RESPONSIBILITIES AND APPROVAL
for the year ended 28 February 2014

DIRECTORS' RESPONSIBILITY

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

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

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

The directors are of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual group 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 28 February 2015 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 reviewing and reporting on the Group's annual financial statements.

The annual group financial statements have been examined by the Group's external auditors and their report is presented on page 27.

APPROVAL

The annual group financial statements set out on pages 28 to 73, which have been prepared on a going concern basis, were approved by the Board on 20 August 2014 and were signed on its behalf by:

MM Patel	**JHP Engelbrecht**
Chairman	**Acting Chief Executive Officer**
2 September 2014	**2 September 2014**

COMPANY SECRETARY'S CERTIFICATION

Compliance with Companies Act

In terms of Section 88(2)(e) of the Companies Act, and for the year ended 28 February 2014, I certify that StratCorp Limited has lodged all returns required by the Companies Act with the Companies and Intellectual Properties Commission and that all such returns are true, correct and up to date.

NW Moffatt

Company Secretary

2 September 2014

The statutory responsibilities of the StratCorp Group's Audit committee are set out in section 94(7) of the Companies Act, No 71 of 2008, as amended (the "Companies Act"). These responsibilities, together with compliance with the JSE Listings Requirements and the King Code on Corporate Governance for South Africa, as amended from time to time, are incorporated in the committee's terms of reference which was approved by the Board and reviewed for relevance by the committee during the year ended 28 February 2014. A summary of the committee's terms of reference is provided in the Corporate Governance section of the Sustainability Review in this Annual Report.

The committee has conducted its affairs in compliance with its terms of reference, and has discharged all of the responsibilities set out therein as follows:

- Details of the committee members are set out on page 11 of this Annual Report. Details about the remuneration of directors are set out in note 39 of this Annual Report;
- The committee:
    - Met on four separate occasions during the financial year under review to consider, inter alia, the interim and year-end results of the Group, as well as to consider regulatory and accounting standard compliance by the Group;
    - Reviewed the effectiveness of the Group's system of internal financial controls, including receiving assurance from management and the external auditors;
    - Reviewed policies and procedures for detecting and preventing fraud;
    - Met with the designated auditor to consider matters of importance and relevant to the finalisation of the Group's financial statements and to the affairs of the Group generally;
    - Reviewed the overall risk management report of the Risk committee and satisfied itself that appropriate procedures and processes are in place to identify, monitor and manage the overall risk profile of the Group;
    - Recommended the re-appointment of SAB&T Chartered Accountants Incorporated ("Nexia SAB&T") as the registered independent auditor after satisfying itself through enquiry that Nexia SAB&T is independent as defined in terms of section 94(8) of the Companies Act and approved the designated auditor in terms of the provisions of section 90 of the Companies Act;
    - Approved the terms of engagement and remuneration of Nexia SAB&T;
    - Ensured that the appointment of Nexia SAB&T complies with the provisions of the Companies Act and any other legislation relating to the appointment of auditors;
    - Approved a non-audit services policy, which complies with the provisions of the Companies Act pertaining to the nature and extent of any non-audit services to the company during the financial year under review and therefore it was not necessary for the Audit committee to pre-approve any contracts for such services by the auditors; and
    - Considered, and satisfied itself of the appropriateness of the expertise and experience of the Group's financial director and the finance function of the Group;

To the best of its knowledge and belief, and based on the information and explanations provided by management, as well as discussions with the independent external auditors on the results of their audit, the Audit committee is satisfied that there was no material breakdown in internal accounting controls during the financial year under review. The Audit committee has evaluated the Annual Report and annual group financial statements of the Group for the year ended 28 February 2014 and, to the best of its knowledge and belief, consider that the Group complies, in all material respects, with the requirements of the Companies Act, International Financial Reporting Standards and the JSE Listings Requirements. The Audit committee accordingly recommended the Annual Report and annual group financial statements to the Board for approval.

SI Kallen

Chairperson of the Audit committee

2 September 2014

1. REVIEW OF ACTIVITIES

Main business and operations

The Group is engaged in financial products, health and wellness products and general financing through its subsidiaries and operates principally in South Africa.

Net profit after tax of the Group from continuing operations was R3 925 611 (2013: loss of R8 539 495) and total comprehensive income after tax was R2 864 831 (2013: loss of R7 540 227) after providing for the loss from discontinued operations of R1 193 728 (2013: R264 585).

2. AUTHORISED AND ISSUED SHARE CAPITAL

There were no changes in the authorised share capital of the Company during the year under review. The Company issued 25 882 353 ordinary shares on 28 October 2013 at an issue price of 5.1 cents per ordinary share, in terms of the general authority to issue shares for cash.

The proceeds of the issue for cash of R1 320 000 were inter alia used to settle an outstanding loan from Kose-Kose Investments Limited amounting to R900 000.

The total issued capital of the Company was 206 178 683 ordinary shares at 28 February 2014.

3. BORROWING LIMITATIONS

In terms of the Memorandum of Incorporation of the Company, the directors may exercise all the powers of the Company to borrow money, as they consider appropriate. The Memorandum of Incorporation does not limit either the Company or any of the Group companies' borrowing powers. The borrowing authority is limited by the directors to the amount authorised by the directors. The Group's borrowings as set out in the annual group financial statements decreased as the Group reduced its overdraft facilities over the year and settled the loan from Kose-Kose Investments Limited.

4. NON-CURRENT ASSETS

Plant and Equipment to the value of R 478 059 were acquired, of which R 397 297 related to leasehold improvements at the new Head Office of the Group in Centurion. R 279 100 were spent on internally developed computer software during the year to increase the Company's operating capacity.

5. DIVIDENDS

No dividends were declared or paid to shareholders during the year.

6. DIRECTORS

Details of the directors of the Company are given on page 3 of the Annual Report. Details of directors' remuneration that the shareholders will be requested to approve at the next annual general meeting appear on page 76 of the Notice of the annual general meeting.

7. INTEREST IN SUBSIDIARIES

Information on subsidiary companies is contained note 8 of the annual group financial statements. The contribution of the subsidiary companies and their respective subsidiaries to the after tax profit/(loss) of the Group are as follows:

Subsidiary	**2014 R'000**	2013 R'000
Virtus Financial Services Group	**69 312**	521 598
StratCorp Property Holdings Group	**5 569 705**	(590 135)
StratFin	**(139 014)**	(160 528)
I-Cura Group	**(1 640 654)**	(2 574 253)
Continuing operations	**3 859 349**	(2 803 318)
Discontinued operations*	**(1 193 728)**	(264 585)
Total profit/(loss) after tax	**2 665 621**	(3 067 903)

* Includes the Kenya, Botswana, Namibia, Lesotho and Swaziland operations of I-Cura and the Swaziland, Namibia and Lesotho operations of Virtus that was closed during the 2013 year, as well as the Property Development Division.

8. MAJOR SHAREHOLDERS

According to the records of the Company, the shareholders registered as holding five per cent or more of the Company's shares at 28 February 2014, other than the directors and their associates were:

	% of total issued shares		Number of shares	
	2014	2013	**2014**	2013
Kose-Kose Investments Limited	**30.59**	34.98	**63 072 840**	63 072 840
Heymans Diskresionêre Familie Trust	**12.75**	0.22	**26 280 025**	401 227

According to the records of the Company, the shareholders registered as holding five per cent or more of the Company's shares at the date of this Annual Report, other than the directors and their associates were:

	% of total issued shares		Number of shares	
	2014	2013	**2014**	2013
Kose-Kose Investments Limited	**30.59**	34.98	**63 072 840**	63 072 840
Heymans Diskresionêre Familie Trust	**12.75**	0.22	**26 280 025**	401 227
DB Harington	**10.55**	12.06	**21 751 274**	21 751 274
Sonwe Trust	**9.81**	11.22	**20 239 224**	20 239 224

9. SHAREHOLDER ANALYSIS

According to the securities register of the Company, the shareholder analysis at the date of this Annual Report is as follows:

	Number of shareholders	Number of ordinary shares	Percentage of issued ordinary share capital
Public Shareholders	13 426	52 739 534	25.58
Non Public Shareholders	7	153 439 149	74.42
- Directors and their associates	2	111 053	0.05
- Shareholders holding 5% or more	3	131 343 363	63.71
- StratCorp Share Incentive Trust	1	20 703 531	10.04
-Treasury Shares	1	1 281 202	0.62
Total	13 433	206 178 683	100.00

10. SPECIAL RESOLUTIONS

At the Annual General Meeting of the Company that was held on 1 November 2013 the shareholders did not approve the ordinary resolution relating to the general authority to issue shares for cash or any of the special resolutions that were tabled at the meeting.

At the 2013 Annual General Meeting of StratCorp Property Holdings that was held on 15 August 2013 the special resolutions relating to the remuneration to the directors for services was approved as well as a general authority to directors to allot or issue shares. No remuneration was paid to any directors.

11. NUMBER OF EMPLOYEES

The average number of employees during the year under review was 49 (2013:88).

12. Secretary

Ms NW Moffatt is the Group Company Secretary. Her address and that of the registered office are:

Business address:	3rd Floor Lakeside Building B	**Postal address:**	P O Box 12022
	Heuwel Avenue		Centurion
	Centurion		0046
	0157		

13. AUDITORS

During the year under review, Nexia SAB&T Chartered Accountants Inc, continued as auditors, and will continue in office in accordance with section 90 of the Companies Act. The designated auditor is Mr MF Sulaman.

14. LITIGATION

As reported on several occasions during the past year and recently on 14 May 2014, a major subsidiary of the company, Virtus is being investigated by the Financial Services Board ("FSB"). The FSB's investigation of Virtus originated from a complaint received by the FSB in 2007 of the alleged contravention by the subsidiary of certain provisions of the FAIS Act. The latest notice from the FSB was delivered to Virtus on 9 May 2014 (the "2014 Notice"). A report was also received from the FSB on 31 July 2014 that outlines the findings of the onsite visits and risk assessment conducted by the FSB at Virtus on 13 and 14 March 2013 (the "July 2014 Report"). Virtus has requested the FSB to grant a further extension until 30 September 2014 for Virtus to file a response that incorporates a reply to the matters raised in the 2014 Notice and the July 2014 Report. The matter is therefore receiving attention, and Virtus has been engaging with the Regulator in this regard.

As reported previously, a summons was also served on Virtus and inter alia on the former Chief Executive Officer of StratCorp (who was a director of Virtus at the time) claiming payment of damages in excess of R23 million. The claim arises from an investment made by a third party in 2008 in a company that was liquidated in 2010. Virtus acted in an advisory capacity to the third party. Virtus and the other defendants are defending the matter. Shareholders will be updated as and when there are further developments.

The Company's largest shareholder Kose-Kose Investments Limited has brought an urgent application during January 2014 in the North Gauteng High Court of South Africa to place the Company under supervision and business rescue. On 28 February 2014 the North Gauteng High Court of South Africa struck the application by Kose-Kose Investments Limited from the roll as the matter was not urgent and awarded a cost order in favour of StratCorp.

The Company is not aware of any further steps taken by Kose-Kose Investments Limited to enrol its application to place StratCorp under supervision and business rescue on the opposed motion roll, after it was struck from the urgent roll on 28 February 2014 in the North Gauteng High Court.

Except for the above, the Board is not aware of any other legal or arbitration proceedings, pending or threatened against the Group, which may have or have had, in the 12 months preceding the date of this report, a material effect on the Group's financial position.

15. EVENTS AFTER THE REPORTING PERIOD

Save for the above, and specifically the 2014 Notice and July 2014 Report received by Viruts from the FSB as discussed above, the directors are not aware of any matter or circumstance arising since the end of the financial year that could have a material effect on the annual group financial statements.

16. GOING CONCERN

The annual group 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. The directors constantly review the business models of the Group and its operating subsidiaries to ensure sustainability and the ability to operate profitably and generate positive cash flows. Funding facilities are also reviewed regularly to ensure that the Group has sufficient facilities in place to finance its operations.

The Group incurred a net profit of R 2.7 million for the year ended 28 February 2014, compared to a net loss of R 8.8 million for 2013. The current liabilities of the Group exceed its current assets as at 28 February 2014 mainly as a result of the linked units in StratCorp Property Holdings that is payable on 1 December 2014, which results in material uncertainty regarding the Group's ability to continue as a going concern. Management is pursuing various solutions in order to address the material uncertainties which exists surrounding the going concern of the Group including, but not limited to the process of renegotiating the settlement terms with the linked unitholders.

The profits incurred by the Group over the last financial year have yielded some positive cash flows, to enable the Group to continue operating as a going concern. The Group further managed to reduce debt. Management will focus on revenue and the expansion of the revenue channels over the next financial year and confirm the going concern of the Group. Tough market conditions however, continue to exist which may affect the Group's performance and strain the ability to generate future cash flows.

There is however a number of significant risks still threatening the Group in its current form. The reported summons served against a major subsidiary of the Group needs to be defended successfully and the Regulator investigating the affairs of a major subsidiary must be resolved. In addition, the threatened application by the Company's largest shareholder to place the Group under supervision and business rescue is still uncertain if they will proceed. It is management's intentions to resolve these issues amicably and to benefit of all stakeholders.

Independent auditors' report on the consolidated and separate annual financial statements

To the shareholders of StratCorp Limited

Report on the Consolidated and Seperate Annual Financial Statements

We have audited the consolidated and seperate annual financial statements of StratCorp Limited, which comprise the consolidated and seperate statement of financial position as at 28 February 2014, and the consolidated and seperate statement of comprehensive income, consolidated and seperate statement of changes in equity and consolidated and seperate statement of cash flows for the year then ended, and the notes, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated and Seperate Annual Financial Statements

The Company's directors are responsible for the preparation and fair presentation of these consolidated and seperate annual financial statements in accordance with International Financial Reporting Standards, and requirements of the Companies Act of South Africa and for such internal control as the directors determine is necessary to enable the preparation of consolidated and seperate financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated and seperate 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 whether the consolidated and seperate annual financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated and seperate annual financial statements present fairly, in all material respects, the consolidated and seperate financial position of StratCorp Limited as at 28 February 2014, and its consolidated financial performance and consolidated and seperate cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa.

Emphasis of Matter

Without qualifying our opinion, we draw attention to the Directors' Report and note 43 of the consolidated annual financial statements which indicates that the current liabilities of the Group exceeded its current assets as at 28 February 2014. The Directors' Report and note 43 of the consolidated annual financial statements indicate that these conditions, along with other matters, indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

Other reports required by the Companies Act

As part of our audit of the consolidated and seperate annual financial statements for the year ended 28 February 2014, we have read the Directors' Report, the Audit Committee's Report and Company Secretary's Certificate for the purpose of identifying whether there are material inconsistencies between these reports and the consolidated and seperate annual audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the consolidated and seperate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

Nexia SAB&T
Per: M. F. Sulaman
Registered Auditor
2 September 2014

119 Witch Hazel Avenue
Highveld Technopark
Centurion
0046

STATEMENT OF FINANCIAL POSITION
for the year ended 28 February 2014

Figures in Rand	Notes	Group 2014	Group 2013	Company 2014	Company 2013
Assets					
Non-Current Assets					
Property, plant and equipment	5	2 799 065	3 485 250	2 799 065	3 485 250
Goodwill	6	1 317 953	1 317 953	-	-
Intangible assets	7	1 538 996	3 614 869	1 527 127	3 603 000
Investments in subsidiaries	8	-	-	3 634 210	2 000 200
Other financial assets	9	1 435 071	1 285 313	1 430 000	1 253 453
Finance lease receivables	10	33 096	158 335	-	-
Deferred tax	11	6 407 177	4 818 221	5 489 944	5 291 465
		13 531 358	**14 679 941**	**14 880 346**	**15 633 368**
Current Assets					
Other financial assets	9	69 337	234 945	1 035 176	621 106
Current tax receivable		40 564	39 857	-	-
Finance lease receivables	10	52 953	215 813	-	-
Loans to group companies	12	-	-	15 651 355	20 685 443
Inventories	13	646 521	797 958	-	-
Trade and other receivables	14	2 992 655	886 330	455 077	246 900
Cash and cash equivalents	15	1 207 589	1 990 958	29 570	76 910
		5 009 619	**4 165 861**	**17 171 178**	**21 630 359**
Assets of disposal groups	16	14 246 938	14 928 515	-	-
Total Assets		**32 787 915**	**33 774 317**	**32 051 524**	**37 263 727**
Equity and Liabilities					
Equity					
Share capital	17	44 960 836	43 640 836	58 579 945	57 259 945
Reserves		1 430 000	1 297 052	1 430 000	1 253 453
Accumulated loss		(41 504 316)	(44 236 199)	(33 905 008)	(31 451 157)
		4 886 520	**701 689**	**26 104 937**	**27 062 241**
Liabilities					
Non-Current Liabilities					
Other financial liabilities	19	-	8 792 603	-	-
Finance lease obligation	20	76 099	345 915	76 099	345 915
Deferred tax	11	1 503 101	2 158 263	902 065	1 528 290
		1 579 200	**11 296 781**	**978 164**	**1 874 205**
Current Liabilities					
Loans from group companies	12	-	-	-	888 472
Other financial liabilities	19	10 782 265	934 906	-	-
Current tax payable		8 345	8 240	-	-
Finance lease obligation	20	269 832	268 247	269 832	268 247
Operating lease liability	21	19 507	855 390	19 507	855 390
Trade and other payables	22	3 225 198	4 577 102	565 605	1 047 383
Bank overdraft	15	4 113 479	5 267 789	4 113 479	5 267 789
		18 418 626	**11 911 674**	**4 968 423**	**8 327 281**
Liabilities of disposal groups	16	7 903 569	9 864 173	-	-
Total Liabilities		**27 901 395**	**33 072 628**	**5 946 592**	**10 201 486**
Total Equity and Liabilities		**32 787 915**	**33 774 317**	**32 051 524**	**37 263 727**

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 28 February 2014

Figures in Rand	Notes	Group 2014	Group 2013	Company 2014	Company 2013
Continuing operations					
Revenue	25	34 276 737	42 756 849	7 225 314	8 801 046
Cost of sales	26	(6 547 247)	(11 847 056)	-	-
Gross profit		**27 729 490**	**30 909 793**	**7 225 314**	**8 801 046**
Other income	27	509 953	375 002	22 115	58 920
Operating expenses		(22 737 028)	(38 426 670)	(5 076 544)	(13 863 163)
Impairment of intangible assets	7	(1 613 911)	(173 493)	(1 613 911)	(173 493)
Impairment of property, plant and equipment	5	(312 386)	(132 161)	(312 386)	(132 161)
Impairment of investments in and loans to subsidiaries		-	-	(3 391 167)	-
Reversal/(impairment) of loan to Share Incentive Trust		-	-	414 071	(11 757 997)
Operating profit/(loss)	28	**3 576 118**	**(7 447 530)**	**(2 732 508)**	**(17 066 848)**
Investment revenue	29	61 897	109 246	3 107	44 044
Finance costs	30	(1 922 326)	(1 587 500)	(549 154)	(786 773)
Profit/(loss) before taxation		**1 715 689**	**(8 925 784)**	**(3 278 555)**	**(17 809 577)**
Taxation	31	2 209 922	386 289	824 704	3 471 189
Profit/(loss) from continuing operations		**3 925 611**	**(8 539 495)**	**(2 453 851)**	**(14 338 388)**
Discontinued operations					
Loss from discontinued operations	16	(1 193 728)	(264 585)	-	-
Profit (loss)		**2 731 883**	**(8 804 080)**	**(2 453 851)**	**(14 338 388)**
Other comprehensive income/(loss):					
Exchange differences on translating foreign operations		(60 554)	13 313	-	-
Fair value adjustments	9	176 547	1 253 453	176 547	1 253 453
Income tax relating to exchange differences on translating foreign operations		16 955	(2 913)	-	-
Other comprehensive income/(loss) net of taxation		**132 948**	**1 263 853**	**176 547**	**1 253 453**
Total comprehensive income/(loss)		**2 864 831**	**(7 540 227)**	**(2 277 304)**	**(13 084 935)**
Attributable to equity holders of Stratcorp:					
Profit/(loss) from continuing operations		3 925 611	(8 539 495)	(2 453 851)	(14 338 388)
Loss from discontinued operations		**(1 193 728)**	**(264 585)**	-	-
Profit/(loss) attributable to equity holders of StratCorp		**2 731 883**	**(8 804 080)**	**(2 453 851)**	**(14 338 388)**
Total comprehensive income/(loss) attributable to equity holders of StratCorp		**2 864 831**	**(7 540 227)**	**(2 277 304)**	**(13 084 935)**
Basic earnings/(loss) and diluted earnings/(loss) per share from continuing operations (c)	32	2.35	(5.39)		
Basic (loss) and diluted (loss) per share from discontinued operations (c)	32	(0.71)	(0.17)		
Basic earnings/(loss) and diluted earnings/(loss) per share (c)	32	1.64	(5.56)		

STATEMENT OF CHANGES IN EQUITY
for the year ended 28 February 2014

Figures in Rand	Share capital	FCTR	FVA	Total reserves	Accumulated loss	Total equity
Group						
Balance at 01 March 2012	**43 640 836**	**33 199**	**-**	**33 199**	**(35 432 119)**	**8 241 916**
Loss	-	-	-	-	(8 804 080)	(8 804 080)
Other comprehensive income	-	10 400	1 253 453	1 263 853	-	1 263 853
Total comprehensive income/(loss)	**-**	**10 400**	**1 253 453**	**1 297 052**	**(8 804 080)**	**(7 540 227)**
Balance at 01 March 2013	**43 640 836**	**43 599**	**1 253 453**	**1 297 052**	**(44 236 199)**	**701 689**
Profit	-	-	-	-	2 731 883	2 731 883
Other comprehensive income/(loss)	-	(43 599)	176 547	132 948	-	132 948
Total comprehensive income/(loss)	**-**	**(43 599)**	**176 547**	**132 948**	**2 731 883**	**2 864 831**
Issue of shares	**1 320 000**	**-**	**-**	**-**	**-**	**1 320 000**
Total contributions by owners of company recognised directly in equity	**1 320 000**	**-**	**-**	**-**	**-**	**1 320 000**
Balance at 28 February 2014	**44 960 836**	**-**	**1 430 000**	**1 430 000**	**(41 504 316)**	**4 886 520**
Note	17	18	9			
Company						
Balance at 01 March 2012	**57 259 945**	**-**	**-**	**-**	**(17 112 769)**	**40 147 176**
Loss	-	-	-	-	(14 338 388)	(14 338 388)
Other comprehensive income	-	-	1 253 453	1 253 453	-	1 253 453
Total comprehensive income/(loss)	**-**	**-**	**1 253 453**	**1 253 453**	**(14 338 388)**	**(13 084 935)**
Balance at 01 March 2013	**57 259 945**	**-**	**1 253 453**	**1 253 453**	**(31 451 157)**	**27 062 241**
Loss	-	-	-	-	(2 453 851)	(2 453 851)
Other comprehensive income	-	-	176 547	176 547	-	176 547
Total comprehensive income/(loss)	**-**	**-**	**176 547**	**176 547**	**(2 453 851)**	**(2 277 304)**
Issue of shares	**1 320 000**	**-**	**-**	**-**	**-**	**1 320 000**
Total contributions by owners of company recognised directly in equity	**1 320 000**	**-**	**-**	**-**	**-**	**1 320 000**
Balance at 28 February 2014	**58 579 945**	**-**	**1 430 000**	**1 430 000**	**(33 905 008)**	**26 104 937**

FCTR – Foreign Currency Translation Reserve

FVA – Fair value adjustments through other comprehensive income reserve

Note	17	18	9

STATEMENT OF CASH FLOWS
for the year ended 28 February 2014

Figures in Rand	Notes	Group 2014	Group 2013	Company 2014	Company 2013
Cash flows from operating activities					
Cash receipts from customers		33 116 463	44 086 900	7 017 137	8 756 560
Cash paid to suppliers and employees		(29 763 853)	(50 299 558)	(4 793 645)	(11 399 521)
Cash generated from/(used in) operations	33	3 352 610	(6 212 658)	2 223 492	(2 642 961)
Interest income		61 897	59 386	3 107	44 044
Tax paid	34	(14 798)	(120 292)	-	-
Cash flows discontinued operations	35	(2 470 284)	7 778 405	-	-
Net cash from operating activities		**929 425**	**1 504 841**	**2 226 599**	**(2 598 917)**
Cash flows from investing activities					
Purchase of property, plant and equipment to maintain operating capacity	5	(478 059)	(363 352)	(478 059)	(363 352)
Sale of property, plant and equipment		14 475	839 984	14 475	839 984
Purchase of other intangible assets to maintain operating capacity	7	-	(2 637)	-	(2 637)
Expenditure on product development	7	(279 100)	(1 193 232)	(279 100)	(1 193 232)
Loans to group companies repaid		-	-	1 713 988	5 254 270
Loans advanced to group companies		-	-	(1 705 077)	-
Repayment of loans from group companies		-	-	(888 472)	-
Sale of financial assets		-	1 301 625	-	1 301 625
Net cash from investing activities		**(742 684)**	**582 388**	**(1 622 245)**	**5 836 658**
Cash flows from financing activities					
Proceeds on share issue	17	1 320 000	-	1 320 000	-
Proceeds from other financial liabilities		1 054 755	-	-	-
Repayment of other financial liabilities		-	(414 066)	-	(3 221 463)
Finance lease liability payments		(309 616)	(1 235 518)	(309 616)	(1 235 518)
Finance costs		(1 880 941)	(1 451 333)	(507 769)	(650 606)
Net cash from financing activities		**184 198**	**(3 100 917)**	**502 615**	**(5 107 587)**
Total cash movement for the year		**370 939**	**(1 013 686)**	**1 106 969**	**(1 869 846)**
Cash at the beginning of the year		(3 276 831)	(2 263 145)	(5 190 879)	(3 321 033)
Total cash at end of the year	**15**	**(2 905 892)**	**(3 276 831)**	**(4 083 910)**	**(5 190 879)**

1. Statement of compliance

The annual financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRS"), which includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IAS") and Interpretations issued by the IFRS Interpretations Committee, and the requirements of the Companies Act of South Africa, the South African Institute of Chartered Accountants' Financial Reporting Guidelines and the JSE Listings Requirements. A summary of significant accounting policies is set out in note 2 below.

2. Summary of significant accounting policies

2.1 Basis of presentation

The annual financial statements have been prepared on the historical cost basis, except in the case of financial instruments which are measured using fair value and amortised cost models and incorporate the principal accounting policies set out below.

The accounting policies conform with IFRS and are consistent with those followed in the preparation of the annual financial statements for the year ended 28 February 2013. The preparation of financial statements in compliance with adopted IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 3.

2.2 Basis of consolidation

Where the company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control. De-facto control exists in situations where the company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the company considers all relevant facts and circumstances, including:

- The size of the company's voting rights relative to both the size and dispersion of other parties who hold voting rights;
- Substantive potential voting rights held by the company and by other parties;
- Other contractual arrangements; and
- Historic patterns in voting attendance.

The consolidated financial statements present the results of the company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full. The consolidated financial statements incorporate the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

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.

Property, plant and equipment is initially measured at cost. 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 are depreciated on the diminishing balance method over their expected useful lives to their estimated residual value, except for paintings which is not depreciated as value normally increases with time and the residual value is expected to continue to exceed the carrying cost of the paintings.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses. The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Plant and machinery	5 to 10 years
Furniture and fixtures	2 to 6 years
Motor vehicles	5 years
Office equipment	2 to 5 years
IT equipment	2 to 3 years
Computer software	2 to 3 years
Leasehold improvements	period of lease
Paintings	-

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate.

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.

2.4 Goodwill

Goodwill represents the excess of the cost of a business combination over, in the case of business combinations completed prior to 1 January 2010, the Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities acquired and, in the case of business combinations completed on or after 1 January 2010, the total acquisition date fair value of the identifiable assets, liabilities and contingent liabilities acquired.

For business combinations completed prior to 1 January 2010, cost comprised the fair value of assets given, liabilities assumed and equity instruments issued, plus any direct costs of acquisition. Changes in the estimated value of contingent consideration arising on business combinations completed by this date were treated as an adjustment to cost and, in consequence, resulted in a change in the carrying value of goodwill.

For business combinations completed on or after 1 January 2010, cost comprises the fair value of assets given, liabilities assumed and equity instruments issued, plus the amount of any non-controlling interests in the acquiree plus, if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree. Contingent consideration is included in cost at its acquisition date fair value and, in the case of contingent consideration classified as a financial liability, re-measured subsequently through profit or loss. For business combinations completed on or after 1 January 2010, direct costs of acquisition are recognised immediately as an expense.

Goodwill is capitalised with any impairment in carrying value being charged to profit and loss in the consolidated statement of comprehensive income. Where the fair value of identifiable assets, liabilities and contingent liabilities exceeds the fair value of consideration paid, the excess is credited in full to profit and loss in the consolidated statement of comprehensive income on the acquisition date.

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 entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Patents, trademarks and other rights

Separately acquired trademarks and licences are shown at historical cost. Trademarks and licences acquired in a business combination are recognised at fair value at the acquisition date. Trademarks and licenses with a finite useful life are carried at cost less accumulated amortisation. Amortisation is calculated using the straight line method to allocate the cost of trademarks and licences over their estimated useful lives.

Trademarks and licences with an infinite useful life are carried at cost and are tested for impairment annually.

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of three to five years.

Internally generated computer software and websites

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

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

Costs that are directly attributable to the software product development and that are capitalised include employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortized over their estimated useful lives, which does not exceed 5 years.

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, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. 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 every period-end.

Reassessing the useful life of an intangible asset with a finite 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.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets. Amortisation is provided to write-down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Trademarks	indefinite
Computer software, internally generated	5 years
Websites	5 years

2.6 Investments in subsidiaries

In the company's separate annual financial statements, investments in subsidiaries are carried at cost less any accumulated impairment. The yearends of all the Group's direct and indirect subsidiaries coincide with that of the Company.

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 Financial instruments

Classification

The group classifies financial assets and financial liabilities into the following categories:

- Financial assets at fair value;
- Financial assets at amortized cost; and
- Financial liabilities measured at amortised cost.

As from 1 March 2010 the Group classifies financial assets into two categories: fair value or amortized cost as per IFRS 9. Classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. When, and only when, an entity changes its business model for managing financial assets it shall reclassify all affected financial assets.

Financial assets at amortised cost:

An investment is classified as 'amortised cost' only if both of the following criteria are met: the objective of the Group's business model is to hold the asset to collect the contractual cash flows; and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Financial assets at fair value:

If either of the two criteria above are not met, the financial instrument is classified as 'fair value through profit or loss'.

The group has not designated any debt investment as measured at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch.

All equity investments are measured at fair value. Equity investments that are held for trading are measured at fair value through profit or loss. For all other equity investments, the Group can make an irrevocable election at initial recognition to recognise changes in fair value through other comprehensive income rather than profit or loss.

Initial recognition and measurement

Financial instruments are recognised initially when the Group becomes a party to the contractual provisions of the instruments. The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value though profit or loss are expensed in the income statement.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Subsequent measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Net gains or losses on the financial instruments at fair value through profit or loss includes dividends and interest.

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial assets at fair value through other comprehensive income are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in other comprehensive income. This excludes equity investments for which a fair value is not determinable, which are measured at cost less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest rate method.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity specific inputs.

Impairment of financial assets

At each reporting date the Group assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the Group, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

In the case of equity securities classified as at fair value through other comprehensive income, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for financial assets at fair value through other comprehensive income, the cumulative loss measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss is removed from equity as a reclassification adjustment to other comprehensive income and recognised in profit or loss. Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss except for equity investments classified as at fair value through other comprehensive income.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write-off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Loans to (from) group companies

These include loans to and from the holding company to its subsidiaries and are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as financial assets measured at amortised cost.

Loans from group companies are classified as financial liabilities measured at amortised cost.

Trade and other receivables

Trade receivables are measured at initial recognition 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 debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. 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.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Other receivables such as pre-payments and deposits, employee costs in advance are measured at initial recognition at cost.

Trade and other receivables are classified as financial assets measured at amortised cost.

Trade and other payables

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

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.

2.8 Fair value measurement and hierarchy

A number of assets and liabilities included in the Group's financial statements require measurement at, and/or disclosure of fair value.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

- **Level 1**: Quoted prices in active markets for identical items (unadjusted);
- **Level 2**: Observable direct or indirect inputs other than Level 1 inputs; and
- **Level 3**: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures the following at fair value:

- Investment in unlisted shares: Classified as level 3 (refer note 9);
- Discontinued operations: Classified as level 3 (refer note 16)

For more detailed information in relation to the fair value measurement of the items above, please refer to the applicable notes.

2.9 Tax

Current tax assets and liabilities

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

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

Deferred tax assets and liabilities

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

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

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

Tax expenses

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

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

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

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

2.10 Leases

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

Finance leases lessor

The group recognises finance lease receivables in the statement of financial position. Finance income is recognised based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the finance lease.

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 – lessor

Operating lease income is recognised as an income on a straight line basis over the lease term. Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income. Income for leases is disclosed under revenue in profit or loss.

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.

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

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 of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs. The cost of other inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

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

2.12 Non current assets held for sale and disposal groups

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale and assets of disposal groups are measured at the lower of its carrying amount and fair value less costs to sell with impairments recognised in profit or loss from discontinuing operations.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in profit or loss.

2.13 Impairment of assets

The group assesses whether there is any indication that an asset may be impaired at each end of the reporting period. If any such indication exists, the Group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the Group also tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

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. Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities.

If the Group reacquires its own equity instruments, the consideration paid, including any directly attributable incremental costs (net of income taxes) on those instruments are deducted from equity until the shares are cancelled or reissued. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Consideration paid or received shall be recognised directly in equity.

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

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 group recognises a liability and an expense for bonuses and profit-sharing. The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.16 Revenue

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.

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

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group;
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

Service revenue is recognised by reference to the stage of completion of the transaction at the end of the reporting period. Stage of completion is determined by the proportion of costs incurred to date bear to the total estimated costs of the transaction.

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

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.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

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. 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.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

2.18 Borrowing costs

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

2.19 Translation of foreign currencies

Functional and presentation currency

Items included in the annual group financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates (functional currency).

The annual group financial statements are presented in Rand which is the Group functional and presentation currency.

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual group and separate financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in South African Rand ("Rand") by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

Investments in subsidiaries

The results and financial position of a foreign operation are translated into the functional currency using the following procedures:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each item of profit or loss are translated at exchange rates at the dates of the transactions; and
- all resulting exchange differences are recognised to other comprehensive income and accumulated as a separate component of equity.

Exchange differences arising on a monetary item that forms part of a net investment in a foreign operation are recognised initially to other comprehensive income and accumulated in the translation reserve. They are recognised in profit or loss as a reclassification adjustment through to other comprehensive income on disposal of net investment.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation are treated as assets and liabilities of the foreign operation.

The cash flows of a foreign subsidiary are translated at the exchange rates between the functional currency and the foreign currency at the dates of the cash flows.

2.20 Contingent assets and liabilities

In line with IAS 37 contingent assets and contingent liabilities are not recognised. Contingencies and the full details thereof are disclosed in note 37.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. It can also be a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

3 Significant judgements and sources of estimation uncertainty

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

3.1 Trade receivables, Investments at fair value through profit and loss / other comprehensive income and Loans and receivables

The group assesses its Trade receivables and Investments at fair value through profit and loss or other comprehensive income and Loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in 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 a financial asset.

3.2 Equity investments at fair value through other comprehensive income

The group follows the guidance of IFRS 9 to determine when an at fair value through other comprehensive income equity investment is impaired. This determination requires significant judgment. In making this judgment, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

3.3 Allowance for slow moving, damaged and obsolete inventory

When an allowance to write-down inventory to the lower of cost or net realisable value is made, management estimates the selling price and direct cost to sell therelevant inventory items. The write-down is included in the operating profit note.

3.4 Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

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

3.5 Impairment testing

The recoverable amounts of cash generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors such as client and customer retentions and growth, together with economic factors such as exchange rates, inflation and interest rates.

3.6 Expected manner of realisation for deferred tax

Deferred tax is provided for on the fair value adjustments of investment properties based on the expected manner of recovery, i.e. sale or use. This manner of recovery affects the rate used to determine the deferred tax liability. Refer note 11 – Deferred tax.

3.7 Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

4. New Standards and Interpretations

4.1 Standards and interpretations effective and adopted in the current year

In the current year, the Group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Title	Details of amendment	Effective
IFRS 10 Consolidated Financial Statements	• New standard that replaces the consolidation requirements in SIC-12 *Consolidation—Special Purpose* Entities and IAS 27 *Consolidated and Separate Financial Statements*. Standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company and provides additional guidance to assist in the determination of control where this is difficult to assess.	1 January 2013
	• Amendments to the transition guidance of IFRS 10 *Consolidated Financial Statements*, IFRS 11 *Joint Arrangements* and IFRS 12 *Disclosure of Interests in Other Entities*, thus limiting the requirements to provide adjusted comparative information.	1 January 2013
IFRS 13 Fair Value Measurement	• New guidance on fair value measurement and disclosure requirements.	1 January 2013
IAS 1, Presentation of Financial Statements	• *New requirements to group together items within OCI that may* be reclassified to the profit or loss section of the income statement in order to facilitate the assessment of their impact on the overall performance of an entity.	1 July 2012
	• Annual Improvements 2009–2011 Cycle: Amendments clarifying the requirements for comparative information including minimum and additional comparative information required.	1 January 2013
IAS 24 Related Party Disclosures	• Annual Improvements 2010-2012 Cycle: Amendments to the definitions and disclosure requirements for key management personnel.	1 July 2014
IAS 27 Consolidated and Separate Financial Statements	• Consequential amendments resulting from the issue of IFRS 10, 11 and 12.	1 January 2013
IAS 34 Interim Financial Reporting	• Annual Improvements 2009–2011 Cycle: Amendments to improve the disclosures for interim financial reporting and segment information for total assets and liabilities	1 January 2013

4.2 Standards and interpretations issued but not yet effective

The following standards and interpretations were issued but not yet effective at the date of the authorisation of these annual financial statements:

Title	Details of amendment	Effective
IFRS 8 Operating Segments	• Annual Improvements 2010–2012 Cycle: Amendments to some disclosure requirements regarding the judgements made by management in applying the aggregation criteria, as well as those to certain reconciliations.	1 July 2014
IFRS 9 Financial Instruments	• New standard arising from a three-part project to replace IAS 39 Financial Instruments: Recognition and Measurement. o Phase 1: Classification and measurement (completed) o Phase 2: Impairment methodology (outstanding) o Phase3: Hedge accounting (completed)	The IASB have tentatively decided to set the effective date to be 1 January 2018.
	• Most of the requirements for financial liabilities were carried forward unchanged from IAS 39. However, some changes were made to the fair value option for financial liabilities to address the issue of own credit risk. Entities may voluntarily continue to measure their financial instruments in accordance with IAS 39 but benefit from the improved accounting for own credit risk in IFRS 9 by early adopting only that aspect of IFRS 9 separately.	However, entities may still choose to apply IFRS 9 immediately.
	• Annual Improvements 2010–2012 Cycle : Amendments to the measurement requirements for all contingent consideration assets and liabilities included under IFRS 9.	1 July 2014
IFRS 13 Fair Value Measurement	• Annual Improvements 2010-2012 Cycle: Amendments to clarify the measurement requirements for those short-term receivables and payables.	1 July 2014
IFRS 15 Revenue from Contracts from Customers	• New standard that requires companies to recognise revenue to depict the transfer of goods or services to customers, that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The new Standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements.	1 January 2017
IAS 16 Property, Plant and Equipment	• Amendments to IAS 16 and IAS 38 to clarify the basis for the calculation of depreciation and amortisation, as being the expected pattern of consumption of the future economic benefits of an asset.	1 January 2016
IAS 36 Impairment of Assets	• Amendments to address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.	1 January 2014
IAS 38 Intangible Assets	• Annual Improvements 2010-2012 Cycle: Amendments to the Revaluation method – proportionate restatement of accumulated depreciation.	1 July 2014
	• Amendments to IAS 16 and IAS 38 to clarify the basis for the calculation of depreciation and amortisation, as being the expected pattern of consumption of the future economic benefits of an asset.	1 January 2016

Management is of the opinion that the financial effects of adopting these statements should not be material.

5. Property, plant and equipment

Group and Company	2014			2013		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Plant and machinery	289 685	(159 021)	130 664	289 685	(119 279)	170 406
Furniture and fixtures	2 589 259	(1 842 131)	747 128	2 589 259	(1 695 010)	894 249
Motor vehicles	441 430	(179 780)	261 650	439 851	(124 582)	315 269
Office equipment	714 512	(490 639)	223 873	711 490	(437 859)	273 631
IT equipment	2 183 831	(1 757 997)	425 834	2 257 146	(1 617 783)	639 363
Computer software	1 203 037	(914 304)	288 733	1 125 875	(780 267)	345 608
Leasehold improvements	1 551 476	(983 093)	568 383	2 860 293	(2 166 369)	693 924
Paintings	152 800	-	152 800	152 800	-	152 800
Total	**9 126 030**	**(6 326 965)**	**2 799 065**	**10 426 399**	**(6 941 149)**	**3 485 250**

Reconciliation of property, plant and equipment - 2014

	Opening balance	Additions regular purchases	Disposals	Depreciation	Impairment loss	Total
Plant and machinery	170 406	-	-	(39 742)	-	130 664
Furniture and fixtures	894 249	-	-	(147 121)	-	747 128
Motor vehicles	315 269	1 579	-	(55 198)	-	261 650
Office equipment	273 631	3 021	-	(52 779)	-	223 873
IT equipment	639 363	-	(7 115)	(206 414)	-	425 834
Computer software	345 608	77 162	-	(134 037)	-	288 733
Leasehold improvements	693 924	396 297	-	(209 452)	(312 386)	568 383
Paintings	152 800	-	-	-	-	152 800
	3 485 250	**478 059**	**(7 115)**	**(844 743)**	**(312 386)**	**2 799 065**

Reconciliation of property, plant and equipment - 2013

	Opening balance	Additions regular purchases	Disposals	Depreciation	Impairment loss	Total
Plant and machinery	223 659	-	-	(53 253)	-	170 406
Furniture and fixtures	1 081 252	-	(10 306)	(176 697)	-	894 249
Motor vehicles	1 209 460	125 997	(825 888)	(194 300)	-	315 269
Office equipment	319 953	20 497	(1 416)	(65 403)	-	273 631
IT equipment	936 317	36 053	(11 579)	(321 428)	-	639 363
Computer software	629 307	97 268	-	(248 806)	(132 161)	345 608
Leasehold improvements	975 470	83 537	-	(365 083)	-	693 924
Paintings	152 800	-	-	-	-	152 800
	5 528 218	**363 352**	**(849 189)**	**(1 424 970)**	**(132 161)**	**3 485 250**

	Group		Company	
	2014	2013	**2014**	2013
Assets subject to finance lease (Net carrying amount)				
Plant and machinery	128 302	167 593	128 302	167 593
Motor vehicles	-	162 610	-	162 610
IT equipment	214 292	321 148	214 293	321 148
Computer software	59 917	89 846	59 917	89 846
	402 511	741 197	402 511	741 197

- All finance leases are "Instalment Sale Agreements" and there are no restrictions of title, although the liabilities are secured by the abovementioned assets, refer to note 20.

6. Goodwill

Group	2014			2013		
	Cost	Accumulated impairment	Carrying value	Cost	Accumulated impairment	Carrying value
Goodwill	1 317 953	-	1 317 953	1 317 953	-	1 317 953

The goodwill relates to the initial excess of the purchase price over the net assets value of Virtus Financial Services of R1 317 953 in 2000. There has been no movement in goodwill over the last two years.

The goodwill has been tested for impairment at year-end. The value in use of the financial services cash generating unit ("CGU") consisting of Virtus Financial Services and WealthNet, and to which the goodwill relates have been determined by way of a discounted cash flow valuation, applying a discount rate of 25% to provide for the contingency of the regulatory investigation and legal actions against Virtus Financial Services referred to in note 37, a growth rate of 5% in revenue and expenses in the next four years and 2% thereafter. Revenue is earned from the sale of financial products and services, which includes investment and insurance products, to the CGU's customer base. The forecast used in the discounted cash flow has been based on past experience of the performance of the CGU as well as external information relating to the current economic climate in South Africa and how this is expected to affect the customer base of the CGU. As at 28 February 2014 the updated discounted cash flow valuation indicated a value significantly in excess of goodwill for the CGU and consequently no impairment of goodwill is required.

The sensitivity of the valuation of the CGU has been tested with reference to the following key variables that could affect the valuation. The effect of a 1% change in these key variables on the valuation of the CGU at the end of February 2014 are summarised below:

	1% increase R	1% decrease R
Discount rate	**(1 126 448)**	1 126 621
Growth rate in revenue	**896 807**	(874 742)

7. Intangible assets

Group	2014			2013		
	Cost	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Trademarks	21 869	-	21 869	21 869	-	21 869
Computer software, internally generated	7 832 159	(6 315 032)	1 517 127	7 553 059	(3 960 059)	3 593 000
Total	**7 854 028**	**(6 315 032)**	**1 538 996**	**7 574 928**	**(3 960 059)**	**3 614 869**

Company	2014			2013		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Trademarks	10 000	-	10 000	10 000	-	10 000
Computer software, internally generated	7 832 159	(6 315 032)	1 517 127	7 553 059	(3 960 059)	3 593 000
Total	**7 842 159**	**(6 315 032)**	**1 527 127**	**7 563 059**	**(3 960 059)**	**3 603 000**

Reconciliation of intangible assets - Group - 2014

	Opening balance	Internally generated	Amortisation	Impairment loss	Total
Trademarks	21 869	-	-	-	21 869
Computer software, internally generated	3 593 000	279 100	(741 062)	(1 613 911)	1 517 127
	3 614 869	**279 100**	**(741 062)**	**(1 613 911)**	**1 538 996**

Reconciliation of intangible assets - Group - 2013

	Opening balance	Additions	Internally generated	Amortisation	Impairment loss	Total
Trademarks	60 456	2 637	-	-	(41 224)	21 869
Computer software, internally generated	3 232 041	-	1 193 232	(832 273)	-	3 593 000
Websites	132 269	-	-	-	(132 269)	-
	3 424 766	**2 637**	**1 193 232**	**(832 273)**	**(173 493)**	**3 614 869**

7. Intangible assets (continued)

Reconciliation of intangible assets - Company - 2014

	Opening balance	Internally generated	Amortisation	Impairment loss	Total
Trademarks	10 000	-	-	-	10 000
Computer software, internally generated	3 593 000	279 100	(741 062)	(1 613 911)	1 517 127
	3 603 000	**279 100**	**(741 062)**	**(1 613 911)**	**1 527 127**

Reconciliation of intangible assets - Company - 2013

	Opening balance	Additions	Internally generated	Amortisation	Impairment loss	Total
Trademarks	48 587	2 637	-	-	(41 224)	10 000
Computer software, internally generated	3 232 041	-	1 193 232	(832 273)	-	3 593 000
Websites	132 269	-	-	-	(132 269)	-
	3 412 897	**2 637**	**1 193 232**	**(832 273)**	**(173 493)**	**3 603 000**

	Group		Company	
Figures in Rand	**2014**	2013	**2014**	2013
Individual material intangible assets				
Self-developed systems Investments and independent contractor management system	1 384 670	1 282 930	1 384 670	1 282 930
This system was specifically developed for use by company's financial products segment. The segment is charged a monthly management fee for usage of the system. The system identifies and manages the investments and subscriptions of all the segment clients and also administers all the earnings of all the independent contractors of this segment.				
Self-developed systems Product distribution and independent contractor management system	-	1 551 788	-	1 551 788
This system was specifically developed in house for use by the health and wellness products segment. A monthly management fee is charged to this segment for usage of the system. The system manages all the subscriptions of all the subscription customer base of the segment as well as the distribution of products to its customer base.				
Operating costs capitalised				
Development costs capitalised to intangible assets	279 100	1 193 232	279 100	1 193 232
Other information				
Intangible assets with indefinite lives:				
Trademarks	21 869	21 869	10 000	10 000

During the year all trademarks was tested for impairment and the Group impaired all trademarks that related to discontinued operations. Included in the remaining trademarks is the trademark registration for StratFin. The value of the trademark was the cost to acquire the name "StratFin" in 2008. The company considers this trademark value as indefinite as the name StratFin is a registered name and is not bound by any expiry period. StratFin is a seperate cash generating unit and forms part of the General Finance operating segment disclosed in note 41. The recoverable amount of the StratFin cash generating unit was based on the value in use for StratFin. The value in use was calculated by discounting all future cash flows receivables from its loan and finance lease receivables over the next 2 years. No growth rate was used in the calculation as the company is not currently expanding its loan and rental book in the short term. The company used a discount rate of 12.5% (prime plus 4%) as all micro loans are fully secured by the cessions of investments indirectly in listed equities. Based on the valuation no impairment of the trademark was required for the 2014 financial year.

Figures in Rand	Group		Company	
	2014	2013	**2014**	2013

8. Interest in subsidiaries

As at 28 February 2014 the Company had the following direct and indirect subsidiaries carrying on business which principally affected the profits and assets of the Group. They have the same year-end as the Company and have been included in the consolidated financial statements.

Subsidiary	Direct/ Indirect	Effective holding%		Carrying amount	
		2014	2013	2014	2013
Virtus Financial Services	Direct	100	100	2 000 000	2 000 000
- StratEquity Swaziland (D)	Indirect	100	100	-	-
- StratEquity Namibia (D)	Indirect	100	100	-	-
- StratEquity Lesotho (D)	Indirect	100	100	-	-
StratFin	Direct	100	100	100	100
I-Cura	Direct	100	100	100	100
- I-Cura Franchise	Indirect	100	100	-	-
- I-Cura Botswana (D)	Indirect	100	100	-	-
- I-Cura Kenya (D)	Indirect	100	100	-	-
- I-Cura Swaziland (D)	Indirect	100	100	-	-
- I-Cura Namibia (D)	Indirect	100	100	-	-
- I-Cura Lesotho (D)	Indirect	100	100	-	-
- I-Cura Nigeria (D)	Indirect	100	100	-	-
- I-Cura Tanzania (D)	Indirect	100	100	-	-
StratCorp Property Holdings	Direct	100	100	1 634 010	1 634 010
- WealthNet	Indirect	100	100	-	-
- StratCare	Indirect	100	100	-	-
				3 634 210	3 634 210
Impairment of investment in subsidiaries				-	(1 634 010)
				3 634 210	**2 000 200**

D – Dormant companies

The impairment of the investment in Stratcorp Property Holdings was reversed in the current financial year due to its underlying subsidiary, WealthNet generating profits.

9. Other financial assets

	Group 2014	Group 2013	Company 2014	Company 2013
Financial assets at fair value through other comprehensive income				
Unlisted shares	1 430 000	1 253 453	1 430 000	1 253 453
Financial assets at amortised cost				
Loan to StratCorp Personnel IncentiveTrust	-	-	12 379 102	12 379 102
The loan is secured by 20 703 531 StratCorp ordinary shares, is interest free and has no repayment terms.				
Micro loans receivable	135 779	346 484	-	-
These loans carry interest rates variable between prime and prime plus 18% per annum and are repayable between 12 and 36 months.				
	135 779	346 484	12 379 102	12 379 102
Loans and receivables (impairments)	(61 371)	(79 679)	(11 343 926)	(11 757 996)
	74 408	**266 805**	**1 035 176**	**621 106**
Total other financial assets	**1 504 408**	**1 520 258**	**2 465 176**	**1 874 559**

Non-current assets

	Group 2014	Group 2013	Company 2014	Company 2013
Financial assets at fair value through other comprehensive income	1 430 000	1 253 453	1 430 000	1 253 453
Financial assets at amortised cost	5 071	31 860	-	-
	1 435 071	**1 285 313**	**1 430 000**	**1 253 453**

Figures in Rand	Group		Company	
	2014	2013	**2014**	2013

9. Other financial assets (continued)

Current assets

Financial assets at amortised cost	69 337	234 945	1 035 176	621 106
	1 504 408	**1 520 258**	**2 465 176**	**1 874 559**

Fair value information

Financial assets at fair value through profit and loss are recognised at fair value, which is therefore equal to their carrying amount. The fair values of the financial assets were determined as follows:

- The fair values of listed investments are based on the quoted market price.
- The fair values on investments not listed are estimated using the lower of cost or net asset value.

The fair value of the investments at fair value through other comprehensive income was determined by calculating the net asset value per share of the investments in unlisted securities.

Level 3 Unlisted shares	1 430 000	1 253 453	1 430 000	1 253 453

Reconciliation of financial assets at fair value through other comprehensive income measured at level 3

Group and company - 2014

	Opening balance	Gains/(losses) in other comprehensive income	Closing balance
Ecsponent Capital (RF) Limited* - 10 906 876 ordinary shares	763 461	(163 461)	600 000
Ecsponent Business Finance Limited** - 28 120 000 ordinary shares	489 992	340 008	830 000
	1 253 453	176 547	1 430 000

Group and company - 2013

	Opening balance	Gains/(losses) in other comprehensive income	Closing balance
Ecsponent Capital (RF) Limited 10 906 876 ordinary shares	-	763 461	763 461
Ecsponent Business Finance Ltd 28 120 000 ordinary shares	-	489 992	489 992
	-	**1 253 453**	**1 253 453**

The company has classified these investments as at fair value through other comprehensive income when IFRS 9 was adopted during 2011 as the business model of the company was not to acquire and dispose of investment in the short term, but rather for long term capital growth. There has been no change in the company's business model during the current or previous financial year.

StratCorp obtained its investment in Ecsponent Capital (RF) Limited (Previously Escalator Capital Limited) in 2010, as settlement of a loan amounting to R4 032 074 to StratCorp Financing Company Proprietary Limited, which later became a subsidiary of Escalator Capital Limited. The loan was fully impaired by StratCorp during 2010. When StratCorp adopted IFRS 9, no value was placed on the investment. During the current financial year the fair value gain recognised was based on StratCorp's share of the net asset value of Ecsponent Capital (RF) Limited of 5.5 cents (2013: 7.0 cents) per share. The valuation was based on the valuation report prepared by an external consultant dated 1 April 2014, taking into account the results of the company to 31 December 2013.

Ecsponent Business Finance Limited (Previously Escalator Business Finance Limited, and before that Global Jewel Limited) became a subsidiary of Ecsponent Capital (RF) Limited in 2011. StratCorp acquired its stake in the company in 2004 for R 6 000 000. The investment was impaired in full in 2009. When StratCorp adopted IFRS 9, no value was placed on the investment. During the current financial year the fair value gain recognised was based on StratCorp's share of the net asset value of the Ecsponent Business Finance Limited of 2.95 cents (2013: 1.74 cents) per share. The valuation was based on the valuation report prepared by an external consultant dated 1 April 2014, taking into account the results of the company to 31 December 2013.

The external consultant used the following key assumptions in the preparation of the valuations of both Ecsponent Capital and Ecsponent Business Finance:

- Reviewed the historical performances of each of the companies as basis for the compilation of the forecasts;
- Compared the performances of the companies to comparable industry guidelines to identify any significant variances;
- Compiled forecasts for each company based on the historical information, industry guidelines and management representations;
- The forecast periods used for the valuation was one year for Ecsponent Business Finance and three years for Ecsponent Capital; and
- The valuations of the companies were based on a comparison of the net asset value and earnings multiple methods for each company.

Figures in Rand	Group 2014	Group 2013	Company 2014	Company 2013

9. Other financial assets (continued)

Fair values of other financial assets at amortised cost

The carrying amounts of all loans receivable less provision for impairment approximates their fair values due to the current nature of some of the loans and the market related interest rates on the loans receivable.

Financial assets past due but not impaired

Loans and receivables which are less than 3 months past due are not considered to be impaired.

Micro loans receivable impaired

As of 28 February 2014, micro loans receivable of R 61 371 (2013: R 79 679) were impaired and provided for. The amount of the provision includes the outstanding repayments as well as the total outstanding capital and any accrued interest.

The ageing of the outstanding repayment amounts and interest are as follows.

3 to 6 months	-	79 679	-	-
Over 6 months	61 371	-	-	-

Reconciliation of provision for impairment of financial assets at amortised cost

Loan to StratCorp Share Incentive Trust				
Opening balance	-	-	(11 757 996)	-
Provision for impairment	-	-	414 070	(11 757 996)
Closing balance	-	-	(11 343 926)	(11 757 996)
Micro loans receivable				
Opening balance	(79 679)	(24 883)	-	-
Provision for impairment	-	(79 679)	-	-
Reversal of unused amount	18 308	-	-	-
Amounts written off as uncollectable	-	24 883	-	-
Closing balance	**(61 371)**	**(79 679)**	**-**	**-**

During the 2013 year the loan to the StratCorp Share Incentive Trust was impaired to the recoverable amount of the fair value of the assets held in the Share Incentive Trust. The only asset in the trust is 20 703 531 StratCorp shares. As all the options on the shares have lapsed there are currently no allocated share options left in the trust.

Credit quality and risk exposure of micro loans receivable

Micro loans to Virtus Financial Services clients are secured by a pledge of investments under management by Virtus.

Micro loans receivable

Credit quality				
Secured	74 408	266 805	-	-

No credit rating is available for the micro loans receivable. Credit quality is determined with reference to the collection history of loan repayments below.

Counter parties without external credit rating

Classes of micro loans receivable				
New clients(less than 6 months)	-	136 847	-	-
Existing clients (more than 6 months) with no repayment defaults in the past	45 145	88 779	-	-
Existing clients (more than 6 months) with some repayment defaults in the past.	29 263	41 179	-	-
	74 408	**266 805**	**-**	**-**

StratFin suspended its lending activities during the 2014 financial year due to the restructuring of the Group over the 2012 and 2013 financial years. It is currently collecting the outstanding loans on a monthly basis in terms of the lending agreements it has with its customers. Management is considering the future strategy of this company.

Figures in Rand	Group 2014	Group 2013	Company 2014	Company 2013

10. Finance lease receivables

Gross investment in the lease due				
• within one year	75 737	258 642	-	-
• in second to fifth year inclusive	39 906	215 012	-	-
	115 643	473 654	-	-
less: Unearned finance income	(29 594)	(99 506)	-	-
Present value of minimum lease payments receivable	**86 049**	**374 148**	-	-
Present value of minimum lease payments due				
• within one year	52 953	215 813	-	-
• in second to fifth year inclusive	33 096	158 335	-	-
	86 049	**374 148**		
Non current assets	33 096	158 335	-	-
Current assets	52 953	215 813	-	-
	86 049	**374 148**	**-**	**-**

The average lease terms are 1 - 3 years and the average effective lending rate was 27% (2013: 27%). None of the finance lease receivables have been pledged as security for liabilities or contingent liabilities.

Credit quality and risk exposure of finance lease receivables

The credit quality of finance lease receivables that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates:

Counterparties without external credit rating

New clients (less 6 months)	-	2 149	-	-
Existing clients (more than 6 months) with no defaults in the past	78 369	215 789	-	-
Existing clients (more than 6 months) with some defaults in the past	7 680	156 210	-	-
	86 049	**374 148**	**-**	**-**

The maximum exposure to credit risk at the reporting date is the value of the finance lease receivables mentioned above. The company holds the following security on its finance lease receivables:

- Lease rentals of sewing machines: Personal sureties and cessions on equipment.
- Lease rentals of navigation equipment: Personal sureties and cessions on equipment.
- Lease rentals of vehicle tracking devices: Secured by client default guarantees by the supplier

Finance lease receivables impaired

As of 28 February 2014, finance lease receivables of R 207 955 (2013: R) were impaired and provided for.

Finance leases are considered for impairment when the minimum lease payments are in arrears for more than 3 months. The amount of the provision is based on the total arrear payments, the capital amount outstanding together with any arrear interest payments.

The ageing of impaired arrear finance lease receivables is as follows:

Lease receivables				
3 to 6 months	**14 111**	**11 624**	**-**	**-**
Over 6 months	**193 844**	**21 850**	**-**	**-**
	207 955	**33 474**	**-**	**-**

Reconciliation of provision for impairment of class 1				
Opening balance	-	33 474	-	-
Provision for impairment	207 955			
Amounts written off as uncollectable	-	(33 474)	-	-
	207 955	-	**-**	**-**

The creation and release of provision for impaired receivables have been included in operating expenses in profit or loss. Amounts charged to the allowance account are generally written off when there is no expectation of recovering these amounts.

Figures in Rand	Group 2014	Group 2013	Company 2014	Company 2013

11. Deferred tax

Deferred tax assets				
Tax losses available for set off against future taxable income	6 290 828	4 072 876	-	-
Deductible temporary differences through profit and loss	116 349	745 345	42 704	360 670
Deductible temporary differences on investments and loans to subsidiaries and controlled entities	-	-	5 447 240	4 930 795
	6 407 177	**4 818 221**	**5 489 944**	**5 291 465**

Tax losses available for set off against future taxable income				
StratCorp	-	-	-	-
Virtus Financial Services	266 789	266 789	-	-
WealthNet	5 406 579	3 476 470	-	-
StratCorp Property Holdings	617 460	301 049	-	-
I-Cura Franchise	-	1 404	-	-
StratFin	-	27 164	-	-
	6 290 828	**4 072 876**	**-**	**-**

Deductible temporary differences through profit and loss				
Straight lining of lease	5 462	239 509	5 462	239 509
Provision for leave pay	43 587	81 248	37 242	63 040
Provision for severance pay	-	97 279	-	58 121
Provision for bad debts	49 691	138 341	-	-
Income received in advance	13 876	164 313	-	-
Unrealised profit in inventories	3 733	24 655	-	-
	116 349	**745 345**	**42 704**	**360 670**

Deductible and (taxable) temporary differences on investments in and loans to subsidiaries, controlled entities and associates (movements through profit and loss at capital gains tax rates)				
Investments in subsidiaries	-	-	-	304 710
Loans to subsidiaries	-	-	2 270 941	1 333 845
Loan to controlled entity (StratCorp Share Incentive Scheme)	-	-	3 176 299	3 292 240
	-	**-**	**5 447 240**	**4 930 795**

Reconciliation of deferred tax assets				
At beginning of the year	4 818 221	4 485 290	5 291 465	1 889 149
Increase (decrease) in tax losses available for set off against future taxable income	2 217 952	25 255	-	-
Originating/(reversing) deductible temporary differences	(628 996)	307 676	(317 966)	110 077
Temporary differences on loans and investments in subsidiaries and controlled entities	-	-	516 445	3 292 239
	6 407 177	**4 818 221**	**5 489 944**	**5 291 465**

Deferred tax liabilities				
Taxable temporary differences through other comprehensive income	-	(19 994)	-	-
Taxable temporary differences through profit and loss	(1 503 101)	(2 138 269)	(902 065)	(1 528 290)
	(1 503 101)	**(2 158 263)**	**(902 065)**	**(1 528 290)**

Taxable temporary differences through other comprehensive income				
Translation of foreign currencies	-	(19 994)	-	-

Figures in Rand	Group 2014	Group 2013	Company 2014	Company 2013

11. Deferred tax (continued)

Taxable temporary differences through profit and loss				
Property, plant and equipment	(438 104)	(500 100)	(438 104)	(500 100)
Intangible assets	(427 595)	(1 008 840)	(427 595)	(1 008 840)
Deposits and prepayments	(36 366)	(29 775)	(36 366)	(19 350)
Finance lease receivables	(36 064)	(34 582)	-	-
Borrowing costs included in properties (Assets of disposal groups)	(564 972)	(564 972)	-	-
	(1 503 101)	**(2 138 269)**	**(902 065)**	**(1 528 290)**

Reconciliation of deferred tax liabilities				
At beginning of the year	(2 158 263)	(2 237 538)	(1 528 290)	(1 597 163)
Originating/(reversing) taxable temporary differences	635 168	86 568	626 225	68 873
Other temporary differences on items through other comprehensive income	19 994	(7 293)	-	-
	(1 503 101)	**(2 158 263)**	**(902 065)**	**(1 528 290)**

Unprovided tax losses and credits per company				
StratCorp	23 936 847	25 003 794	23 936 847	25 003 794
WealthNet	-	8 880 476	-	-
StratCorp Property Holdings	-	1 125 620	-	-
I-Cura	5 327 148	3 938 319	-	-
I-Cura Franchise	1 445 698	-	-	-
StratFin	2 394 706	2 427 921	-	-
	33 104 399	41 376 130	23 936 847	25 003 794

Recognition of deferred tax assets

The group has not provided for deferred tax assets on the tax losses incurred by StratCorp, I-Cura, I-Cura Franchise and StratFin during the current tax year. I-Cura, I-Cura Franchise and StratFin continued to incur losses in the current financial year and management will only consider providing deferred tax assets on these losses once these companies return to profitability. In prior years StratCorp has not been able to recover all of its costs incurred on behalf of the Group, such as rental for the plant and equipment which is owned by StratCorp and management costs, which contributed to the increased tax losses. The Company generated a profit for tax purposes in the current year, although it still reflects a loss in its accounts, which is mainly due to the impairment of the loans to subsidiaries, most notably the loan to I-Cura.

Deferred tax assets were raised for the tax losses in StratCorp Property Holdings and WealthNet, which generated a profit before tax in the current year. StratCorp Property Holdings is the holding company of WealthNet, which will enable it to recover its costs and reflect a profit before tax.

All deferred tax assets and liabilities on taxable and deductible temporary differences will be utilised over the next 1 to 5 years. There is no expiration date on the Group's deferred tax assets and liabilities.

Evidence to support the recognition of deferred tax assets

- Virtus Financial Services

  The deferred tax assets in Virtus Financial Services arose from the impairment of its investment in StratCorp and the write-off of other investments during prior years, the latter being a capital loss which can only be recovered from other capital gains that the company may realise in the future. The deferred tax asset of R 219 290 (2013: R224 069) against the impairment of the investment in StratCorp can be recovered from taxable profits as the company has been profitable in the past and is expected to continue being profitable in the foreseeable future.

- WealthNet

  WealthNet's estimated tax loss for the current year reduced from R21 296 440 in 2013 to R19 309 209 due to the company reporting a profit before tax of R4 104 597 (2013:R72 780). Based on the profitability and the prospects of this company for the foreseeable future, a deferred tax asset of R5 406 579 (2013: R3 476 470) was provided on the total estimated tax loss compared to 2013 when a deferred tax asset was only provided on R12 415 965 of the estimated tax loss. The remainder of the deferred tax assets relating to temporary differences will be recoverable against the profits of the company in the new financial year.

- StratCorp Property Holdings

  The main asset of the company is its investment in WealthNet referred to above. This company recovers it expenses and the interest on the linked units and bank overdraft from WealthNet through management fees and interest on the loan to WealthNet. The total estimated tax loss for this company amounts to R2 199 280 (2013:R2 200 795) for which the company raised a deferred tax asset of R615 798 (2013: R301 049) based on the prospects of this company and its subsidiary for the foreseeable future.

Figures in Rand	Group 2014	Group 2013	Company 2014	Company 2013

11. Deferred tax (continued)

Use and sales rate

The deferred tax rate applied to the fair value adjustments of financial assets is determined by the expected manner of recovery. Where the expected recovery of the financial assets is through sale the capital gains tax rate of 18,65% (2013: 18,65%) is used. If the expected manner of recovery is through indefinite use the normal tax rate of 28% (2013: 28%) is applied. If the manner of recovery is partly through use and partly through sale, a combination of capital gains rate and normal tax rate is used.

Group

There was no deferred tax on the fair value adjustments on equity investments carried at fair value through other comprehensive income for the Group during the current or preceding year.

Company

The deferred tax asset on the fair value adjustments on equity investments carried at fair value through other comprehensive income and investments and loans to Group companies comprises of R 5 447 240 (2013: R 4,930,795) at the capital gains tax rate.

12. Loans to (from) group companies

	Group 2014	Group 2013	Company 2014	Company 2013
Subsidiaries				
Virtus Financial Services	-	-	-	(888 472)
The amount reflects the current account with Virtus Financial Services. All surplus funds are transferred to StratCorp Ltd and is payable on demand. The current account carried interest at prime plus one percent per annum up to 29 February 2012 and was interest free from 1 March 2012. The current account is unsecured				
StratCorp Property Holdings	-	-	15 170 255	16 522 569
The loan is unsecured, interest free, have no repayment arrangements and is subordinated in favour of the company's trade and other liabilities				
I-Cura	-	-	9 994 282	8 289 204
The loan is unsecured, carried interest at prime plus two percent per annum up to 29 February 2012 and was interest free from 1 March 2012. The loan has no repayment arrangements and is subordinated in favour of the company's trade and other liabilities				
StratFin	-	-	2 664 752	3 026 428
The loan is unsecured, carried interest at prime plus two percent per annum up to 29 February 2012 and was interest free from 1 March 2012. The loan has no repayment arrangements and is subordinated in favour of the company's trade and other liabilities				
	-	-	27 829 289	26 949 729
Impairment of loans to subsidiaries	-	-	(12 177 934)	(7 152 758)
	-	**-**	**15 651 355**	**19 796 971**

	Group 2014	Group 2013	Company 2014	Company 2013
Current assets	-	-	15 651 355	20 685 443
Current liabilities	-	-	-	(888 472)
	-	**-**	**15 651 355**	**19 796 971**

Fair value of loans to and from group companies

The carrying amounts of loans to and (from) group companies approximate their fair value as they are short term in nature.

Figures in Rand	Group		Company	
	2014	2013	**2014**	2013

12. Loans to (from) group companies (continued)

Loans to group companies impaired

As of 28 February 2014, loans to group companies of R 12 177 934 (2013: R 7 152 758) were impaired and provided for.

Opening balance	-	-	7 152 758	7 152 758
Impairment of loan to StratFin	-	-	1 079 160	-
Impairment of loan to I-Cura	-	-	9 523 418	-
Reversal of impairment of loan to StratCorp Property Holdings	-	-	(5 577 402)	-
	-	**-**	**12 177 934**	**7 152 758**

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

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of loan mentioned above. The company does not hold any collateral as security on loans to subsidiaries.

Loans to group companies pledged as collateral

Total financial assets pledged as collateral for bank overdraft and other facilities	-	-	4 510 000	9 015 000

Loans to I-Cura and its subsidiaries and StratCorp Property Holdings and its subsidiaries have been ceded to Absa Bank Limited as security on the company's overdraft and other facilities of R4 510 000.

13. Inventories

Merchandise	**646 521**	**797 958**	**-**	**-**

Inventory of I-Cura was pledged as security for a R1 000 000 loan advanced by Kose-Kose Investments Limited to StratCorp Property Holdings during the year. The loan was repaid in November 2013.

14. Trade and other receivables

Trade receivables	2 362 533	673 244	-	177 457
Staff loans	14 686	4 407	-	-
Prepayments	131 095	106 346	129 878	62 426
Deposits	147 009	90 408	91 020	6 680
VAT	22 839	315	-	-
Other receivables	314 493	11 610	234 179	337
	2 992 655	**886 330**	**455 077**	**246 900**

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Trade receivables

Counterparties without external credit rating				
• new customer (less 6 months)	15 953	186 944	-	167 106
• existing customer (more than 6 months) with no defaults in the past	306 647	10 351	-	10 351
• existing customer (more than 6 months) with some defaults in the past	2 039 933	475 949	-	-
	2 362 533	**673 244**	**-**	**177 457**

Fair value of trade and other receivables

The carrying value less impairment provision of trade receivables approximate their fair values due to the current nature thereof.

	Group		Company	
Figures in Rand	**2014**	2013	**2014**	2013

14. Trade and other receivables (continued)

Trade receivables past due but not impaired

The ageing of amounts past due but not impaired is as follows:				
1 month past due	2 347 078	385 501	-	177 457
2 months past due	10 379	42 216	-	-
3 months past due	5 076	245 527	-	-
	2 362 533	**673 244**	**-**	**177 457**

Trade receivables impaired

As of 28 February 2014, trade receivables of R317 708 (2013: R313 256) were impaired and provided for.

The ageing of these trade receivables is as follows:				
3 to 6 months	139 491	-	-	-
Over 6 months	178 217	313 256	-	-
	317 708	**313 256**	**-**	**-**

Reconciliation of allowance for impairment of trade and other receivables

Opening balance	313 256	336 582	-	-
Provision for impairment	293 398	-	-	-
Amounts written off as uncollectable	(101 763)	-	-	-
Unused amounts reversed	(187 183)	(23 326)	-	-
Closing balance	**317 708**	**313 256**	**-**	**-**

The creation and release of the allowance for impaired receivables have been included in operating expenses in profit or loss. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The maximum exposure to credit risk at the reporting date is the value of each class of receivable mentioned above. The group does not hold any collateral as security on trade receivables.

15. Cash and cash equivalents

Cash and cash equivalents consist of:				
Cash on hand	7 796	18 202	1 028	227
Bank balances	1 123 845	1 914 527	28 542	76 683
Short term deposits	75 947	58 229	-	-
Bank overdraft	(4 113 479)	(5 267 789)	(4 113 479)	(5 267 789)
	(2 905 891)	**(3 276 831)**	**(4 083 909)**	**(5 190 879)**
Current assets	1 207 588	1 990 958	29 570	76 910
Current liabilities	(4 113 479)	(5 267 789)	(4 113 479)	(5 267 789)
	(2 905 891)	**(3 276 831)**	**(4 083 909)**	**(5 190 879)**
Cash and cash equivalents held by the entity that are not available for use by the Group.	9 939 686	9 955 915	-	-

At the date of this Annual Report the Company has secured facilities with Absa Bank for R2,560,000 (28 February 2014: R4,510,000) consisting of an overdraft facility of R2,500,000 a credit card facilities of R40,000 and fleet card facilities of R20,000. The overdraft facility carries interest at prime rate plus 1.5% per annum. The facility is secured by inter-company suretyships from Virtus Financial Services and I-Cura limited to the value of R1,000,000 each as well as a cession of inter-company loan accounts. The facilities are also secured by inter-company suretyships from WealthNet, StratCare and StratCorp Property Holdings limited to the value of R5,500,000 each as well as a cession of inter-company loan accounts. The Company have reduced the facility to R2,500,000 since year-end and agreed with Absa to reduce the facility by R200,000 per month from 30 June 2014.

The Group also has a secured facility with Absa Bank for R2,500,000 (2013: R2,500,000) in the name of StratCorp Property Holdings. This overdraft facility carries interest at prime rate plus 1.5% per annum and is secured by inter-company suretyships from Virtus Financial Services, I-Cura and StratCorp in favour of StratCorp Property Holdings limited to the value of R5,500,000 each, as well as a cession of inter-company loan accounts. The facility is also secured by inter-company suretyships from WealthNet and StratCare limited to R4,000,000 each. This liability is disclosed under liabilities of disposal groups as the Group intends settling the liability from the proceeds on the sale of properties.

Figures in Rand	Group		Company	
	2014	2013	**2014**	2013

15. Cash and cash equivalents (continued)

No defaults or breaches of General Banking Facility terms or payments have taken place in either the current or prior period. The facility is reviewed on a quarterly basis.

The total amount of undrawn facilities available for future operating activities and commitments	396 521	390 367	396 521	396 521

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

Credit rating				
A Rated	1 199 792	1 972 756	28 542	76 683

Cash and cash equivalents pledged as collateral

Total financial assets pledged as collateral for banking facilities	-	75 400	-	75 400
Total financial assets pledged as collateral for contingent liabilities - SA Post Office	30 000	30 000	-	-

16. Discontinued operations

The group has discontinued its Network Marketing operations of the Health and Wellness segment of the Group in Kenya, Botswana, Namibia, Lesotho and Swaziland during the 2013 financial year due to the lack of return on investment.

The group has also discontinued its Financial Products services in StratEquity Botswana, StratEquity Lesotho, StratEquity Namibia and StratEquity Swaziland during the 2013 financial year due to the restrictions imposed on by the regulatory authorities in those countries.

The group discontinued the Property Development operations in the Property segment during the 2013 financial year due to the downturn of the property market then, and considered various options to realise the investment in the properties that the Group still owns, none of which proved to be acceptable. The Group is reconsidering its investment in properties and the potential to develop these properties in the foreseeable future with indications from the market that affordable housing developments are improving.

The completed units of the Soldonné Development was sold during the 2013 financial year for R14 million Rand and generated rental income of R1,5 million during that year.

The assets and liabilities of the disposal group are set out below.

Profit and loss

Revenue	-	15 744 838	-	-
Expenses	(45 279)	(15 272 642)	-	-
Interest paid	(292 243)	(680 948)		
Impairment of inventory – properties	(856 206)	-	-	-
Net loss before tax	(1 193 728)	(208 752)	-	-
Tax	-	(55 833)	-	-
Net loss after tax	**(1 193 728)**	**(264 585)**	**-**	**-**

Assets and liabilities

Assets of disposal groups

Inventories	14 001 090	14 854 826	-	-
Trade and other receivables	207 601	53 436	-	-
Cash and cash equivalents	38 247	20 252	-	-
	14 246 938	**14 928 515**	**-**	**-**

Liabilities of disposal groups

Other financial liabilities	-	900 000	-	-
Bank overdraft	2 461 630	2 481 844		
Trade and other payables	5 441 939	6 482 329	-	-
	7 903 569	**9 864 173**	**-**	**-**

Figures in Rand	Group 2014	Group 2013	Company 2014	Company 2013

16. Discontinued operations (continued)

Equity

Foreign currency translation reserve	-	43 599	-	-

Inventories consist of:

Vacant land for development	14 001 090	14 854 826	-	-

Financial liabilities consist of:

Loan from Kose-Kose Investments Limited	-	900 000	-	-

- Kose Kose Investments Ltd

  The group repaid the balance of R900,000 of the loan from Kose Kose Investments Limited during the year from the proceeds of the issue of shares for cash in November 2013.

- Absa Bank Ltd

  The total facility with Absa Bank Ltd amounts to R2,500,000. The facility is secured by a limited suretyship for R5,500,000 by I-Cura, Virtus Financial Services and StratCorp respectively, supported by security in own name and a limited suretyship for R4,000,000 by WealthNet and StratCare respectively.

- Trade and other payables

  Included in trade and other payables is a remaining liability for payment of the land purchased and included in inventories amounting to R5,438,800 (2013: R5,438,800). Approximately R600,000 (2013: R600,000) of the liability relates to the Karinpark X47 property and is payable with the transfer of 2 completed units to the creditor once the development has been completed. The remaining liability relates to The Orchards Development X61 and is payable with the sale of each completed unit on a pro rata basis as and when the development is completed.

Taxation on discontinued operations

Major components of tax income (expense) on discontinued operations

Deferred				
Reversing of temporary differences	-	(55 833)	-	-
Reconciliation between accounting profit / (loss) and tax expense			-	-
Accounting loss	(1 193 728)	(208 752)	-	-
Tax effect of adjustments on taxable profit / (loss)			-	-
Tax at the applicable tax rate	(334 244)	(58 451)	-	-
Unprovided tax losses brought forward	(55 833)	2 618	-	-
Unprovided tax losses carried forward	**(390 077)**	**(55 833)**	**-**	**-**

17. Stated capital

Ordinary shares in issue				
Authorised				
Ordinary shares of no par value	400 000 000	400 000 000	400 000 000	400 000 000
Issued				
Ordinary shares of no par value	206 178 683	180 296 330	206 178 683	180 296 330
Less: Treasury shares				
• Held by Virtus Financial Services	(1 281 202)	(1 281 202)	-	-
• Held by the StratCorp Share Incentive Trust	(20 703 531)	(20 703 531)	-	-
Net ordinary shares in issue	**184 193 950**	**158 311 597**	**206 178 683**	**180 296 330**

Figures in Rand	Group 2014	Group 2013	Company 2014	Company 2013

17. Stated capital (continued)

Stated capital (Rand)				
Issued				
Ordinary shares of no par value	58 579 945	57 259 945	58 579 945	57 259 945
Less: Treasury shares				
• - Held by Virtus Financial Services	(1 240 007)	(1 240 007)	-	-
• - Held by the StratCorp Share Incentive Trust	(12 379 102)	(12 379 102)	-	-
Net ordinary shares in issue	**44 960 836**	**43 640 836**	**58 579 945**	**57 259 945**

The Company issued 25 882 353 ordinary shares of no par value on 28 October 2013 at an issue price of 5.1 cents per share, in terms of the general authority to issue shares for cash approved by shareholders at the annual general meeting held on 26 October 2012. The proceeds of the issue of shares for cash, amounting to R1 320 000, were inter alia, used to settle the Kose-Kose Investments Limited loan of R900 000 and to settle outstanding creditors.

The 193 821 317 unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the annual general meeting held on 1 November 2013. This authority remains in force until the next annual general meeting. The ordinary and special resolutions that were tabled to authorise the directors to issue shares for cash and to repurchase the ordinary shares of the Company were not approved by shareholders at the annual general meeting referred to above.

18. Foreign currency translation reserve

The translation reserve comprises exchange differences on consolidation of the foreign subsidiaries of I-Cura in Botswana and Kenya. These operations were discontinued during the 2013 financial year.

	-	43 599	-	-

The reversal of the Foreign Currency Translation Reserve as a result of the closure of the foreign operations in the 2013 financial year has been reclassified to other income in the profit and loss.

19. Other financial liabilities

Financial liabilities at amortised cost				
Linked units	10 782 265	9 727 509	-	-
The linked units consist of a 1c redeemable preference share and a 99c claim portion. Holders of the linked units are paid interest annually in arrears calculated at a rate of 15% on the claim portion of the linked unit, i.e. on 99 cents of each 100 cents linked unit. Interest is payable on the 1st of December each year. The linked units are unsecured.				
The linked units are redeemable by no later than 1 December 2014.				
	10 782 265	**9 727 509**	**-**	**-**

Included in the non-current portion of the linked units are the following

Redeemable preference shares	-	87 926	-	-
Claim portion	-	8 704 677	-	-
	-	**8 792 603**	**-**	**-**

Included in the current portion of the linked units are the following

Redeemable preference shares	87 926	-	-	-
Claim portion	8 704 677	-	-	-
Accrued interest	1 381 570	326 426	-	-
Unclaimed linked units and interest	608 092	608 480	-	-
	10 782 265	**934 906**	**-**	**-**

The linked units have been issued by StratCorp Property Holdings Limited to finance the property development activities of the Group.

The carrying value of other financial liabilities approximates their fair values.

Figures in Rand	Group		Company	
	2014	2013	**2014**	2013

20. Finance lease obligation

Minimum lease payments due				
• within one year	311 217	309 590	311 217	309 590
• in second to fifth year inclusive	100 187	368 622	100 187	368 622
less: future finance charges	(65 473)	(64 050)	(65 473)	(64 050)
Present value of minimum lease payments	**345 931**	**614 162**	**345 931**	**614 162**
Present value of minimum lease payments due				
• within one year	269 832	268 247	269 832	268 247
• in second to fifth year inclusive	76 099	345 915	76 099	345 915
	345 931	**614 162**	**345 931**	**614 162**
Non current liabilities	76 099	345 915	76 099	345 915
Current liabilities	269 832	268 247	269 832	268 247
	345 931	**614 162**	**345 931**	**614 162**

It is group policy to lease motor vehicles and equipment under instalment sale agreements. The average lease term was 3-5 years and the average effective borrowing rate was 9% (2013: 9%). Interest rates are linked to prime at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent. The group's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 5.

During the 2013 financial year, the Company sold a number of motor vehicles and settled the related finance leases as part of the Group's restructuring process.

21. Operating lease liability

Non current liabilities	-	-	-	-
Current liabilities	(19 507)	(855 390)	(19 507)	(855 390)
	(19 507)	**(855 390)**	**(19 507)**	**(855 390)**

The company is leasing its premises situated at the 3rd Floor, Lakeside Building B, Heuwel Road, Centurion. The current monthly straight-lined lease amounts to R50 626 and escalates annually at 8% per annum. The lease will expire in September 2016. The Company recovers the lease expense from all its operating subsidiaries which also occupies the building. The operating lease liability relates to the straight-lining of the Company's operating lease over the terms of the lease.

22. Trade and other payables

Trade payables	1 991 949	1 453 413	155 725	95 666
Commission and rebates payable	-	938 901	-	-
VAT	609 884	342 160	27 895	107 067
Statutory payroll accruals (PAYE, UIF, SDL, Medical Aid)	186 872	509 889	121 002	396 432
Income received in advance	49 056	387 722	-	-
Deposits received	72 970	256 335	-	-
Accrued leave pay	168 455	302 600	133 001	225 142
Provision for severance pay	-	347 424	-	207 576
Other accrued expenses	135 728	38 658	127 982	15 500
Other payables	10 284	-	-	-
	3 225 198	**4 577 102**	**565 605**	**1 047 383**

Below is a summary of Virtus Financial Services' client funds held in trust.

Client investment funds held in trust				
Client trust fund liabilities	(9 939 686)	(9 955 915)	-	-
Client trust fund assets	9 939 686	9 955 915	-	-
	-	**-**	**-**	**-**

23. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below:

Group – 2014

	At amortised cost	At fair value through OCI	Non-financial assets	Total
Other financial assets				
• Micro loans receivable	74 408	-	-	74 408
• Equity investments	-	1 430 000	-	1 430 000
Finance lease receivables	86 049	-	-	86 049
Trade and other receivables				
• Trade receivables	2 362 533	-	-	2 362 533
• Employee costs in advance	-	-	14 686	14 686
• Prepayments	-	-	131 095	131 095
• Deposits	-	-	147 009	147 009
• Value added tax	-	-	22 839	22 839
• Other receivables	-	-	314 493	314 493
Cash and cash equivalents				
• Cash on hand	7 796	-	-	7 796
• Bank balances	1 123 845	-	-	1 123 845
• Short term deposits	75 947	-	-	75 947
	3 730 578	**1 430 000**	**630 122**	**5 790 700**

Group - 2013

	At amortised cost	At fair value through OCI	Non-financial assets	Total
Other financial assets				
• Micro loans receivable	266 805	-	-	266 805
• Equity investments	-	1 253 453	-	1 253 453
Finance lease receivables	374 148	-	-	374 148
Trade and other receivables				
• Trade receivables	673 244	-	-	673 244
• Employee costs in advance	-	-	4 407	4 407
• Prepayments	-	-	106 346	106 346
• Deposits	-	-	90 408	90 408
• Value added tax	-	-	315	315
• Other receivables	-	-	11 610	11 610
Cash and cash equivalents				
• Cash on hand	18 202	-	-	18 202
• Bank balances	1 914 527	-	-	1 914 527
• Short term deposits	58 229	-	-	58 229
	3 305 155	**1 253 453**	**213 086**	**4 771 694**

23. Financial assets by category (continued)

Company - 2014

	At amortised cost	At fair value through OCI	Non-financial assets	Total
Loans to group companies	15 651 355	-	-	15 651 355
Other financial assets				
- Loans receivable	1 035 176	-	-	1 035 176
- Equity investments	-	1 430 000	-	1 430 000
Trade and other receivables				
- Trade receivables	-	-	-	-
- Prepayments	-	-	129 878	129 878
- Deposits	-	-	91 020	91 020
- Other receivables	-	-	234 179	234 179
Cash and cash equivalents				
- Cash on hand	1 028	-	-	1 028
- Bank balances	28 542	-	-	28 542
	16 716 101	**1 430 000**	**455 077**	**18 601 178**

Company - 2013

	At amortised cost	At fair value through OCI	Non-financial assets	Total
Loans to group companies	20 685 443	-	-	20 685 443
Other financial assets				
- Loans receivable	621 106	-	-	621 106
- Equity investments	-	1 253 453	-	1 253 453
Trade and other receivables				
- Trade receivables	177 457	-	-	177 457
- Prepayments	-	-	62 426	62 426
- Deposits	-	-	6 680	6 680
- Other receivables	-	-	337	337
Cash and cash equivalents				
- Cash on hand	227	-	-	227
- Bank balances	76 683	-	-	76 683
	21 560 689	**1 253 453**	**69 443**	**22 883 812**

24. Financial liabilities by category

The accounting policies for financial instruments have been applied to the line items below:

Group - 2014

	At amortised cost	Non-financial liabilities	Total
Other financial liabilities	-	-	-
• Linked units	10 782 265	-	10 782 265
Finance lease obligations	345 931		345 931
Trade and other payables			
• Trade payables	1 991 949	-	1 991 949
• Commission and rebates payable	-	-	-
• Value added tax	-	609 884	609 884
• Statutory payroll accruals	-	186 872	186 872
• Income received in advance	-	49 056	49 056
• Deposits received	-	72 970	72 970
• Accrued leave pay	-	168 455	168 455
• Other accrued expenses	-	135 728	135 728
• Other payables	-	10 284	10 284
Bank overdraft	4 113 479		4 113 479
	17 233 624	**1 233 249**	**18 466 873**

Group - 2013

	At amortised cost	Non-financial liabilities	Total
Other financial liabilities	-	-	-
Linked units	9 727 509	-	9 727 509
Finance lease obligations	614 162		614 162
Trade and other payables			
- Trade payables	1 453 415	-	1 453 415
- Commission and rebates payable	938 901	-	938 901
- Value added tax	-	342 160	342 160
- Statutory payroll accruals	-	509 889	509 889
- Income received in advance	-	387 722	387 722
- Deposits received	-	256 335	256 335
- Accrued leave pay	-	302 600	302 600
- Severance pay liability	347 424	-	347 424
- Other accrued expenses	-	38 658	38 658
Bank overdraft	5 267 789	-	5 267 789
	18 349 200	**1 837 364**	**20 186 564**

Figures in Rand	Group 2014	Group 2013	Company 2014	Company 2013

24. Financial liabilities by category (continued)

Company - 2014

	At amortised cost	Non-financial liabilities	Total
Loans from group companies	-	-	-
Finance lease obligations	345 931	-	345 931
Trade and other payables			
• Trade payables	155 725	-	155 725
• Value added tax	-	27 895	27 895
• Statutory payroll accruals	-	121 002	121 002
• Accrued leave pay	-	133 001	133 001
• Other accrued expenses	-	127 982	127 982
Bank overdraft	4 113 479	-	4 113 479
	4 615 135	**409 880**	**5 025 015**

Company - 2013

	At amortised cost	Non-financial liabilities	Total
Loans from group companies	888 472	-	888 472
Finance lease obligations	614 162		614 162
Trade and other payables			
• Trade payables	95 666	-	95 666
• Value added tax	-	107 067	107 067
• Statutory payroll accruals	-	396 432	396 432
• Accrued leave pay	-	225 142	225 142
• Other accrued expenses	-	15 500	15 500
• Severance pay liability	207 576	-	207 576
Bank overdraft	5 267 789	-	5 267 789
	7 073 665	**744 141**	**7 817 806**

25. Revenue

Sale of goods	7 032 379	10 282 041	-	-
Rendering of services	27 128 708	32 143 006	5 860 571	8 127 502
Rental Income	-	-	1 363 880	532 598
Interest received (trading)	114 741	190 856	-	-
Miscellaneous other revenue	909	140 946	863	140 946
	34 276 737	**42 756 849**	**7 225 314**	**8 801 046**

26. Cost of sales

Sale of goods				
Cost of goods sold	3 387 105	5 690 034	-	-
Rendering of services				
Cost of services	3 160 142	6 157 022	-	-
	6 547 247	**11 847 056**	**-**	**-**

Figures in Rand	Group		Company	
	2014	2013	**2014**	2013

27. Other income

Profit/(loss) on sale of assets	7 360	-	7 360	-
Profit/(loss) on exchange differences	37 038	-	-	-
Discount received	-	2 196	-	-
Recoveries	465 315	372 805	14 755	58 920
Other income	240	-	-	-
	509 953	**375 002**	**22 115**	**58 920**

28. Operating profit/(loss)

Operating profit/(loss) for the year is stated after accounting for the following:

Operating lease charges				
Premises				
• Straight-lined amounts	(1 509 489)	(5 598 610)	(1 341 602)	(3 603 451)
Equipment				
• Straight-lined amounts	(30 248)	(113 475)	(30 248)	(94 389)
	(1 539 737)	**(5 712 085)**	**(1 371 850)**	**(3 697 840)**

Profit (loss) on sale of property, plant and equipment	7 360	(9 205)	7 360	(9 205)
Impairment on property, plant and equipment	(312 386)	(132 160)	(312 386)	(132 160)
Impairment on intangible assets	(1 613 912)	(173 493)	(1 613 912)	(173 493)
Reversal of impairment on businesses (or subsidiaries, joint ventures and associates)	-	-	1 634 010	-
Impairment on loans to group companies	-	-	(10 602 578)	-
Reversal of impairment on loans to group companies	-	-	5 577 401	-
Impairment on other financial assets	(167 096)	(86 836)	-	(11 757 996)
Reversal of impairment on other financial assets	-	-	414 071	-
Profit on exchange differences	37 038	-	-	-
Amortisation of intangible assets	(741 061)	(832 273)	(741 061)	(832 273)
Depreciation on property, plant and equipment	(844 743)	(1 424 855)	(844 743)	(1 424 855)
Auditors' remuneration – for audit services	(534 017)	(590 116)	(175 000)	(172 599)
Employee costs	(7 052 589)	(23 236 524)	(599 508)	(6 265 832)

29. Investment revenue

Interest revenue				
Bank	16 881	18 403	3 107	3 061
Interest charged on trade and other receivables	44 253	49 860	-	-
Other interest	763	40 983	-	40 983
	61 897	**109 246**	**3 107**	**44 044**

30. Finance costs

Linked units	1 305 702	985 806	-	-
Trade and other payables	568	2 102	-	-
Finance leases	41 385	136 167	41 385	136 167
Bank	511 935	444 721	491 643	444 532
Current borrowings	-	3 334	-	190 704
Late payment of tax	45 718	-	-	-
Other interest paid	17 018	15 370	16 126	15 370
	1 922 326	**1 587 500**	**549 154**	**786 773**

Figures in Rand	Group 2014	Group 2013	Company 2014	Company 2013

31. Taxation

Major components of the tax (income) expense

Current				
Local income tax current period	13 195	88 675	-	-
Foreign income tax or withholding tax recognised in current tax for prior periods	1 008	-	-	-
	14 203	**88 675**	-	-
Deferred				
Originating and reversing temporary differences on continuing operations	(6 173)	(449 709)	(824 704)	(3 471 189)
Arising from previously unrecognised tax loss / tax credit / temporary difference	(2 803 369)	-	-	-
Decrease/(increase) in deferred tax assets on tax losses from continuing operations	556 849	(268 193)	-	-
Derecognition of deferred tax asset that is no longer probable to be utilised	28 568	242 938	-	-
	(2 224 125)	**(474 964)**	**(824 704)**	**(3 471 189)**
	(2 209 922)	**(386 289)**	**(824 704)**	**(3 471 189)**

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

Accounting profit/(loss)	1 715 689	(8 925 784)	(3 278 555)	(17 809 577)
Tax at the applicable tax rate of 28% (2013: 28%)	480 393	(2 499 220)	(917 995)	(4 986 682)
Tax effect of adjustments on taxable income				
Prior year provisions	1 008			
Disallowable (income) / expenses	(253 901)	69 328	74 894	69 328
Impairment investments in and loans to subsidiaries at CGT rate	-	-	317 142	-
Temporary differences not recognised	89 935			
Unprovided tax losses used to reduce tax expense	(298 745)	(94 951)	(298 745)	-
Unprovided tax losses recognised	(2 803 309)			
Deferred tax derecognised	(1 240)			
Unprovided tax losses carried forward	575 997	2 138 554	-	1 446 165
	(2 209 922)	**(386 289)**	**(824 704)**	**(3 471 189)**

32. Earnings and Headline earnings per share

Earnings/(loss) per share is determined by dividing the earnings/(loss) attributable to the ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the year. Where there is a discontinued operation, earnings/(loss) per share is determined for both continuing and discontinued operations. Diluted earnings/(loss) per share are equal to earnings/(loss) per share because there are no dilutive potential ordinary shares in issue.

Headline earnings and diluted headline earnings per share

Headline earnings/(loss) per share and diluted headline earnings/(loss) per share are determined by dividing the headline earnings/(loss) and diluted headline earnings/(loss) by the weighted average number of ordinary share outstanding during a period. Headline earnings/(loss) and diluted headline earnings/(loss) are determined by adjusting the earnings/loss) and diluted earnings/(loss) by excluding separately identifiable re measurement items. Headline earnings/(loss) and diluted headline earnings/(loss) are presented after tax. Diluted headline earnings/(loss) per share are equal to headline earnings/(loss) per share because there are no dilutive potential ordinary shares in issue.

Figures in Rand	Group		Company	
	2014	2013	**2014**	2013

32. Earnings and Headline earnings per share (continued)

Reconciliation between earnings/(loss) and headline earnings/(loss)

Profit/(loss) from continuing operations	3 925 611	(8 539 495)	-	-
Loss from discontinued operations	(1 193 728)	(264 585)	-	-
Earnings/(loss) for the year	**2 731 883**	**(8 804 080)**	**-**	**-**

Adjusted for				
(Profit)/loss recognised on the measurement to fair value less cost to sell constituting discontinued operations	853 736	-	-	-
(Profit)/loss on disposal of property, plant and equipment	(7 360)	9 204	-	-
Impairment loss on property, plant and equipment	312 386	132 160	-	-
Impairment loss on intangible assets	1 613 911	173 493	-	-
Reclassification of foreign currency translation reserve	(37 038)	-	-	-
Tax effect thereon	(776 348)	(87 299)	-	-
	4 691 170	**(8 576 522)**	-	-
Weighted average number of shares in issue	167 033 595	158 311 597		
Earnings/(loss) per share from continuing operations (c)	2.35	(5.39)	-	-
Earnings/(loss) per share from discontinued operations (c)	(0.71)	(0.17)	-	-
Earnings/(loss) per share	1.64	(5.56)	-	-
Headline earnings/(loss) per share (c)	2.81	(5.42)	-	-

33. Cash generated from (used in) operations

Profit (loss) before taxation	1 715 689	(8 925 784)	(3 278 555)	(17 809 577)
Adjustments for:				
Depreciation and amortisation	1 585 805	2 257 128	1 585 804	2 257 128
(Profit)/loss on sale of assets	(7 360)	9 205	(7 360)	9 205
Interest received-investments	(61 897)	(109 246)	(3 107)	(44 044)
Finance costs	1 922 326	1 587 500	549 154	786 773
Impairment loss	1 926 297	392 489	4 903 394	12 063 649
Movements in operating lease assets and accruals	(835 883)	99 475	(835 883)	114 710
Profits on exchange differences	(37 038)	49 860	-	-
Changes in working capital:				
Inventories	151 437	785 438	-	-
Trade and other receivables	(1 625 829)	624 062	(208 178)	(44 486)
Trade and other payables	(1 380 937)	(3 086 820)	(481 777)	23 465
Financial Assets at amortised costs	-	104 035	-	-
	3 352 610	**(6 212 658)**	**2 223 492**	**(2 642 961)**

34. Tax paid

Balance at beginning of the year	31 617	-		
Current tax for the year recognised in profit or loss	(14 203)	(88 675)		-
Balance at end of the year	(32 212)	(31 617)		-
	(14 798)	**(120 292)**		**-**

Figures in Rand	Group		Company	
	2014	2013	**2014**	2013

35. Cash flows of held for sale / discontinued operations

Operating activities	(2 470 284)	12 849 868	-	-
Financing activities	-	(5 071 463)	-	-
	(2 470 284)	**7 778 405**	**-**	**-**

36. Commitments

Operating leases – as lessee

Minimum lease payments due				
within one year	794 031	3 477 532	602 980	3 477 532
in second to third year inclusive	974 718	5 089 773	954 719	5 089 773
	1 768 749	**8 567 305**	**1 557 699**	**8 567 305**

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated for an average term of three years. No contingent rent is payable.

37. Contingencies

As reported in the SENS announcement on several occasions and recently on 14 May 2014, a major subsidiary of the Company, Virtus Financial Services is being investigated by the Financial Services Board ("FSB"). The FSB's investigation of Virtus Financial Services originated from a complaint received by the FSB in 2007 of the alleged contravention by the subsidiary of certain provisions of the FAIS Act. The latest notice from the FSB was delivered to Virtus Financial Services on 9 May 2014 (the"2014 Notice"). A report was also received from the FSB on 31 July 2014 that outlines the findings of the onsite visits and risk assessment conducted by the FSB at Virtus Financial Services on 13 and 14 March 2013 (the "July 2014 Report"). The potential financial effect of this investigation cannot be estimated at the current moment until the Company has received an indication from the FSB as to the outcome of its investigation.

As reported previously, a summons was served on StratCorp's wholly owned subsidiary, Virtus Financial Services and inter alia the previous CEO of StratCorp (who was a director in Virtus Financial Services at the time), claiming payment of damages in excess of R23 million. The claim arises from an investment made by a third party in 2008 in a company that was liquidated in 2010. Virtus Financial Services acted in an advisory capacity to the third party. Virtus Financial Services and the other defendants are defending the matter.

As reported previously this year on SENS and again on 24 April 2014, the Company's largest shareholder Kose-Kose Investments Limited has brought an urgent application in the North Gauteng High Court of South Africa to place the Company under supervision and business rescue. On 28 February 2014 the North Gauteng High Court of South Africa struck the application by Kose-Kose Investments Limited from the urgent roll as the matter was not urgent and awarded a cost order in favour of StratCorp. The Company is not aware of any further steps taken by Kose-Kose Investments Limited to enrol its application to place StratCorp under supervision and business rescue on the opposed motion roll, after it was struck from the urgent roll on 28 February 2014 in the North Gauteng High Court.

It is estimated that the potential further exposure in terms of legal expenditure to defend the liability against Selective Empowerment Investments Limited and Kose-Kose Investments Limited is R250,000 and R350,000 respectively.

Except for the above, the directors are not aware of any other legal or arbitration proceedings, pending or threatened against the Group, which may have or have had, in the 12 months preceding the date of this report, a material effect on the Group's financial position.

38. Related parties

Relationships

Major shareholders	Sonwe Trust DB Harington Kose-Kose Investments Limited
Subsidiaries	Refer to note 8
Special purpose entities	The StratCorp Share Incentive Trust
Members of key management	
• Non-executive directors	PJ de Jongh MM Patel TG Ratau
• Executive directors	DB Harington JHP Engelbrecht JN de Beer
Companies of which key management of the Group are directors or were directors in the prior period, and/or have direct/indirect beneficial shareholdings	LBH Nominees BLW Nominees * SIR Nominees *

* Entities linked to IM Wright, the Chief Information Officer of the Company who resigned on 28 February 2013.

Figures in Rand	Group 2014	Group 2013	Company 2014	Company 2013

38. Related party (continued)

Related party transactions

Transactions with shareholders				
Interest paid to shareholders				
• Kose-Kose Investments Limited	62 242	336 921	-	-
Loan from shareholders				
• Kose-Kose Investments Limited	-	900 000	-	-
(Note 16 to the annual financial statements contains the terms of the loan from Kose-Kose Investments Limited.)				
Transactions with subsidiaries				
Loans to/(from) subsidiaries (net of impairments)				
• I-Cura			278 505	8 096 845
• StratFin			202 594	1 643 430
• StratCorp Property Holdings			15 170 255	10 945 168
• Virtus Financial Services			-	(888 472)
• WealthNet			-	-
• I-Cura Franchise			-	-
Administration fees received from subsidiaries				
• I-Cura			-	1 326 423
• StratFin			-	-
• StratCorp Property Holdings			-	-
• Virtus Financial Services			-	631 373
• WealthNet			5 860 571	6 169 706
• I-Cura Franchise			-	-
Expenses recovered from subsidiaries				
• I-Cura			635 048	831 571
• StratFin			-	-
• StratCorp Property Holdings			-	-
• Virtus Financial Services			-	831 571
• WealthNet			728 833	77 974
• I-Cura Franchise			-	-
(Note 11 to the annual financial statements contains the terms of the loans to subsidiaries. Expenses recovered from subsidiaries relate to the rental of plant and equipment from StratCorp, which entity is the owner of the plant and equipment.)				
Key management remuneration				
• Basic salaries/directors' fees			2 891 386	6 017 364
• Other benefits			329 942	229 174
Companies of which key management of the Group are directors or were directors in the prior period, and/or have direct/indirect beneficial shareholdings				
Commissions paid to				
• LBH Nominees			113 860	106 261
• BLW Nominees			-	213 235
• SIR Nominees			-	44 405
(The commissions paid to the related parties relate to networking structures in WealthNet and I-Cura that the related parties established during the initial years of the respective operations.)				

No impairments were made against any amounts owed by any the related parties in the current or prior year, except for the loans to subsidiaries which has been disclosed in Note 11 to the annual financial statements.

39. Directors' emoluments

Executive

2014	Emoluments	Other benefits	Total
DB Harington	1 916 409	223 930	2 140 339
JN de Beer	504 000	106 012	610 012
JHP Engelbrecht	470 977	-	470 977
	2 891 386	**329 942**	**3 221 328**

2013	Emoluments	Other benefits	Total
DB Harington	2 234 851	229 174	2 464 025
IM Wright	1 573 987	-	1 573 987
JHP Engelbrecht	1 556 340	-	1 556 340
	5 365 178	**229 174**	**5 594 352**

Non-executive

2014	Directors' fees
PJ de Jongh	-
MM Patel	-
TG Ratau	-
	-

The non-executive directors did not receive any compensation for the 2014 financial year due to shareholders not approving the special resolution with regards to the non-executive directors' remuneration at the annual general meeting of the Company held on 1 November 2013.

2013	Directors' fees
PJ de Jongh	256 520
MM Patel	256 520
TG Ratau	113 544
SR Firer	25 602
	652 186

40. Risk management

Capital risk management

The group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The capital structure of the Group consists of debt, which includes loans from group companies, other financial liabilities and finance lease liabilities, cash and cash equivalents, and equity. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

40. Risk management (continued)

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year. There were no defaults or breaches for loans payable in the current period. The gearing ratio at 2014 and 2013 respectively were as follows:

Figures in Rand	Notes	Group 2014	Group 2013	Company 2014	Company 2013
Total borrowings					
Loans to (from) group companies	12	-	-	-	888 472
Finance lease obligation	20	345 931	614 162	345 931	614 162
Other financial liabilities	19	10 782 265	9 727 509	-	-
		11 128 196	**10 341 671**	**345 931**	**1 502 634**
Less: Cash and cash equivalents	15	(2 905 891)	(3 276 831)	(4 083 909)	(5 190 879)
Debt		14 034 087	13 618 502	4 429 840	6 693 513
Total equity		4 886 513	701 682	26 104 932	27 062 241
Total capital		**18 920 600**	**14 320 184**	**30 534 772**	**33 755 754**

A major component in the Group's capital structure is the linked units liability of R8 792 603 as well as the accrued interest of R1 381 570. These linked units carries interest at 15% per annum with a total finance cost value of R1 305 702 per annum.

Financial risk management

The group's activities expose it to a variety of financial risks: market risk (including cash flow interest rate risk), credit risk and liquidity risk. The group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is managed by the executive management under policies approved by the board. Management identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non derivative financial instruments where applicable and investment of excess liquidity.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, management maintains flexibility in funding by maintaining available funding under committed credit lines. The group's risk to liquidity is a result of the funds available to cover future commitments. The group manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared and borrowing facilities are monitored.

The table below analyses the Group's financial and non financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant except for finance lease liabilities.

Figures in Rand	Notes	Group 2013	Group 2012	Company 2013	Company 2012

40. Risk management (continued)

Group At 28 February 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Linked units	10 782 265	-	-	-	10 782 265
Finance lease liabilities	311 217	100 187	-	-	411 404
Trade and other payables	3 225 198	-	-	-	3 225 198
Bank overdraft	4 113 479	-	-	-	4 113 479
	18 432 159	**100 187**	**-**	**-**	**18 532 346**

At 28 February 2013	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Borrowings	934 906	10 111 493	-	-	11 046 399
Finance lease liabilities	309 590	288 633	79 990	-	678 213
Trade and other payables	4 577 104	-	-	-	4 577 104
Bank overdraft	5 267 789	-	-	-	5 267 789
	11 089 389	**10 400 126**	**79 990**	**-**	**21 569 505**

Company At 28 February 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Loan from group company	-	-	-	-	-
Finance lease liabilities	311 217	100 187	-	-	411 404
Trade and other payables	565 610	-	-	-	565 610
Bank overdraft	4 113 479	-	-	-	4 113 479
	4 990 306	**100 187**	**-**	**-**	**5 090 493**

At 29 February 2013	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Loan from group company	888 472	-	-	-	888 472
Finance lease liabilities	309 590	288 633	79 990	-	678 213
Trade and other payables	1 047 383	-	-	-	1 047 383
Bank overdraft	5 267 789	-	-	-	5 267 789
	7 513 234	**288 633**	**79 990**	**-**	**7 881 857**

Interest rate risk

The group's interest rate risk arises from its lending activities through Stratfin and its short and long term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk.

At 28 February 2014, if interest rates on average borrowings had been 1% higher/lower with all other variables held constant, post tax profit for the year would have been R 74 728 (2013: R 81 540) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

Figures in Rand	Notes	Group 2013	Group 2012	Company 2013	Company 2012

40. Risk management (continued)

Cash flow interest rate risk

Financial instrument 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Overdraft facilities used-10.5%	6 575 109	-	-	-	6 575 109
Finance lease liabilities-9%	311 217	100 187	-	-	411 404
	6 886 326	**100 187**	**-**	**-**	**6 986 513**

Financial instrument 2013	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Overdraft facilities used-10.5%	7 749 633	-	-	-	7 749 633
Finance lease liabilities-9%	309 590	288 633	79 990	-	678 213
	8 059 223	**288 633**	**79 990**	**-**	**8 427 846**

* Includes the overdraft facility to StratCorp Property Holdings reflected in the discontinued operations

Interest rate risk

Group

Financial instrument 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Linked units-Capital-15%	(8 792 603)	-	-	-	(8 792 603)
Linked units-Interest-0%	(1 381 570)	-	-	-	(1 381 570)
Linked units-Unclaimed units-0%	(608 092)	-	-	-	(608 092)
Trade payables-normal credit terms-0%	(1 991 949)	-	-	-	(1 991 949)
Finance lease receivables-27%	52 953	33 096	-	-	86 049
Micro loans receivable-26%	69 337	5 071	-	-	74 408
Trade receivables-normal credit term-0%	2 362 533	-	-	-	2 362 533
	(10 289 391)	**38 167**	**-**	**-**	**(10 251 612)**

Financial instrument 2013	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
Linked units-Capital-15%	-	(8 792 603)	-	-	(8 792 603)
Linked units-Interest-0%	(326 426)	-	-	-	(326 426)
Linked units-Unclaimed units-0%	(608 480)	-	-	-	(608 480)
Loan from Kose-Kose Investments Limited-15%	(900 000)	-	-	-	(900 000)
Trade payables-normal credit terms-0%	(1 453 415)	-	-	-	(1 453 415)
Finance lease receivables-27%	215 813	158 335	-	-	374 148
Micro loans receivable-26%	234 945	31 860	-	-	266 805
Trade receivables-normal credit terms-0%	673 244	-	-	-	673 244
	(2 164 319)	**(8 602 408)**	**-**	**-**	**(10 766 727)**

Figures in Rand	Notes	Group 2014	Group 2013	Company 2014	Company 2013

40. Risk management (continued)

Company

Financial instrument 2014	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Between 2 and 5 years	Total
Trade payables-normal credit terms-0%	(155 725)	-	-	-	(155 725)
Trade receivables-normal credit terms-0%	-	-	-	-	-
	(155 725)	**-**	**-**	**-**	**(155 725)**

Financial instrument 2013	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Between 2 and 5 years	Total
Trade payables-normal credit terms-0%	(95 666)	-	-	-	(95 666)
Trade receivables-normal credit terms-0%	177 457	-	-	-	177 457
	81 791	**-**	**-**	**-**	**81 791**

Credit risk

Credit risk is managed on a group basis. Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	Group 2014	Group 2013	Company 2014	Company 2013
Loan to Stratcorp Share Incentive Trust	-	-	1 035 176	621 106
Loans to subsidiaries	-	-	15 651 355	20 685 443
Micro loans receivable	74 408	266 805	-	-
Finance lease receivables	86 049	374 148	-	-
Trade receivables	2 362 533	673 244	-	177 457
Absa Bank Limited	929 250	393 700	28 541	76 683
First National Bank Limited	241 535	1 559 492	-	-
First National Bank Limited Namibia	-	40	-	-
Barclays Bank Botswana Limited	33 482	19 218	-	-
Barclays Bank Kenya Limited	4 183	579	-	-
PSG Online	-	479	-	-
	3 731 440	**3 287 705**	**16 715 072**	**21 560 689**

41. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Exco that makes strategic decisions. The Exco assesses the performance of the operating segments on the basis of profit or loss from operations. They are managed separately because each segment offers different products and services to its customers, and requires different technology and marketing strategies. Interest income and expenditure are not allocated to operating segments, as this type of activity is undertaken by the holding company and is reflected as part of the Corporate services. The results of discontinued operations are not included in the measure of profit or loss from operations. This measure is consistent with all prior periods which are presented.

The reportable segments from which the Group derives revenue are set out below:

Figures in Rand	Group 2014	Group 2013	Company 2014	Company 2013

41. Segment Reporting (continued)

Reportable Segment	Products and services
Financial products	Supply investment products and long term insurance products to clients in South Africa using the network marketing concept.
Health and wellness products	Supply of health and wellness products to consumers in South Africa, using the network marketing concept.
General finance	Supply of credit to clients of the Financial products segment as well as structured finance leases to clients in South Africa.
Corporate service and other	Supply of credit, management and information technology support services to all other segments in the Group. This segment also includes The StratCorp Share Incentive Trust.

Inter segment transaction are accounted for at arm's length and is not eliminated when segment information is presented. Inter segment transactions are however eliminated in presenting consolidated results for the Group.

	2014	2013
Revenue		
Continuing operations		
• Financial products	31 917 846	37 053 015
• Health and Wellness products	7 623 307	11 611 770
• General finance	170 900	263 146
• Corporate services and other	7 225 314	8 801 046
Inter segment eliminations	(12 660 631)	(14 972 128)
Revenue from continuing operations	**34 276 736**	**42 756 849**
Discontinued operations	-	15 744 838
Profit/(Loss)		
Continuing operations		
• Financial products	9 579 503	942 996
• Health and Wellness products	(1 638 183)	(2 574 253)
• General finance	(139 014)	(160 528)
• Corporate services and other	(6 394 377)	(15 349 923)
Inter segment eliminations	2 517 642	8 602 213
Profit/(loss) from continuing operations	3 925 611	(8 539 495)
Discontinued operations	(1 193 728)	(264 585)
Total Group Profit/(loss) after tax	**2 731 883**	**(8 804 080)**
Other disclosable items in Corporate		
Depreciation	844 743	1 424 970
Amortisation	741 062	832 273
Impairment of property, plant and equipment	312 386	132 161
Impairment of intangible assets	1 613 911	173 493
Segment assets		
Financial products	3 577 057	2 511 289
Health and Wellness products	802 183	822 736
General finance	196 766	710 091
Corporate services and other	4 805 768	7 412 060
Assets of disposal groups	14 246 938	14 928 515
Reportable segment assets	**23 627 712**	**26 384 691**
Unlisted investments	1 435 071	1 253 453
Deferred tax	6 407 177	4 818 220
Goodwill	1 317 953	1 317 953
Total Group Assets	**32 787 915**	**33 774 317**

41. Segment Reporting (continued)

Segment liabilities		
Financial products	1 962 789	2 326 573
Health and Wellness products	703 911	1 196 513
General finance	1 241	14 876
Corporate services and other	5 044 523	7 784 725
Liabilities of disposal groups	7 903 569	9 864 173
Reportable segment liabilities	15 616 033	21 186 860
Deferred tax	1 503 101	2 158 262
Interest bearing liabilities	10 782 265	9 727 506
Total Group Liabilities	**27 901 402**	**33 072 628**

42. Events after the reporting period

Save for the matters discussed in note 37 above, and specifically the 2014 Notice and July 2014 Report received by Virtus from the FSB as discussed above, the directors are not aware of any matter or circumstances arising since the end of the financial year that could have a material effect on the annual group financial statements.

43. Going concern

The consolidated 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. The directors constantly review the business models of the Group and its operating subsidiaries to ensure sustainability and the ability to operate profitably and generate positive cash flows. Funding facilities are also reviewed regularly to ensure that the Group has sufficient facilities in place to finance its operations.

The Group incurred a net profit of R 2.7 million for the year ended 28 February 2014, compared to a net loss of R 8.8 million for 2013. The current liabilities of the Group exceed its current assets as at 28 February 2014 mainly as a result of the linked units in StratCorp Property Holdings that is becoming payable on 1 December 2014, which results in material uncertainty regarding the Group's ability to continue as a going concern. Management is pursuing various solutions in order to address the material uncertainties which exists surrounding the going concern of the Group including, but not limited to the process of renegotiating the settlement terms with the linked unitholders.

The profits incurred by the Group over the last financial year have yielded some positive cash flows, to enable the Group to continue operating as a going concern. The Group further managed to reduce debt. Management will focus on revenue and the expansion of the revenue channels over the next financial year and confirm the going concern of the Group. Tough market conditions however, continue to exist which may affect the groups performance and strain the ability to generate future cash flows.

There is however a number of significant risks still threatening the Group in its current form. The reported summons served against a major subsidiary of the Group needs to be defended successfully and the Regulator investigating the affairs of a major subsidiary must be resolved. In addition, the threatened application by the Company's largest shareholder to place the Group under supervision and business rescue is still uncertain if they will proceed. It is management's intentions to resolve these issues amicably and to benefit of all stakeholders.

STRATCORP LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 2000/031842/06)

JSE code: STA

ISIN: ZAE000034294

("StratCorp" or "the Company")

This notice of annual general meeting contains important information.

If you are in any doubt as to what action to take in regard to this notice, please consult your Central Securities Depository Participant ("CSDP"), broker, banker, accountant, attorney or other professional adviser immediately and refer to the instructions set out in this notice

FOURTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT THE FOURTEENTH ANNUAL GENERAL MEETING OF SHAREHOLDERS OF STRATCORP LIMITED WILL BE HELD AT THE 3RD FLOOR, LAKESIDE BUILDING B, HEUWEL AVENUE, CENTURION ON FRIDAY, 7 NOVEMBER 2014 AT 10:00

Record date: In terms of section 59(1)(a) and (b) of the Companies Act 71 of 2008, as amended (the "Companies Act"), the board of directors of the company ("board") has set the record date for the purpose of determining which shareholders are entitled to:

1. receive notice of the Annual General Meeting ("AGM") (being the date on which a shareholder must be registered in the company's securities register to receive notice of the AGM) as Friday, **22 August 2014**; and
2. participate in and vote at the AGM (being the date on which a shareholder must be registered in the company's securities register to participate in and vote at the AGM) as Friday, **31 October 2014**.

Shareholders are reminded that-

- a shareholder entitled to attend and vote at the AGM is entitled to appoint one or more proxies to attend, participate in and vote at the meeting in the place of the shareholder, by making use of the proxy form attached to the notice;
- a proxy need not also be a shareholder of the Company;
- in terms of section 63(1) of the Companies Act any person attending or participating in a meeting of shareholders must present reasonably satisfactory identification and the person presiding at the meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as shareholder or as proxy for a shareholder) has been reasonably verified;
- in terms of the Listings Requirements of the JSE any shares held by the StratCorp Limited Share Incentive Scheme will not have their votes taken into account in determining the results of voting on Special Resolution 1 and Ordinary Resolution 14 tabled thereat as Item 14.10 of Schedule 14 of the JSE Listings Requirements stipulates that equity securities held by a share trust or scheme will not have their votes at an AGM taken into account for the purposes of resolutions proposed in terms of the JSE Listings Requirements; and
- Treasury shares will not have their votes taken into account in determining the results of voting on any of the resolutions set out in paragraphs 1.1 to 1.19 below.

The purpose of the meeting is to-

- present the directors' report and the audited annual financial statements of the Company and the Group for the year ended 28 February 2014;
- present the audit committee report;
- consider any matters raised by shareholders; and
- consider and if deemed fit to pass, with or without modification, the resolutions set out below:

1.1 Special Resolution 1

Acquisition by StratCorp of its own shares

"RESOLVED THAT the acquisitions by the Company from time to time of ordinary shares in the issued share capital of the Company be approved. Such acquisitions shall be made upon such terms and conditions and in such amounts as the directors of the Company may from time to time determine (but subject in all events to the requirements of clause 17 of the Company's Memorandum of Incorporation (the "MOI"), the provisions of the JSE Listings Requirements and the Companies Act), even if such acquisition is from a director or prescribed officer of the Company or a person related to a director or prescribed officer of the Company and subject to the following:

- this general authority shall be valid until the Company's next AGM, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this special resolution (whichever period is shorter);
- the repurchase being effected through the order book operated by the JSE trading system, without any prior understanding or arrangement between the Company and the counterparty;
- repurchases may not be made at a price greater than 10% (ten percent) above the weighted average of the market value of the ordinary shares for the 5 (five) business days immediately preceding the date on which the transaction was effected;

- an announcement being published as soon as the Company has repurchased ordinary shares constituting, on a cumulative basis, 3% (three percent) of the initial number of ordinary shares, and for each 3% (three percent) in aggregate of the initial number of ordinary shares repurchased thereafter, containing full details of such repurchases;
- the number of shares which may be acquired pursuant to this authority in any one financial year may not in the aggregate exceed 20% (twenty per cent) of the Company's issued share capital as at the date of passing of this special resolution or 10% of the Company's issued share capital in the case of an acquisition of shares in the Company by a subsidiary of the Company;
- the Company's Designated Advisor confirming the adequacy of the Company's working capital for purposes of undertaking the repurchase of ordinary shares in writing to the JSE prior to the Company entering the market to proceed with the repurchase;
- the Company and/or its subsidiaries not repurchasing securities during a prohibited period as defined in the JSE Listings Requirements, unless it has in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed and full details of the programme have been disclosed in an announcement published on SENS prior to the commencement of the prohibited period;
- at any point in time the Company only appointing one agent to effect any repurchases on its behalf; and
- the board of directors must pass a resolution that they authorised the repurchase and that the Company passed the solvency and liquidity test set out in section 4 of the Companies Act and that since the test was done there have been no material changes to the financial position of the Group."

Reason and Effect

The reason for and effect of this special resolution is to grant the Company a general authority, in terms of section 48 of the Companies Act and clause 17 of the Company's MOI, to facilitate the acquisition of the Company's own shares, which general authority shall be valid until the earlier of the next AGM 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 this general authority shall not extend beyond 15 (fifteen) months from the date of adoption of this special resolution.

In accordance with the Listings Requirements, the directors record that although there is no immediate intention to effect a repurchase of shares of the Company, the directors will utilise this general authority to repurchase shares as and when suitable opportunities present themselves, which opportunities may require expeditious and immediate action. The directors undertake that, after considering the maximum number of securities which may be repurchased and the price at which the repurchases may take place pursuant to this general authority to repurchase securities, for a period of 12 months after the date of notice of this annual general meeting:

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

Such general authority will provide the directors with flexibility to effect a repurchase of the Company's shares, should it be in the interest of the Company to do so at any time while the general authority is in force.

At present, the directors have no specific intention with regard to the utilisation of this authority, which will only be used if the circumstances are appropriate.

Voting

In order for this special resolution to be adopted, the support of at least 75% (seventy-five per cent) of the total number of votes which the shareholders present or represented by proxy at this meeting are entitled to cast is required.

Note that in terms of the JSE Listings Requirements, shares held in terms of the StratCorp Limited Share Incentive Scheme may not vote on this resolution.

1.2 Special Resolution 2

Financial assistance to related and inter-related company

"RESOLVED THAT, to the extent required by the Companies Act, the board of directors of the Company may, subject to compliance with the requirements of the Company's MOI, the Companies Act and the JSE Listings Requirements, each as presently constituted and as amended from time to time, authorise the Company to provide direct or indirect financial assistance, as contemplated in section 45 of the Companies Act, by way of loans, guarantees, the provision of security or otherwise, to any of its present or future subsidiaries and/or any other company or corporation that is or becomes related or inter-related (as defined in the Companies Act) to the Company for any purpose or in connection with any matter, such authority to endure until the next annual general meeting provided that such authority shall not extend beyond 2 (two) years."

Reason and effect

The Company, when the need arises, provides loans and guarantees loans or other obligations of its subsidiaries. The Company would like the ability to continue to provide such financial assistance and if necessary, also in other circumstances, in accordance with section 45 of the Companies Act. This authority is necessary for the Company to provide financial assistance in appropriate circumstances. Under the Companies Act, the Company will, however, require the special resolution referred to above to be adopted, provided that the board of directors of the Company be satisfied that the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company and, immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test contemplated in the Companies Act. In the circumstances and in order to, *inter alia*, ensure that the Company's subsidiaries and other related and inter-related companies and corporations have access to financing and/or financial backing from the Company, it is necessary to obtain the approval of shareholders, as set out in Special Resolution 2. Therefore, the reason for, and effect of special Resolution 2 is to permit the Company to provide direct or indirect financial assistance (within the meaning attributed to that term in section 45 of the Companies Act) to the entities referred to in Special Resolution 2.

Voting

In order for this special resolution to be adopted, the support of at least 75% (seventy-five per cent) of the total number of votes which the shareholders present or represented by proxy at this meeting are entitled to cast is required.

1.3 Special Resolution 3

Approval of fees payable to non-executive directors

"RESOLVED, as a special resolution in terms of section 66(9) of the Companies Act, that the Company be and is hereby authorised to pay the following monthly remuneration to its non-executive directors for their services as directors for the period:

1. From 30 June 2014 to 6 November 2014; and
2. Of two years from the date of this AGM which will include an annual increase of 10%; or

until the non-executive directors' remuneration is amended by way of special resolution of shareholders, whichever comes first:

	Category	Notes	Maximum monthly remuneration payable during the 2015 financial year R	Maximum monthly remuneration payable after the 2015 financial year R
3.1	Chairperson of the Board	1	20 000	24 200
3.2	Chairperson of any committee or sub-committee	2	12 000	14 520
3.3	Board member		10 000	12 100

Notes

1. The Chairperson of the Board's fee covers chairmanship and membership of the Board and of all other board committees and sub-committees.
2. The fee stays the same regardless of the number of committees or sub-committees.

Reason and effect

Sections 66(8) and (9) of the Companies Act require the approval of non-executive directors' remuneration by shareholders.

The reason for Special Resolution 3 is to obtain shareholder approval by way of special resolution in accordance with section 66(9) of the Companies Act for the payment by the Company of remuneration to each of the non-executive directors of the Company for each non-executive director's services as a non-executive director in the amounts set out in the table above.

As the fees payable to non-executive directors are, from time to time, benchmarked to other companies with a similar market capitalisation taking into account the estimated time and the other requirements of directors, an annual increase not exceeding 10% is proposed for approval in the 2016 financial year.

The effect of this resolution will be that the remuneration paid to the non-executive directors of the Company will be as set out in the table above, subject to the approval thereof by the board of directors.

Each of the special resolutions numbers 3.1 to 3.3 in respect of the proposed remuneration for the year ending 28 February 2015 and two years thereafter will be considered by way of a special vote.

Voting

In order for this special resolution to be approved 75% (seventy-five per cent) of the total number of votes cast in favour of this resolution by all shareholders present or represented by proxy at this meeting is required.

1.4 Ordinary Resolution 1

Re-appointment of external auditors

"RESOLVED THAT Nexia SAB&T Chartered Accountants Incorporated be and is hereby reappointed as the external auditor of the company to hold office until conclusion of the next annual general meeting, with Mr MF Sulaman as the registered individual auditor who will undertake the audit of the Company for the ensuing year, with the directors being authorised to determine the remuneration of the auditors."

Reason and Effect

The audit committee must, amongst others, in terms of the provisions of section 94(7)(a) of the Companies Act, nominate, for appointment as auditors of the Company under section 90 of the Companies Act, a registered auditor who, in the opinion of the audit committee, is independent of the Company.

The audit committee of StratCorp nominates Nexia SAB&T Chartered Accountants Incorporated to be reappointed as the external auditor of the Company. Nexia SAB&T Chartered Accountants Incorporated has indicated its willingness to continue in office and Ordinary Resolution 1 proposes the re-appointment of that firm as the Company's auditor until the conclusion of the next AGM.

Voting

In order for this resolution to be adopted, the support of a majority (50% plus 1) of votes cast by shareholders present or represented by proxy at this meeting is required.

Reason and Effect for Ordinary Resolutions 2 to 8
In terms of clause 26.4.1 of the Company's MOI, the board has the power to appoint or co-opt any person as director, whether to fill any vacancy on the board on a temporary basis, as set out in section 68(3) of the Companies Act, or as an additional director provided that such appointment must be confirmed by the shareholders, in accordance with clause 26.4.1.1 of the MOI, at the next AGM of the Company, as required in terms of section 70(3)(b)(i) of the Companies Act.
Voting for Ordinary Resolutions 2 to 8
In order for Ordinary Resolutions 2 to 8 to be adopted, the support of a majority (50% plus 1) of votes cast by shareholders present or represented by proxy at this meeting is required.

1.5 Ordinary Resolution 2

Ratification of appointment of non-executive director – S Coetzee

"RESOLVED THAT the appointment of Stefan Coetzee, who was appointed by the board of directors as a non-executive director with effect from 18 February 2014 is hereby confirmed in accordance with clause 26.4.1 of the Company's MOI."

Stefan Coetzee (54) ((B.Com) – (Non-Executive)

Stefan studied BCom at the University of Pretoria. He started his career as Private Secretary to Minister Dawie De Villiers, a cabinet minister responsible for portfolios such as Trade and Industry and Public Enterprises. He then joined Dr Anton Rupert as Director of Finance and Operations to set up the Peace Parks Foundation with the late Mr Nelson Mandela as Honorary Patron. Stefan, as one of the inventors of CarboHydrate Derived Fulvic Acid (CHD-FA), has dedicated the last 8 years of his life to this unique invention being responsible for worldwide production and sales in South Africa.

Stefan was appointed as a non-executive director by the board of directors on 18 February 2014.

1.6 Ordinary Resolution 3

Ratification of appointment of non-executive director – MM Patel

"RESOLVED THAT the appointment of Mitesh Mohanlal (Mitesh) Patel, who was appointed by the board of directors as a non-executive director with effect from 21 May 2014 is hereby confirmed in accordance with clause 26.4.1 of the Company's MOI."

Mitesh Mohanlal Patel (40) (B Compt (Hons) (CA (SA)) – (Independent Non-Executive)

Mitesh is the managing partner of Nkonki Inc. Mitesh qualified as a Chartered Accountant in 2002. He has been in the audit and advisory profession for the past 14 years. Mitesh is also a non-executive director of Imbali Beauty Limited and WG Wearne Limited.

Mitesh was appointed as a non-executive director by the board of directors on 21 May 2014.

1.7 Ordinary Resolution 4

Ratification of appointment of non-executive director – TM Masasa

"RESOLVED THAT the appointment of Thuto Margaret (Thuto) Masasa, who was appointed by the board of directors as a non-executive director with effect from 26 May 2014 is hereby confirmed in accordance with clause 26.4.1 of the Company's MOI."

Thuto Margaret Masasa (34) (B Com (Acc) (Hons)) – (Independent Non-Executive)

Thuto qualified as a Chartered Accountant in 2006 and joined Nkonki Inc. as a senior manager during 2012. Thuto was appointed as an audit partner at Nkonki Inc. during September 2012 and is responsible for leading diverse teams to ensure productivity and accomplish complex tasks within Nkonki Inc. and various clients' projects. She is also involved in developing strategies, policies and procedures for running businesses which gearing is for growth. Thuto has also been appointed as a facilitator of Spirit Of Youth at Gordon Institute of Business Science, as a board member of the charity organization "Beyond Lemonade Stand", as a member of African Women Chartered Accountants Board (AWCA) and she is a member of the Institute of Directors.

Thuto was appointed as a non-executive director by the board of directors on 26 May 2014.

1.8 Ordinary Resolution 5

Ratification of appointment of non-executive director – SI Kallen

"RESOLVED THAT the appointment of Sangeeta Ishwarlal (Sangeeta) Kallen, who was appointed by the board of directors as a non-executive director with effect from 26 May 2014 is hereby confirmed in accordance with clause 26.4.1 of the Company's MOI."

Sangeeta Ishwarlal Kallen (33) (B Compt (Hons) (CA (SA)) – (Independent Non-Executive)

Sangeeta completed an undergraduate degree in Accounting Sciences at the University of Pretoria and a postgraduate degree at UNISA. After successfully completing SAICA articles at the Auditor-General in 2006 and qualifying as a Chartered Accountant, Sangeeta remained at the Auditor-General and gained experience in the public sector. She remained in public sector audit for 5 years and joined Nkonki Inc. in 2010 as an audit partner where she manages the public sector and financial services portfolio. Her expertise lie in financial services and development finance related sectors. She is a member of the Institute of Directors.

Sangeeta was appointed as a non-executive director by the board of directors on 26 May 2014.

1.9 Ordinary Resolution 6

Ratification of appointment of executive financial director – JHP Engelbrecht

"RESOLVED THAT the appointment of Johannes Hendrik Petrus (Henk) Engelbrecht, who was appointed by the board of directors as the executive financial director with effect from 1 July 2014 is hereby confirmed in accordance with clause 26.4.1 of the Company's MOI."

Johannes Hendrik Petrus Engelbrecht (50) (B Compt (Hons) (CA (SA)) – (Executive)

Henk has over thirty years' experience in corporate finance and senior management. Henk qualified as a Chartered Accountant in 1988 and completed his articles at KPMG, for whom he worked from 1983 to 1990, the latter years as group audit manager. He then joined the investment banking and corporate finance team of ABSA Merchant Bank until 1999, before accepting an opportunity at Grindrod Bank to co-found a corporate finance team. In 2008 he joined Vunani Corporate Finance where he remained until March 2011 when he was appointed as Group Financial Director of StratCorp. Henk briefly moved to Andulela Investment Holdings as Chief Financial Officer in June 2013 before he returned as Group Financial Director of StratCorp on 1 July 2014. The board appointed Henk as the acting Chief Executive Officer after the resignation of David Harrington on 4 August 2014. He is a member of the Institute of Directors.

Henk was appointed as the executive financial director by the board of directors on 1 July 2014.

1.10 Ordinary Resolution 7

Ratification of appointment of non-executive director – A Kissoonduth

"RESOLVED THAT the appointment of Anniruth Kissoonduth, who was appointed by the board of directors as a non-executive director with effect from 28 June 2014 is hereby confirmed in accordance with clause 26.4.1 of the Company's MOI."

Anniruth Kissoonduth (53) – (Non-Executive)

Anniruth was appointed as the Chief Executive Officer of Kusasa Healthcare (Pty) Ltd during 1999. Anniruth also holds directorships at DHK Group (Pty) Ltd, Piranha Galleries (Pty) Ltd, Kusasa Clothing (Pty) Ltd and Campus Crusade for Christ South Africa NPC. Anniruth is a non-executive director of Kose-Kose Investments Limited who nominated him to serve on the StratCorp Board.

Derrick was appointed as a non-executive director by the board of directors on 28 June 2014.

1.11 Ordinary Resolution 8

Ratification of appointment of non-executive director – TG Ratau

"RESOLVED THAT the appointment of Tumelo Given Ratau, who was appointed by the board of directors as a non-executive director with effect from 28 June 2014 is hereby confirmed in accordance with clause 26.4.1 of the Company's MOI."

Tumelo Given Ratau (32) B Com (Acc) (Hons), CA(SA) – (Non-Executive)

Tumelo is a qualified Chartered Accountant. He completed his training with the Auditor-General in Pretoria after which he established LIDE Consultants and Chartered Accountants, a financial consulting and auditing firm in 2009. Tumelo is also involved in several Government Provincial Interventions for Local Government. Tumelo is a non-executive director of Kose-Kose Investments Limited who nominated him to serve on the StratCorp Board.

Tumelo was appointed as a non-executive director by the board of directors on 28 June 2014.

Reason and Effect for Ordinary Resolutions 9 to 12
In terms of section 94(2) of the Companies Act, the shareholders of a public company must at each AGM elect an audit committee comprising at least three members who are directors and who meet the criteria of section 94(4) of the Companies Act. In terms of the Regulations to the Companies Act (the "Companies Regulations"), at least one third of the members of the company's audit committee at any particular time must have academic qualifications, or experience, in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resource management.
Voting for Ordinary Resolutions 9 to 12
In order for Ordinary Resolutions 9 to 12 to be adopted, the support of a majority (50% plus 1) of votes cast by shareholders present or represented by proxy at this meeting is required.

1.12 Ordinary Resolution 9

Election of audit committee member – S Coetzee

"RESOLVED THAT Stefan Coetzee, who offers himself for election to the audit committee, be elected as a member of the audit committee of the Company with immediate effect."

The board is satisfied that Stefan as a proposed member of the audit committee, meets all relevant requirements and recommends his election.

This resolution will only be tabled for approval subject to the approval of Ordinary Resolution 2 by the majority of votes.

The profile of Stefan appears under Ordinary Resolution 2.

1.13 Ordinary Resolution 10

Election of audit committee member – TM Masasa

"RESOLVED THAT Thuto Margaret Masasa, who offers herself for election to the audit committee, be elected as a member of the audit committee of the Company with immediate effect."

The board is satisfied that Thuto, as a proposed member of the audit committee, meets all relevant requirements and recommends her election.

This resolution will only be tabled for approval subject to the approval of Ordinary Resolution 4 by the majority of votes.

The profile of Thuto appears under Ordinary Resolution 4.

1.14 Ordinary Resolution 11

Election of audit committee member – SI Kallen

"RESOLVED THAT Sangeeta Ishwarlal Kallen, who offers herself for election to the audit committee, be elected as a member of the audit committee of the Company with immediate effect."

The board is satisfied that Sangeeta, as a proposed member of the audit committee, meets all relevant requirements and recommends her election.

This resolution will only be tabled for approval subject to the approval of Ordinary Resolution 5 by the majority of votes.

The profile of Sangeeta appears under Ordinary Resolution 5.

1.15 Ordinary Resolution 12

Election of audit committee member – TG Ratau

"RESOLVED THAT Tumelo Given Ratau, who offers himself for election to the audit committee, be elected as a member of the audit committee of the Company with immediate effect."

The board is satisfied that Tumelo, as a proposed member of the audit committee, meets all relevant requirements and recommends her election.

This resolution will only be tabled for approval subject to the approval of Ordinary Resolution 8 by the majority of votes.

The profile of Tumelo appears under Ordinary Resolution 8.

1.16 Ordinary Resolution 13

Authority of directors to issue shares

"RESOLVED THAT, the authorised and unissued ordinary share capital of the Company be and is hereby placed under the control of the directors of the Company, until the next annual general meeting, which directors are, subject to the Listings Requirements, the provisions of the Companies Act and the Company's MOI, authorised to allot and issue any of such shares at such time or times, to such person or persons, and upon such terms and conditions as they may determine."

Reason and effect

The shareholders may, in terms of clause 6.12 of the Company's MOI, at a general meeting authorise the directors, to issue shares of the Company at any time and/or grant options to subscribe for shares as the directors in their discretion think fit, provided that such transaction(s) has/have been approved by the JSE and comply with the JSE Listings Requirements.

Voting

In order for this resolution to be adopted, the support of a majority (50% plus 1) of votes cast by shareholders present or represented by proxy at this meeting is required.

1.17 Ordinary Resolution 14

General authority to issue shares for cash

"RESOLVED THAT, subject to the restrictions set out below, the directors be and are hereby authorised, pursuant, *inter alia*, to the Company's MOI and subject to the provisions of the Companies Act and the JSE Listings Requirements, until this authority lapses which shall be at the next annual general meeting or 15 months from the date hereof, whichever is the earlier, to allot and issue shares of the Company for cash on the following basis:

- The allotment and issue of shares must be made to persons qualifying as public shareholders and not to related parties, as defined in the JSE Listings Requirements;
- The shares which are the subject of the issue for cash must be of a class already in issue or, where this is not the case, must be limited to such shares or rights that are convertible into a class already in issue;
- The total aggregate number of shares which may be issued for cash in terms of this authority may not exceed 103 089 341 shares, being 50% of the Company's issued shares as at the date of notice of this annual general meeting. Accordingly, any shares issued under this authority prior to this authority lapsing shall be deducted from the 103 089 341 shares the Company is authorised to issue in terms of this authority for the purpose of determining the remaining number of shares that may be issued in terms of this authority;
- In the event of a sub-division or consolidation of shares prior to this authority lapsing, the existing authority shall be adjusted accordingly to represent the same allocation ratio;
- The maximum discount at which the shares may be issued is 10% (ten percent) of the weighted average traded price of such shares over the 30 business days prior to the date that the price of the issue is agreed between the Company and the party subscribing for the shares; and
- After the Company has issued shares for cash which represent, on a cumulative basis within the period that this authority is valid, 5% (five percent) or more of the number of shares in issue prior to that issue, the Company shall publish an announcement containing full details of the issue, including the number of shares issued, the average discount to the weighted average traded price of the shares over 30 business days prior to the date that the issue is agreed in writing between the issuer and the party subscribing for the shares, the effect of the issue on net asset value per share, net tangible asset value per share, earnings per share and headline earnings per share, and if applicable diluted earnings per share and diluted headline earnings per share."

Reason and effect

In terms of clause 6.12 of the MOI, the directors of StratCorp have the power to issue shares of the Company at any time and/or grant options to subscribe for Shares of the company with the prior approval of the shareholders in general meeting. The proposed resolution will authorise the board of directors to issue shares, subject always to the requirements of clause 6 of the MOI.

Voting

In terms of the JSE Listings Requirements, a 75% majority of the votes cast in favour of such resolution by all equity shareholders present or represented by proxy at the annual general meeting is required.

Note that in terms of the JSE Listings Requirements, shares held in terms of the StratCorp Limited Share Incentive Scheme may not vote on this resolution.

1.18 Ordinary Resolution 15

Authority to directors

"RESOLVED as an ordinary resolution that any one director or the Company Secretary of the Company be and is hereby authorised to do all such things and sign all such documents as are deemed necessary for or incidental to the implementation of the resolutions passed at this meeting."

Reason and effect

This resolution is to provide the directors with the necessary authority to do all things necessary to act under or implement the decisions and resolutions passed at this meeting.

Voting

In order for this resolution to be adopted, the support of a majority (50% plus 1) of votes cast by shareholders present or represented by proxy at this meeting is required.

1.19 Non-binding advisory vote

Endorsement of remuneration policy

"RESOLVED, as a non-binding advisory vote that the remuneration policy of the Company, as set out on page 13 of the Annual Report, be endorsed."

As this matter is non-binding, no minimum voting threshold is needed.

2. General information

The following additional information, some of which may appear elsewhere in the Annual Report, is provided in terms of the Listings Requirements of the JSE:

	Page
Directors of the Company	3
Major Shareholders	25
Directors interest in shares	15
Share capital of the Company	55

Directors' responsibility statement

The directors whose names appear in the Annual Report collectively and individually accept full responsibility for the accuracy of the information given in Special Resolutions 1 to 3, Ordinary Resolutions 1 to 15, and the non-binding advisory vote, and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the aforementioned ordinary and special resolutions contain all information required by the JSE Listings Requirements.

Material change

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

Litigation statement

As reported on several occasions during the past year and recently on 14 May 2014, a major subsidiary of the Company, Virtus Financial Services is being investigated by the Financial Services Board ("FSB"). The FSB's investigation of Virtus Financial Services originated from a complaint received by the FSB in 2007 of the alleged contravention by the subsidiary of certain provisions of the FAIS Act. The latest notice from the FSB was delivered to Virtus Financial Services on 9 May 2014 (the"2014 Notice"). A report was also received from the FSB on 31 July 2014 that outlines the findings of the onsite visits and risk assessment conducted by the FSB at Virtus Financial Services on 13 and 14 March 2013 (the "July 2014 Report"). The matter is therefore receiving attention, and Virtus has been engaging with the Regulator in this regard.

As reported previously, a summons was also served on Virtus Financial Services and inter alia on the former Chief Executive Officer of StratCorp who was a director of Virtus Financial Services at the time), claiming payment of damages in excess of R23 million. The claim arises from an investment made by a third party in 2008 in a company that was liquidated in 2010. Virtus Financial Services acted in an advisory capacity to the third party. Virtus Financial Services and the other defendants are defending the matter. Shareholders will be updated as and when there are further developments.

The Company's largest shareholder Kose-Kose Investments Limited has brought an urgent application during January 2014 in the North Gauteng High Court of South Africa to place the Company under supervision and business rescue. On 28 February 2014 the North Gauteng High Court of South Africa struck the application by Kose-Kose Investments Limited to place StratCorp under supervision and business rescue from the roll as the matter was not urgent and awarded a cost order in favour of StratCorp.

The Company is not aware of any further steps taken by Kose-Kose Investments Limited to enrol its application to place StratCorp under supervision and business rescue on the opposed motion roll, after it was struck from the urgent roll on 28 February 2014 in the North Gauteng High Court.

Except for the above, the Board is not aware of any other legal or arbitration proceedings, pending or threatened against the Group, which may have or have had, in the 12 months preceding the date of this report, a material effect on the Group's financial position.

3. Proxies and Voting

Proxies

A shareholder of the Company is entitled to attend, speak, and vote at the AGM is entitled to appoint a proxy or proxies to attend, speak and on a poll vote in his stead. The proxy need not be a shareholder of the Company. A form of proxy is attached for the convenience of any certificated shareholder and own name registered dematerialised shareholder who cannot attend the AGM, but who wishes to be represented.

Additional forms of proxy may also be obtained on request from the Company's registered office. The completed forms of proxy must be deposited at, posted or faxed to the registered office of the Company or the transfer secretaries at the address set out on the inside of the back cover, to be received by no later than 10:00 on Wednesday, 5 November 2014 or they may be handed to the chairperson of the AGM at any time prior to the commencement of voting on the ordinary and special resolutions tabled at the AGM.

Any member who completes and lodges a form of proxy will nevertheless be entitled to attend and vote in person at the AGM should the member subsequently decide to do so.

Shareholders who have dematerialised their ordinary shares through a CSDP or broker, other than own name registered dematerialised shareholders, and who wish to attend the AGM must request their CSDP or broker to issue them with a Letter of Representation. Alternatively dematerialised shareholders other than own name registered dematerialised shareholders, who wish to be represented, must provide their CSDP or broker with their voting instructions in terms of the custody agreement between them and their CSDP or broker in the manner and by time-frame stipulated.

Shareholders and proxies of shareholders are advised that they will be required to present reasonably satisfactory identification in order to attend or participate in the AGM as is required in terms of section 63(1) of the Companies Act.

Voting

On a show of hands, every shareholder of the Company present in person or by proxy shall have 1 (one) vote only, irrespective of the number of shares he holds or represents, provided that a proxy shall, irrespective of the number of members he represents have only 1 (one) vote. On a poll, every shareholder of the Company who is present in person or represented by proxy, shall have one vote for every share held in the Company by such shareholder.

In terms of the JSE Listings Requirements any shares held by the StratCorp Limited Share Incentive Scheme will not have their votes taken into account in determining the results of voting on Special Resolution 1 and Ordinary Resolution 14 tabled thereat, and treasury shares will not have their votes taken into account in determining the results of voting on any of the resolutions set out in paragraphs 1.1 to 1.19 above.

Salient dates

Last day to trade in the Company's securities to be eligible to vote at the annual general meeting	Friday, 24 October 2014
Record date for determining those shareholders entitled to vote at the annual general meeting	Friday, 31 October 2014

By order of the Board

NW Moffatt

Company Secretary

Centurion

2 September 2014

Registered Address:	3rd Floor, Lakeside Building B, Heuwel Avenue, Centurion, South Africa (PO Box 12022 Centurion 0046 South Africa)
Company Secretary:	NW Moffatt, 3rd Floor, Lakeside Building B, Heuwel Avenue, Centurion, South Africa (PO Box 12022 Centurion 0046 South Africa)
Transfer Secretaries:	Computershare Investor Services (Pty) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001, (PO Box 61051, Marshalltown, 2107).

FORM OF PROXY
for the year ended 28 February 2014

STRATCORP LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 2000/031842/06)
JSE code: STA
ISIN: ZAE 000034294
("StratCorp" or "the Company")

For use by the holders of the Company's certificated ordinary shares ("certificated shareholders") and/or dematerialised ordinary shareholders whose shares are held through a CSDP or broker and who have selected own name registration ("own name dematerialised shareholders") at the Annual General Meeting ("AGM") of the Company to be held at the 3rd Floor, Lakeside Building B, Heuwel Avenue, Centurion on Friday, 7 November 2014 at 10:00 am and at any adjournment thereof.

Not for use by holders of the Company's dematerialised ordinary shares who are not own name dematerialised shareholders. Such shareholders must contact their CSDP or broker timeously if they wish to attend and vote at the AGM and request that they be issued with the necessary Letter of Representation to do so, or provide the CSDP or broker timeously with their voting instructions should they not wish to attend the AGM in order for the CSDP or broker to vote thereat in accordance with their instructions.

I/We (block letters)____of

address____

(telephone (work)____________________telephone (home)_____________)

being the holder(s)of__________________shares in the Company

Hereby appoint __________________________or failing him/her,___________________or

failing him/her,_____________________, or failing him/her the Chairman of the General Meeting

as my/our proxy to act on my/our behalf at the AGM of the shareholders of the Company to be held on Friday, 7 November 2014 and at each adjournment thereof and, on a poll, to vote for or against the resolutions or to abstain from voting in respect of the shares registered in my/our name/s, in accordance with the following instructions (see note 2):

		For	Against	Abstain
1.	Special Resolution 1 – general authority to repurchase shares.			
2.	Special Resolution 2 – financial assistance to related and inter-related companies within the StratCorp Group of Companies.			
3.	Special Resolution 3 – to approve the payment of remuneration by the Company to its non-executive directors.			
3.1	Proposed for the period from 30 June 2014 to 6 November 2014			
3.2	Proposed for a period of 2 years after and including 7 November 2014			
4.	Ordinary Resolution 1 - to re-appoint Nexia SAB&T Chartered Accountants Inc as auditors of the Company.			
5.	Ordinary Resolution 2 – to confirm the appointment of S Coetzee as a non-executive director of the Company.			
6.	Ordinary Resolution 3 – to confirm the appointment of MM Patel as a non-executive director of the Company.			
7.	Ordinary Resolution 4 – to confirm the appointment of TM Masasa as a non-executive director of the Company.			
8.	Ordinary Resolution 5 – to confirm the appointment of SI Kallen as a non-executive director of the Company.			
9.	Ordinary Resolution 6 – to confirm the appointment of JHP Engelbrecht as the executive financial director of the Company.			
10.	Ordinary Resolution 7 – to confirm the appointment of A Kissoonduth as a non-executive director of the Company.			
11.	Ordinary Resolution 8 – to confirm the appointment of TG Ratau as a non-executive director of the Company.			
12.	Ordinary Resolution 9 – to appoint S Coetzee as a member of the Company's audit committee.			

13.	Ordinary Resolution 10 – to appoint TM Masasa as a member of the Company's audit committee.			
14.	Ordinary Resolution 11 – to appoint SI Kallen as a member of the Company's audit committee.			
15.	Ordinary Resolution 12 – to appoint TG Ratau as a member of the Company's audit committee.			
16.	Ordinary Resolution 13 – to place the unissued ordinary shares under the control of the directors.			
17.	Ordinary Resolution 14 – general authority to issue shares for cash.			
18.	Ordinary Resolution 15 – to authorise each director or the company secretary to do all things necessary to implement the resolutions approved at this meeting.			
19.	Non-binding advisory vote – Endorsement of non-binding advisory note of the Company's remuneration policy.			

Insert an "X", or insert relevant number of votes, whichever is applicable in the relevant spaces above according to how your votes should be cast.

Signed at ____________________________on ___________________2014

Signature(s)____

Capacity ____

Please read the notes below.

Notes to form of proxy

1 This form of proxy is to be completed only by those members who are:

a) holding shares in certificated form; or

b) recorded in the sub register in electronic form in their "own name".

2 A shareholder may insert the name or names of two alternative proxies of his/her choice in the space provided, with or without deleting "the Chairman of the Meeting". The person whose name appears first on the form of proxy and who is present at the AGM will be entitled to act as proxy to the exclusion of those whose names follow. Any such proxy, who need not be a shareholder of the Company, is entitled to attend, speak and vote on behalf of the shareholder.

3 A proxy is entitled to one vote on a show of hands and, on a poll, one vote for each share held. A shareholder's instructions to the proxy must be indicated in the appropriate spaces.

4 If a shareholder does not indicate on this instrument that the proxy is to vote in favour of or against any resolution or to abstain from voting or gives contradictory instructions, or should any further resolution/s or any amendment/s which may be properly put before the AGM be proposed, the proxy shall be entitled to vote as he thinks fit.

5 Forms of proxy must be lodged at, posted to or faxed to the registered office of the Company at 3rd Floor, Lakeside Building B, Heuwel Avenue, Centurion (P O Box 12022, Centurion, 0046) to reach the Company by no later than 10:00 on Wednesday, 5 November 2014 or they may be handed to the Chairman at the AGM.

6 Documentary evidence establishing the authority of the person signing the 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 Chairperson of the AGM.

7 The completion and lodging of this form of proxy does not preclude the relevant shareholder from attending the AGM and speaking and voting in person to the exclusion of any proxy appointed in terms of this proxy form.

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

9 The Chairman of the Meeting may accept or reject any form of proxy, which is completed and/or received other than in accordance with these notes, provided that he shall not accept a proxy unless he is satisfied as to the manner in which a member wishes to vote.

10 Shareholders who have dematerialised their shares must inform their Central Securities Depository Participant ("CSDP") or broker of their intention to attend the AGM and request their CSDP or broker to issue them with the necessary Letter of Representation to attend the AGM or provide their CSDP or broker with their voting instructions should they not wish to attend the AGM in person but wish to be represented thereat. This must be done in terms of the agreement entered into between the members and their CSDP or broker.

Summary of the rights established in terms of section 58 of the Companies Act as required by section 58(8)(b)

For purposes of this summary, "shareholder" shall have the meaning ascribed thereto in the Companies Act.

1. At any time, a shareholder of a company is entitled to appoint any individual, including an individual who is not a shareholder of that company, as a proxy, to participate in, and speak and vote at, a shareholders meeting on behalf of the shareholder, or give or withhold written consent on behalf of such shareholder in relation to a decision contemplated in section 60 of the Companies Act.

2. A proxy appointment must be in writing, dated and signed by the relevant shareholder, and such proxy appointment remains valid for one year after the date upon which the proxy was signed, or any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in section 58(4)(c) of the Companies Act or expires earlier as contemplated in section 58(8)(d) of the Companies Act.

3. Except to the extent that the MOI of a company provides otherwise:

3.1. a shareholder of the relevant company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by such shareholder;

3.2. a proxy may delegate his authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and

3.3. a copy of the instrument appointing a proxy must be delivered to the company, or to any other person on behalf of the relevant company, before the proxy exercises any rights of the shareholder at a shareholders meeting.

4. Irrespective of the form of instrument used to appoint a proxy, the appointment of the proxy is suspended at any time and to the extent that the shareholder who appointed that proxy chooses to act directly and in person in the exercise of any rights as a shareholder of the relevant company.

5. Unless the proxy appointment expressly states otherwise, the appointment of a proxy is revocable. If the appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and the company.

6. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the relevant shareholder as of the later of the date: (a)

stated in the revocation instrument, if any; or (b) upon which the revocation instrument is delivered to the proxy and the relevant company as required in section 58(4)(c)(ii) of the Companies Act.

7. If the instrument appointing a proxy or proxies has been delivered to the relevant company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the relevant company's Memorandum of Incorporation to be delivered by such company to the shareholder, must be delivered by such company to the shareholder, or to the proxy or proxies, if the shareholder has directed the relevant company to do so in writing and paid any reasonable fee charged by the company for doing so.

8. A proxy is entitled to exercise, or abstain from exercising, any voting right of the relevant shareholder without direction, except to the extent that the MOI, or the instrument appointing the proxy provides otherwise.

9. If a company issues an invitation to shareholders to appoint one or more persons named by such company as a proxy, or supplies a form of instrument for appointing a proxy:

9.1. such invitation must be sent to every shareholder who is entitled to notice of the meeting at which the proxy is intended to be exercised;

9.2. the invitation, or form of instrument supplied by the relevant company, must: (a) bear a reasonably prominent summary of the rights established in section 58 of the Companies Act; (b) contain adequate blank space, immediately preceding the name or names of any person or persons named in it, to enable a shareholder to write in the name and, if so desired, an alternative name of a proxy chosen by such shareholder; and (c) provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour or against the applicable resolution/s to be put at the relevant meeting, or is to abstain from voting;

9.3. the company must not require that the proxy appointment be made irrevocable; and

9.4. the proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Companies Act.

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