Integrated annual report 2011

williamtell

integrated wood-based panel solutions

Report contents

Our client-base ranges from small to large manufacturers in the built in furniture, office furniture, shop-fitting, exhibition and furniture industries as well as small to large participants in the retailing and wholesaling industry in South Africa.

MISSION

Sustainable delivery of world class products, service and results

VISION

Recognition as a world class organisation within the broader wood-based panels industry

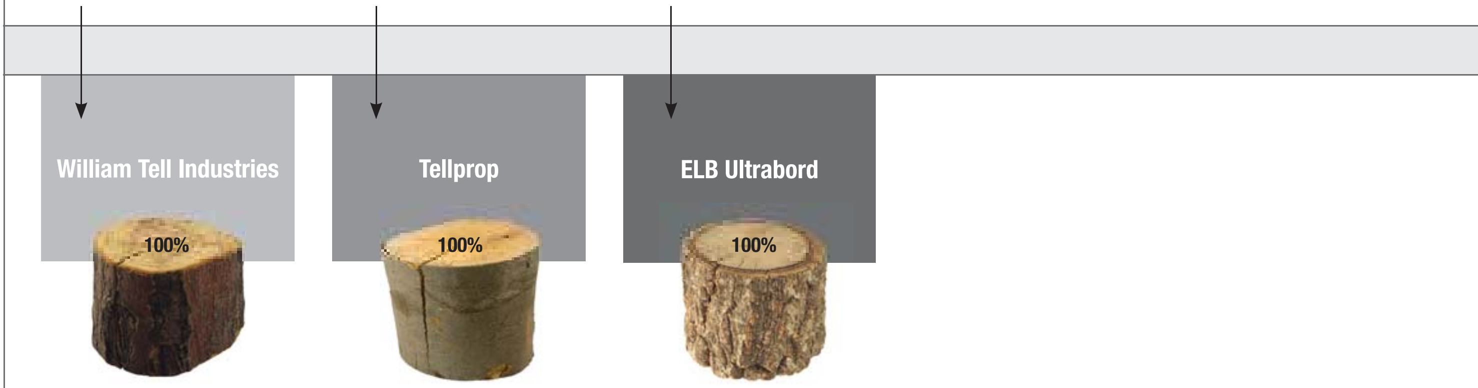
CORE VALUES

Truth, integrity, courage, unity, fortitude, respect and independence

OVERVIEW OF THE BUSINESS

William Tell is a mass producer of wood-based panels. The Group is vertically integrated with all manufacturing operations consolidated on one site in the industrial area of Chamdor in Krugersdorp. Activities range from production of chipboard from wood waste, application of melamine and other decorative surfaces to production of furniture elements and ready to assemble furniture.

Our Group structure and business strategy



Market position in South Africa

William Tell entered the capital intensive wood-based panel industry in 2007 when it started producing its own chipboard requirements for the first time. The Company is the smallest of three producers in South Africa having supplied only 4% of particleboard demand in the 2011 financial year.

Business strategy

William Tell's strategy is two-pronged. Firstly to increase the current output and to exploit our chipboard plant's installed capacity.

The second part of the strategy is profitable growth through diversifying revenue streams into related markets thus spreading the risk and smoothing turnover cycles.

Risk management

Risk management is focused on consolidating the operations on the Company to enhance productivity and to increase market share.

The Group produces chipboard from wood waste, adds value by applying melamine surfaces and further adds value by producing systems and components for the broader building and related industries.

William Tell was founded in 1980 as a sole proprietorship offering general joinery and manufacturing custom-built home furniture. Since then the business has grown organically from an initial capital base of R900 operating out of a 36m^2 garage workshop, to having a net asset value of R182,4 million (30 June 2011) and owning 5,3 hectares of industrial land. William Tell has evolved from a custom furniture producer into a vigorous competitor in South Africa's wood-based panel industry, by producing and adding value to chipboard products supplied to numerous businesses in sub-Saharan Africa.

William Tell enjoys a major competitive advantage in that our facility is sited in the greater Johannesburg region, our primary market. William Tell, a truly South African wood-based panel producer is strategically positioned to increase market share through a network of distribution centres.

Definition of industry terms

The terms below are generically used within the industry and by William Tell. They are defined here to enable a greater understanding by the users of this integrated annual report.

ALTX – the Alternative Exchange of the JSE Limited.

BBBEE – Broad Based Black Economic Empowerment.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) – a series of standards of accounting issued by the International Accounting Standards Board requiring transactions and events to be accounted for and reported in a like way both within an entity over time and among entities in those jurisdictions that have adopted IFRS. South Africa has adopted IFRS and reporting in accordance with IFRS is compulsory for companies listed on the JSE.

GROUP – The William Tell group of companies, consisting of William Tell Holdings Limited, William Tell Industries (Pty) Limited, Tellprop (Pty) Limited and ELB Ultrabord (Pty) Limited.

The JSE – The JSE Limited, registration number 2005/022939/06, a public company incorporated in South Africa and which is licensed as an exchange in terms of the Securities Services Act, 2004 (Act 36 of 2004), as amended.

MEDIUM DENSITY FIBRE BOARD (MDF) – MDF is produced from uniform wood fibres (as opposed to wood chips) in a similar process to particleboard, has a higher density and is a homogenous panel that lends itself to being worked in a similar way to timber.

MELAMINE FACED BOARD (MFB) – Either particleboard or MDF board (panels) that have been coated with decorative melamine surfaces in a process that requires high pressure and temperature to form a closed decorative surface over the surface of the boards making them suitable for further processing into furniture parts.

PARTICLEBOARD – Particleboard (chipboard), is produced from logs, wood-waste and low grade timber, reduced to suitable, various sized particles, combined with resins and cured under high pressure and temperature, thickness calibrated and finish sanded to produce a solid wood based panel.

RAND OR "R" – South African Rand, being the Group's functional and presentation currency.

SENS – the Securities Exchange News Service of the JSE.

WOOD-BASED PANELS (WBP) – Collective term for particleboard, MDF and MFB.

Our directors CVs

Our directors are all South African citizens

Ralph Patmore

Johan Diederiks

Nirvana Govender

Ralph Patmore

(59) BCom MBL

Chairman of the board of directors of William Tell Holdings Limited, effective 1 February 2009. He has 10 years of building materials' distribution experience from his former position as chief executive officer of Iliad and a wealth of industrial manufacturing experience from his time as member of the board of directors of Everite and later as member of the board of directors of Group Five, prior to his appointment as chief executive officer of Iliad in 1998. He holds a Bachelor of Commerce degree from the University of the Witwatersrand, a Masters degree in Business Leadership from the School of Business Leadership of the University of South Africa – (UNISA), and a SEP from the Stanford University. He is an Accredited Associate of the Institute for Independent Business of London.

Johan Diederiks

(52) CA(SA)

Chief Executive Officer of William Tell Holdings Limited. Qualified as a Chartered Accountant in 1983. He was exposed to various manufacturing businesses between 1984 and 1993 where he held financial positions within the same group of companies. Managing Director of Wispeco (Pty) Limited between 1994 and 1997. Involved as owner in businesses manufacturing wooden and aluminium windows and doors for the last 14 years. Appointed as Chief executive officer on 1 August 2011.

Nirvana Govender

(31) CA(SA)

Financial director of William Tell Holdings Limited. Graduated from University of KwaZulu-Natal. Completed her articles with Deloitte & Touche. Joined William Tell in January 2008 as financial manager. Appointed as financial director on 1 June 2009.

Neville de Winnaar

Michael Meehan

Clyde Lok

Richard McElligott

Neville de Winnaar

(38) Dip (Business administration) (Wits Business School)

Sales director of William Tell Holdings Limited. Neville was appointed as a director of William Tell Industries in May 2005. Prior to joining William Tell Industries in April 2004 as general manager of the Evopan Division, he gained extensive experience and built a sound knowledge of the sub-Saharan African market. Neville is responsible for ensuring that our products enter the market through the most efficient channels. He has completed the MAP Programme and gained a PDM from Wits Business School.

Michael Meehan

(64) CA(SA)

Non-executive director of William Tell Holdings Limited. Graduated from the University of Natal and practised as a Chartered Accountant in Durban before commencing a 23-year career in shipping and ship owning with the Grindrod Group, where he served as a main board director, as chief executive officer of Unicorn Shipping and chief executive officer of the listed Griffin Shipping Holdings. He subsequently co-founded and listed Trematon Capital Investments. He has filled the roles of president of the Durban Chamber of Commerce and president of the South African Ship Owners' Association and now operates in the property, investments and business consultancy fields in Durban. Appointed director on 11 June 2007. He holds the position of independent non-executive director on a number of other listed or public companies.

Clyde Lok

(63) CA(SA)

Non-executive director of William Tell Holdings Limited. Clyde qualified as a Chartered Accountant in 1972, but has not practised as such. Was appointed Group Secretary in 1973 of Vickers Southern Africa (the International UK, essentially armaments, Group at the time). Joined an entrepreneurial export company, leaving end of 1976 to start his own businesses. Has formed and been involved in a number of companies since then as an executive director and controlling shareholder. The most prominent companies Clyde has been involved with include Dunlop Industrial Products (Pty) Limited (executive director and major shareholder), and as the only South African director (non-executive) of the local holding company of the international German Rema Tip Top group of companies. Clyde recently disposed of his shareholding in Dunlop and has retired from the Dunlop and Rema boards.

Richard McElligott

(49) CA(SA)

Non-executive director of William Tell Holdings Limited. Graduated from the University of Natal and qualified as a Chartered Accountant while working for KPMG in Durban and thereafter New York. He served as FD of listed chemical group Farm-ag Limited and MD of related listed investment companies Rale Holdings Limited and Strand Group Holdings before co-founding and serving as CEO of listed Trematon Capital Investments. He has served as an executive and non-executive director of a number of unlisted companies operating in many different sectors of the economy including being Chairman of unlisted horseracing group Gold Circle. He currently owns and manages a corporate finance advisory business, Rale Corporate Solutions.

Chairman's review

Dear stakeholders

The year produced positives in the form of the 30% increase in turnover and the 1% improvement in the gross margin percentage.

I am pleased to report that despite considerable disruption to the management during the second half of the year we have managed to stabilise the group. However as a result of the disruption we did experience a short period when management's focus was negatively affected, culminating in a disappointing operating result for the period under review.

Barry Lok, the Company's founder, major shareholder and then CEO suffered a relapse of an unfortunate illness in February 2011. The nature of the illness compromised Barry's rational thoughts and actions. After following due process, the board was left with no option other than to terminate Barry's employment contract and his position on the board.

I took on the role as acting CEO for a short period and would like to extend my sincere thanks to the management team and staff at William Tell who rallied and steered the ship into calmer waters. This was a test of character and resolve and they came through with flying colours. They demonstrated the passion and commitment that Barry had engendered in the organisation over the last few decades.

We are delighted that Johan Diederiks has joined the company as CEO from August 2011 and we trust that he will provide the strong disciplined leadership required to take the company forward. Johan gained his manufacturing experience when he took charge of Wispeco turning it from a loss situation into a profitable business. Having demonstrated his entrepreneurial flair by starting his own business Inso Aluminium, which he grew and subsequently sold to PG Glass (today known as PG Aluminium). We required a leader who had large production experience but possessed the entrepreneurial flair, needed to understand the organisational culture, in order to take it forward.

The financial year under review reinforced the philosophy that we needed to improve our core competencies in relation to continuous process manufacturing. We found ourselves in the position of selling more product than we could produce, due to the inefficiencies in production. Hard lessons have been learnt over the year, the bulk of which we were aware of, but had not mastered, as we transformed from a batch manufacturer to a low cost continuous process manufacturer.

Ralph Patmore
Chairman

We began the year with two dominant strategies:

- To roll out distribution centres to facilitate the drive to gain market share and hence ensure a full loading on our manufacturing facility.
- To master the identified core competencies required to run an efficient continuous process chip board manufacturing facility; the desired result being a low cost but quality board.

The team added four distribution centres during the year in Polokwane, Bloemfontein, Port Elizabeth and Pietermaritzburg. This brought the total to seven. The strategy proved to be correct, with sales increasing by 30% year on year. The market place remained exceptionally tight but the company was able to gain market share through its strategic thrust.

The story from the production facility was not as encouraging. Apart from the production difficulties referred to above the MD, Wally van Coller, and the manager heading up production left the employ of the company. This created short-term issues which are now behind us, but they left a negative financial mark on the year's performance.

The new CEO has taken the decision not to replace the two positions in the short term, to allow him to get closer to the area of the business needing most attention. Once he has satisfied himself that all the processes and disciplines are in place, he will decide on the most appropriate structure for the company.

The excitement going forward lies in the fact that the challenges facing the company are well known, they are predominantly internal and therefore controllable. We are able to sell sufficient product at an acceptable, if not desired, gross margin so the real challenge rests with production. The production output trends in the second half of the year were consistently improving each month, which augurs well for the future. Unfortunately the "chipper" was damaged at the start of June which resulted in production being curtailed to levels of around fifty percent of those achieved in May. This caused an under recovery of overheads resulting in a substantial loss being recorded in June. The bulk of the breakdowns suffered during the year should be eliminated in future with the correct maintenance procedures which are being implemented.

Financial results

The year produced positives in the form of the 30% increase in turnover and the 1% improvement in the gross margin percentage. However the non-recovery of production overheads due to the inefficiencies in the plant resulted in the gross margin percentage coming through at least 10 percentage points short of our target.

The excessive increase in overheads can be attributed to:

- A once-off payment to the departing MD and CEO (R1,8 million)
- Once-off expenses incurred in establishing new distribution centres (R1,4 million)
- A year-end increase in provisions for doubtful debts and obsolete stock (R4,1 million)
- A year-end write-off of a municipal deposit due to lack of documentation (R1,1 million). We are reasonably confident that this amount is recoverable

These adjustments processed at year-end and the overall result were disappointing.
The balance sheet looks substantially stronger with the debt burden being reduced by R17 million.

Prospects

We face some infrastructure costs in 2012 mainly in respect of securing our electrical supplies at a cost in the region of R12 million but we are confident we can fund this from existing resources. Otherwise, major capital expenditure remains on hold until we are confident of a sustained recovery in the SA economy and demand for our products.

The company is one step closer to producing a solid performance although it has taken substantially longer to get to this point than originally anticipated. The market remains tight with selling prices not seeing any improvement, exacerbated by the excess installed production capacity in the marketplace. However we anticipate being able to fill the order book to enable the plant to run close to full capacity. The real test will be how well we are able to run the plant. The bulk of the challenges are internal and controllable so we remain quietly confident of seeing the coming year as being the first in a prolonged period of continuous improvement.

Board of directors

A number of changes were made to the board as a direct result of Barry Lok's illness. Clyde Lok joined as a non-executive director in April 2011 following the departure of Barry Lok and the resignation of Wally van Coller. Johan Diederiks joined the board in August 2011 as CEO. To comply with the new Companies Act, Richard McElligott was appointed as an independent non-executive director in September 2011. Earlier in the year Warwick Lok retired from the board after an extended period of committed and passionate service. We thank Warwick for the huge contribution he made during his years at the company.

As a board we would like to extend our wishes to Barry Lok for a speedy and full recovery. He has poured his life into the company and we sincerely hope that in the years to come he will be in a position to once again meaningfully contribute to the success of the group.

Appreciation

As mentioned at the start of the report a special thank you must go to the Executive Directors, Management and staff whose efforts and commitment sustained the company. Furthermore, a special thank you to my fellow Non-Executive Directors whose commitment to the group was unwavering.

Overview

The sustainability report aims to present a transparent, accurate and a reasonable account of the Group's sustainability performance for the year. This report has not been subject to external assurance process and is therefore a management account of sustainability performance.

Managing sustainable development

The Group has begun a process of formalising our sustainable development performance by measuring our consumption of environmental resources like water and electricity as well as paper and comparing the result to 2010. We have measured various social indicators of our staff to get an idea of the man hours worked, any disabling injuries in terms of Section 24 of the Occupational Health and Safety Act occurring at work or outside of it and Safety, Health, Environment and Quality training of staff during the period under review. The table on page 9 shows the results of this survey. This has indicated that we need to improve our indicators. This will be a major focus for management next year.

Black economic empowerment

At the time of writing the report we were awaiting the results for 2011 and expect to be compliant. Once these results are received we will arrange workshops to best decide how to further improve the scorecard of the Group.

Our people

The Group directly employs 302 people. We recognise our responsibility to empower our staff to develop as individuals. Our long term sustainability requires us to meet the aspirations and expectations of our employees in respect of leadership, remuneration, work stimulation, career development, fair employment practices and lifestyle support.

We have a skills development plan which is revised annually in order to facilitate the above. This plan assists us to create a culture which subscribes to continuous improvement and hence develops and retains our skilled employees.

Safety, health and environmental

The Group is committed to ensuring that employees work in a safe, healthy and clean environment. We also recognise that South Africa is facing a HIV/AIDS epidemic of considerable proportions. Although our healthcare system will bear (and is already bearing) the initial brunt of the epidemic, there is little doubt that it is affecting every aspect of our society. We have regular workshops to educate our people on this epidemic and encourage them to act responsibly at all times. We also have a clinic on site in order to promote our staff wellbeing.

We are committed to environmentally friendly operations and as far as possible we attempt to minimise the Group's impact on the environment.

- Currently we are generating heat in the Biomass plant using our timber waste as a source of energy as opposed to using fuel oil as an energy source.
- Waste timber from various sources is being used in the production process which reduces the amount of waste ending up on dump sites. By using more waste timber in the production process results in less consumption of logs, thus reducing deforestation.
- Waste and sawdust that cannot be used as biomass fuel, is being used to produce compost.

Social responsibility

The Group focuses on contributing towards the upliftment of children with disabilities. We support the Avril Elizabeth Home as they are a home for disabled and mentally challenged children. We have also contributed towards the establishment of a Centre of Excellence in Bram Fischerville. This Centre will assist early childhood practitioners at informal crèches and the surrounding informal settlements.

Sustainability indicators

		2011	2010
Economic Indicators			
Operating loss for the year	R000's	**6 772**	27 107
Cash on hand	R000's	**25 240**	11 354
Gross profit margin	%	**17**	16
Debt-equity	%	**30**	38
Social Indicators			
Employees at year end	No.	**302**	214
Man hours worked	000's	**657**	439
Disabling injuries	No.	**15**	9
Man days lost to injuries	No.	**226**	248
SHEQ training (people)	No.	**60**	49
Employment			
Average number of employees	No.	**282**	204
Staff training cost	R000's	**30**	55
Learnerships	No.	**2**	1
Environmental			
Water consumed	K/l per cube produced	**0,08**	0,08
Electricity consumed	Mw per cube produced	**0,28**	0,29
Fuel used by company vehicles			
- Petrol	L per cube produced	**1,22**	0,74
- Diesel	L per cube produced	**2,67**	2,43
Paper utilization	Kg per cube produced	**0,09**	0,07

Relations with stakeholders

Shareholders and the Media

The Group has 351 shareholders, the majority of who are South African, and management have an open-door policy towards all our stakeholders and the media.

We participate in showcases arranged by the JSE and various other institutions believing that in actively engaging with shareholders and stakeholders through the normal course of our business, we gain a better understanding of their expectations and our impact on them.

The Group adopts a pro-active stance in timely dissemination of appropriate information to stakeholders through print and electronic news releases and the statutory publication of the Group's financial performance. The Group's website provides the latest and historical financial and other information, including the financial reports.

The board encourages shareholders to attend its annual general meeting, notice of which is contained in this integrated annual report, where shareholders will have the opportunity to put questions to the board, including the chairmen of the board committees.

Customers

We strive to exceed our customer expectations by ensuring we undertake customer satisfaction surveys, have in-house customer care representatives to deal with customer dissatisfaction and outsource research to assess the relevance of products and services as well as brand perception.

Suppliers

We continue to maintain strong relationships with our suppliers, recognising the interdependence of each other on business success. We manage supplier performance based on on-time delivery, delivery against specifications and price consistency as well as adhering to audits to ensure compliance with the latest best practice. To ensure sustainable relationships, the group prefers to adopt a transparent pricing policy to enable mutual understanding of key drivers of price, availability and quality. While there is a preference for local suppliers, the group does directly import certain input products into its Manufacturing division.

Code of Conduct and Ethics

The Group is committed to the highest ethical standards of business conduct and to complying fully with all applicable laws and regulations. The directors believe that the ethical standards of the Group, as stipulated in the code of conduct, are monitored and are being met. Where there is non-compliance with the code of conduct, the appropriate discipline is enforced with consistency as the Group responds to offences and prevents recurrences.

The board has developed a code of ethics that underwrites the board's commitment to the highest level of ethical standards. The Company adopts a top down approach, which has been disseminated throughout the company. It confirms the board's approach of zero tolerance, not only to fraud and dishonest behaviour, but also to criminal behaviour in general. Strong action is taken against any employee found guilty of offences of this nature.

The code of ethics and relevant procedures are supported by a whistle-blowing policy that enables the reporting of any criminal or suspicious activities and ensures that the whistle-blower is protected at all times against victimisation. As part of the education process, employees are also reminded of their duty to report dishonest activities in terms of the relevant statutory requirements.

The Group does not engage in or accept any illegal acts in the conduct of its business. The directors' policy is to actively pursue and prosecute the perpetrators of fraudulent or other illegal activities, should they become aware of any such acts.

William Tell is listed on the Alternative Exchange (AltX) of the JSE. The Company is therefore subject to the Listings Requirements of the JSE, the guidelines in the King Code and Report on Corporate Governance for South Africa 2009 (King III) as well as legislation applying to publicly listed companies in South Africa.

The board remains committed to complying with recommendations as set out in King III. The board and its committees made good progress in embedding the appropriate principles and practices contained in King III. The board approved its revised board charter and board committees' terms of reference. Business and governance structures have clear approval frameworks.

During the year the Group's focus continued in identifying compliance gaps in line with the 'apply or explain' approach of King III. The Company will continue to improve operational and corporate practices to achieve sound corporate governance, transparency and accountability at all times, underpinned by integrity.

The impact of the new Companies Act 71 of 2008 (the Act) on the company has been a focus of the board during the last few months. To comply with the Act, shareholders will be asked to appoint the members of the audit and risk committee and consider special resolutions on directors' fees as well as the provision of loans and other financial assistance. A new memorandum of incorporation will be drafted and brought to shareholders for consideration at the appropriate time.

Board of directors

The board is based on a unitary structure and exercises full and effective control over the Group. It comprises seven members, being an independent non-executive chairman, three additional non-executive directors and three executive directors. The majority of non-executive directors are independent. The responsibility of all directors is clearly divided to ensure a balance of power and authority to prevent unfettered powers of decision-making.

The board is:

- guided by the letter and spirit of the values expressed in King III and the JSE Listings Requirements;
- responsible for actively reviewing and enhancing the Group's system of control and governance on a continuous basis to ensure that the Group is managed ethically and within prudently determined risk parameters;
- committed to sustainable value creation for all identified stakeholders; and
- responsible for the integrity of the integrated reporting and for overseeing all sustainability issues.

The directors as at the writing of this report are:

Non-executive directors	Executive directors
Ralph Patmore (Chairman)*	Johan Diederiks (Chief executive officer)
Michael Meehan*	Nirvana Govender (Financial director)
Clyde Lok	Neville de Winnaar
Richard McElligott*	

** Independent*

The board comprises a majority of non-executive directors, who bring specific skills and experience to the board. The composition of the board is reviewed on a regular basis to ensure ongoing compliance with the requirement entailed in the Act and King III.

In terms of the memorandum of incorporation one-third of the directors rotate at the annual general meeting. Michael Meehan and Neville de Winnaar will rotate and, being eligible, offer themselves for re-election.

The strategy of the Group is mapped by the board in conference with the executive team. The board and the executive team meet on an annual basis to review and agree on the Group's strategic intent and the Group's area of focus and growth.

The board is responsible for monitoring and reporting on the effectiveness of the Company's system of internal control. It is assisted by the audit and risk committee in the discharge of this responsibility.

The non-executive directors derive no benefit from the Company other than their fees and emoluments as proposed by the board through the remuneration and nomination committee and approved by shareholders at the Group's annual general meeting.

Changes to the board

During the year Barry Lok became indisposed and, in the opinion of the board, was unable to continue in his role of chief executive officer. Accordingly, his appointment was terminated effective 8 April 2011. Ralph Patmore assumed the position of acting chief executive officer until the appointment of Johan Diederiks as chief executive officer on 1 August 2011. It was also determined to eliminate the position of managing director to avoid a duplication of roles and responsibilities. Consequently, Wally van Coller resigned as managing director on 2 June 2011.

Warwick Lok retired at the annual general meeting held on 17 November 2010 after not making himself available for re-election. Clyde Lok was appointed as non-executive director on 7 April 2011. Richard McElligott was appointed on 14 September 2011 as an independent non-executive director, who was appointed as a member of the audit and risk committee.

A profile of each director is included on pages 4 and 5.

Chairman

The chairman's role is to set the ethical tone for the board and to ensure that the board remains efficient and focused, and operates as a unit. Ralph Patmore is an independent non-executive chairman and his role is separate from that of the chief executive officer.

He provides overall leadership to the board without limiting the principle of collective responsibility for board decisions. He is chairman of the remuneration and nomination committee and a member of the audit and risk committee. The chairman is also responsible for the annual appraisal of the chief executive officer's performance.

Chief executive officer

The chief executive officer reports to the board and is responsible for the day-to-day business of the Group and implementation of policies and strategies approved by the board. The executive committee assists him with this task. Board authority conferred on management is delegated through the chief executive officer against approved authority levels.

Non-executive directors

All members of the board have a fiduciary responsibility to represent the best interest of the Group and all of its stakeholders. The Group's non-executive directors are individuals of high calibre and credibility who make a significant contribution to the board's deliberations and decisions. They have the necessary skill and experience to exercise judgement on areas such as strategy, performance, transformation, diversity and employment equity.

Company secretary

The company secretary plays a vital role in the corporate governance of the Group and is responsible for ensuring board compliance with procedures and regulations of a statutory nature. The company secretary ensures compliance with the listings requirements and is responsible for the submission of the annual compliance certificate to the JSE.

The company secretary provides the board as a whole and directors individually with guidance on discharging their responsibilities and duties. She plays a vital role in providing advice and guidance to the board and to other employees within the Company on matters of good governance and changes in legislation.

The company secretary ensures that, in accordance with the pertinent laws and regulatory framework, the proceedings and affairs of the board and its members, the Company itself and, where appropriate, the owners of securities in the Company are properly administered. The company secretary is the secretary of all the board committees.

Board processes

The directors have access to the advice and services of the company secretary. They are entitled, at the Company's expense, to seek independent professional advice about the affairs of the Company regarding the execution of their duties as directors.

A board charter is in place and outlines the responsibilities of the board, namely to:

- act as the focal point for, and custodian of, corporate governance by managing its relationship with management, the shareholders and other stakeholders of the Company along sound corporate governance principles;
- retain full and effective control of the Company;
- elect a chairman of the board who is an independent non-executive director;
- give strategic direction to the Company, both long and short term;
- monitor management in implementing plans and strategies as approved by the board;
- create value through social, economic and environmental performance;
- appoint and evaluate the performance of the chief executive officer;
- ensure that succession is planned;
- identify and regularly monitor key risk areas and key performance indicators of the business;
- ensure that the Company complies with relevant laws, regulations and codes of business practice;
- ensure that the Company communicates with shareowners and relevant stakeholders openly and promptly;

- identify and monitor relevant non-financial matters;
- establish a formal and transparent procedure for appointment to the board, as well as a formal orientation programme for incoming directors;
- regularly review processes and procedures to ensure effectiveness of internal systems of control and accept responsibility for the total process of risk management;
- assess the performance of the board, its committees and its individual members on a regular basis;
- ensure that the Company is and is seen to be a responsible corporate citizen by having regard to not only the financial aspects of the business of the Company but also the impact that business operations have on the environment and the society within which it operates;
- ensure that the Company's performance includes an economic, social and environmental perspective;
- ensure that the Company's ethics are managed effectively;
- ensure that the Company has an effective and independent audit committee;
- be responsible for information technology (IT) governance;
- appreciate that stakeholders' perceptions affect the Company's reputation;
- ensure the integrity of the Company's integrated report;
- monitor the Company's compliance with the above;
- act in the best interest of the Company by ensuring that individual directors
  - adhere to legal standards of conduct,
  - exercise the degree of care, skill and diligence that would be exercised by a reasonably individual,
  - act in good faith and in the manner that the director believes is in the best interest of the Company,
  - take independent advice in connection with their duties following an agreed procedure,
  - disclose real or perceived conflicts to the board and deal with them accordingly,
  - deal in securities only in accordance with the policy adopted by the board, and
  - commence business rescue proceedings as soon as the Company is financially distressed.

The charter also addresses issues such as the composition and size of the board, board procedures, matters reserved for board decision and the frequency and proceedings of board meetings.

Interest in contracts

During the year ended 30 June 2011, none of the directors had a significant interest in any contract or arrangement entered into by the Company or its subsidiaries, other than as disclosed in note 21 to the annual financial statements.

Directors are required to inform the board timeously of conflicts or potential conflicts of interest they may have in relation to particular items of business. Directors are obliged to excuse themselves from discussions or decisions on matters in which they have a conflict of interest. A conflict of interest policy is in place.

Directors' dealings in shares

The board has an approved policy for trading in shares, in terms of which dealing in the Group's shares by directors and employees is prohibited during closed periods.

Directors of the Company and its major subsidiaries may not deal in the Company's shares without first advising and obtaining clearance from the chief executive officer and the financial director. The chief executive officer and financial director may not deal in the Company's shares without first advising and obtaining clearance from the chairman. No director or executive may trade in William Tell shares during closed periods as defined in the JSE Listings Requirements. The directors of the Company keep the Company secretary advised of all their dealings in securities.

Self-evaluation

The company secretary conducted a self-evaluation exercise of the board's performance, mix of skills and individual contributions of directors, its achievements in terms of corporate governance and the effectiveness of its board committees. Each director also performed a self-evaluation exercise as well as an evaluation on fellow directors. The results were reviewed by the board, which was satisfied that the overall assessment did not diminish in any material respect or degree from the previous assignment. Similar evaluations were done for the audit and risk committee as well as the remuneration and nomination committee.

Board meeting attendance

The following board meetings were held in the last year:

Director	15 Sept 2010	17 Nov 2010	16 Feb 2011	7 Apr 2011 (Special)	12 Apr 2011 (Special)	26 May 2011
Neville de Winnaar	✓	✓	✓	✓	✓	✓
Clyde Lok	N/A	N/A	N/A	♦	✓	✓
Barry Lok	✓	✓	✓	✓	N/A	N/A
Warwick Lok	✓	♦	N/A	N/A	N/A	N/A
Michael Meehan	✓	✓	✓	✓	✓	✓
Ralph Patmore	✓	✓	✓	✓	✓	✓
Wally van Coller	✓	✓	✓	✓	✓	✓
Designated adviser	♦	♦	♦	♦	♦	♦

♦ *By invitation*

Warwick Lok – retired 17 November 2010
Barry Lok – terminated 8 April 2011
Wally van Coller – resigned 2 June 2011

Board committees

While the board remains accountable and responsible for the performance and affairs of the Company, it delegates to management and board committees certain functions to assist it in properly discharging its duties. The chairman of each board committee reports at each scheduled meeting of the board and minutes of board committee meetings are provided to the board. All the members of each board committee are independent non-executive directors. Each board committee functions in accordance with the provisions of the committee's terms of reference as approved by the board.

Both the directors and the members of the board committees are supplied with full and timely information that enables them to properly discharge their responsibilities. All directors have unrestricted access to all Group information.

The chairman of each board committee is required to attend annual general meetings to answer questions raised by shareholders.

The established board committees are as follows:

Executive committee

The executive committee is chaired by the chief executive officer, Johan Diederiks. Its responsibilities include the day-to-day implementation of Company policy, the co-ordination of executive management of the business and the implementation of corporate governance compliance at Group and subsidiary levels. The internal auditor advises the committee on monitoring and compliance.

The committee consists of Johan Diederiks (chief executive officer), Nirvana Govender (financial director), Neville de Winnaar (sales director) and Michelle Jordaan (human resources manager).

Audit and risk committee

The members of the audit and risk committee are Michael Meehan (chairman), Ralph Patmore and Richard McElligott, all independent non-executive directors. All members are financially literate and possess business and financial acumen. In reviewing the committee composition during the year, it was decided that, due to the size of the Company, the audit committee and risk committee remain one committee. The agenda is divided into two sections in order to attend to both audit and risk management responsibilities.

The composition of the committee meets the requirements of the Act and King III, consisting of a minimum of three non-executive directors, acting independently. While the inclusion of the Company chairman in this committee is not in accordance with the recommendations of King III, the Company believes it is not financially viable to incur the cost of appointing a further independent non-executive in order to meet this obligation.

The committee meets quarterly and is primarily responsible for assisting the board in:

- reviewing accounting policies and procedures;
- reviewing internal controls;
- establishing financial reporting practices;
- appointing and maintaining a relationship with external auditors, including setting the principles for recommending the use of the external auditors for non-audit services;
- identifying and monitoring significant risks to the business;
- ensuring ongoing processes that are vital in ensuring the integrity of the Group's integrated reporting and the adoption of combined assurance processes that will aim to optimise and strike a balance between the reports it receives from management and external auditors; and
- monitoring IT systems and controls.

The committee ensures the transparency and integrity of the Group's financial reporting though, inter alia, reviewing draft financial statements with management and external auditors prior to publication. The Company has a risk policy and, the risk register is maintained by management and reviewed by the audit and risk committee at each of its meetings.

The chief executive officer, financial director, internal auditor and senior audit partner attend meetings of the committee by invitation. Both the external and internal auditor have unrestricted access to the chairman of the committee as well as the chairman of the board.

The committee adopted a policy for reviewing non-audit services to be provided by the external auditors, which requires that any non-audit services have to obtain prior approval from the committee.

The following meetings were held during the financial year:

Member	**14 Sept 2010**	**16 Nov 2010**	**15 Feb 2011**	**25 May 2011**
Michael Meehan	✓	✓	✓	✓
Ralph Patmore	✓	✓	✓	✓
Chief executive officer/managing director	♦	♦	✗	✗
Financial director	♦	♦	♦	♦
Internal auditor	N/A	N/A	♦	♦
External auditor	♦	♦	♦	♦
Designated adviser	♦	♦	♦	♦

♦ *By invitation*

A report from the chairman of the committee can be found on page 17 of the integrated annual report.

IT steering committee

During the year under review the board established a committee of the board that is known as the IT steering committee and which governs information technology (IT) responsibilities as recommended by King III. This committee meets formally at least twice a year to report on its duties in accordance with its terms of reference as approved by the board. The committee reports to the board via the audit and risk committee.

The committee comprises the financial director, who is also the appointed chief information officer and chairman, together with the IT manager and representatives from the various departments.

Remuneration and nominations committee

The committee comprises Ralph Patmore (chairman) and Michael Meehan. The chief executive officer and the human resources manager attend by invitation.

The committee meets at least twice a year and is primarily responsible for assisting the board with the following:

- The Group's remuneration structures and benefits in general.
- The specific remuneration and terms of employment of executive directors and senior management in the Group.
- The regular review of the composition of the board.
- The nomination of potential candidates for appointment to the board as and when deemed necessary.
- Succession planning.

The William Tell share plan was approved by shareholders on 17 November 2010 and forms part of the incentive framework of the Group. The proposed fees for non-executive directors, which are subject to shareholder approval, are disclosed in the remuneration report.

A policy detailing the procedures for appointments to the board has been adopted by the committee and the board. The chairman of the board is also chairman of the committee and both members are independent non-executive directors. Although the board evaluates the chairman annually, election of the chairman does not occur annually, but only when required.

The following meetings were held during the financial year:

Member	17 Nov 2010	25 Feb 2011
Ralph Patmore	✓	✓
Michael Meehan	✓	✓
Chief executive officer/managing director	✗	✗
Human resources	✓	✗

The remuneration report can be found on page 18 of the integrated annual report.

Social and ethics committee

The board is in the process of establishing the committee in accordance with the requirements of the Companies Act and should have its first meeting before the end of the calendar year.

Accounting and auditing

Annual financial statements

The board acknowledges its responsibility for ensuring the preparation of the annual financial statements in accordance with International Financial Reporting Standards (IFRS). The board is also responsible for ensuring the maintenance of adequate accounting records and effective systems of internal control and delegates the activities relating to this to the audit and risk committee.

External audit

BDO South Africa Inc., the external auditors, report on whether the annual financial statements are fairly represented in accordance with IFRS and the Companies Act.

Internal audit

During the year under review the committee established an in-house internal audit function which assists the committee in reviewing internal controls of the Company. The internal audit function will continue to report directly to the audit and risk committee and to meet with the committee chairman and other members.

The internal audit charter defines the scope of the internal audit function. This and the internal audit plan include the assessment of the reliability and integrity of financial and operating information, new and existing systems of internal control, means of safeguarding assets and methods of confirming consistency of results with established objectives.

Report on the audit and risk committee

The committee is charged with the responsibility of overseeing audit and risk matters. It consists of three independent non-executive directors, one of whom is the chairman. In addition, the financial director and the designated adviser, PSG Capital (Pty) Limited are permanent invitees. The chief executive officer is invited as expedient. While the configuration meets the requirements of the new Companies Act of 2008, the inclusion of the chairman of the Company as a member of the committee is not recommended by King III. In the Company's financial circumstances, it will not be possible to achieve the status required by King III in 2012.

The committee met on four occasions during the year and enjoyed full attendance at all meetings.

Audit matters

The committee:

- reviewed the independence of the external auditors;
- reviewed the work programme of the external auditors;
- expressed its satisfaction with the competence of the external auditors;
- held separate discussions with the external auditors and determined that there were no matters of concern;
- reviewed the systems of internal control;
- initiated an internal audit function;
- initiated an IT committee;
- reviewed the charters of the audit and risk committee, internal audit and the IT committee;
- approved the work programmes of the internal auditor and the IT committee;
- gave guidance on the accounting treatment of significant matters;
- expressed its satisfaction with the competence of the financial director;
- held meetings with the Company bankers on covenants, performance and facilities;
- approved all announcements to shareholders;
- approved the interim and final results for the 2011 year and recommended them for acceptance by the board; and
- conducted a self-assessment of the committee and its members.

Risk matters

The company identifies risks under the following headings:

- Enterprise risk
- Operational risk
- Financial risk
- Reputational risk

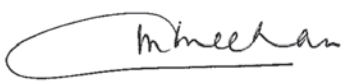
The company has zero tolerance for risk to the enterprise and its reputation, but is willing to take on risks at moderate and manageable levels for operations and finance, recognising that reward and opportunities flow from the acceptance of risk.

The committee reviews the risk register quarterly and makes recommendations to management and the board. It has met with the insurance brokers to assess the placing of insurance to protect against risks.

The company operates in a field that is heavily influenced by the domestic housing market. The timing of the recovery of this sector is uncertain.

In the light of the difficult financial circumstances in which the Company has been trading since December 2007, the risk appetite is naturally low. However, these circumstances make the Company vulnerable to outside events and aggressive competition. Hence the risk register identifies risks in excess of those acceptable in terms of the appetite. This requires close monitoring and vigilance, and the Company has adopted a policy that requires every level of management to accept that risk management is an integral part of his/her job responsibilities.

The Company has consolidated its operations on one site, improved the efficiency of its operating plant, reduced staff complements to optimum levels, restructured its executive and board, expanded its sales outlets to reduce the effect of competition on the distribution of its product range, followed a policy of cash conservation and postponed the exploitation of opportunities that require additional capital.



Michael Meehan
Audit and Risk Committee chairman
16 September 2011

The remuneration and nominations committee supports and advises the board on the Group's remuneration philosophy and policy. The remuneration philosophy is to align pay with business strategy and performance. To give effect to the general philosophy that directors, executives and staff should be paid fair, competitive and appropriately structured remuneration, the following broad principles are applied:

- Remuneration consists of fixed and variable elements.
- Salary is set at a competitive level in order to attract and retain the services of high-calibre employees.
- The annual incentive plan aligns the interests of executives with those of shareholders in the short term through a focus on earnings growth and value creation and other key drivers determined as critical to the Group's performance.
- The share plan offers share options to selected key executives so as to provide direct alignment with shareholders on long-term value creation.

Annual increases to executive remuneration packages are adjusted for changes in the general cost of living, while incentivised performance is calculated in terms of defined targets and key performance areas (KPAs) including risk-related elements.

The William Tell Share Plan was approved by shareholders on 17 November 2010. The plan is intended to promote stable and settled terms and conditions of employment for employees of the Group and to operate as an incentive to employees to remain with the Group and render services to their respective employers over the long term. To that end, the plan is intended to cater for the award to employees of shares which will be released to them over time if they remain in the employ of a member of the Group in order to create or increase such employees' proprietary interests in the Group's long-term success and to align their interests with those of the holders of shares.

The following allocations in terms of the performance of share method were awarded on 22 November 2010:

- Barry Lok (250 000)
- Neville de Winnaar (250 000)
- Wally van Coller (250 000)
- Nirvana Govender (250 000)

In line with the recommendations of King III, no share options are granted to non-executive directors. Non-executive directors are also paid for their attendance at committee meetings.

The following allocations were re-acquired during the financial year:

- Barry Lok (250 000)
- Wally van Coller (250 000)

Directors' and senior management's remuneration

The non-executive directors' fees remained unchanged from 2010 and are confirmed as follows:

Category	Proposed remuneration payable with effect from 1 July 2011
Board	
Chairman	R100 000 annual retainer R6 500 per meeting attended
Board member	R60 000 annual retainer R6 500 per meeting attended
Audit and risk committee	
Chairman	R75 000 annual retainer R6 500 per meeting attended
Audit and risk committee member	R45 000 annual retainer R6 500 per meeting attended
Remuneration and nomination committee	
Chairman	R50 000 annual retainer R6 500 per meeting attended
Remuneration and nomination committee member	R40 000 annual retainer R6 500 per meeting attended
Social and ethics committee	
Chairman	R50 000 annual retainer R6 500 per meeting attended
Social and ethics committee member	R40 000 annual retainer R6 500 per meeting attended

King III requires the disclosure (principle 2.26) of remuneration of each individual director and certain senior executives. The three highest paid senior management (excluding executive directors) is set out below:

30 June 2011	Salaries	Bonus	Total
Total aggregate earnings (R'000s)	R2 360	R24	R2 384

Directors' emoluments are set out in the directors' report on pages 22 and 23 of the integrated annual report.

Consolidated annual financial statements

for the year ended 30 June 2011

Contents

Directors' responsibility statement

for the year ended 30 June 2011

The directors are required by the South African Companies Act to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the Group at the relevant period ends and the results of its operations and cash flows for those period ends in conformity with International Financial Reporting Standards and AC 500 standards as issued by the Accounting Practices Board. These financial statements are presented on pages 22 to 56.

The financial statements are prepared in accordance with International Financial Reporting Standards and AC 500 standards as issued by the Accounting Practices Board 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 of directors 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 operational 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 financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The financial statements have been prepared on the going-concern basis, since the directors have no reason to believe that the Group will not be a going concern in the foreseeable future, based on forecasts and available cash resources. These financial statements support the viability of the Group.

The Group's external auditors, BDO South Africa Inc, audited the financial statements, and their report is presented on page 23.

The financial statements were approved by the board of directors on 16 September 2011 and are signed on their behalf by:

Johan Diederiks
Chief executive officer

Nirvana Govender
Financial director

Johannesburg
16 September 2011

Certificate by the company secretary

In terms of Section 88(2) of the Companies Act 71 of 2008 (the Act) I certify that, to the best of my knowledge and belief, the Company has submitted to the Company and Intellectual Property Commission all such returns as are required of a public company in terms of the Act and that all such returns are true, correct and up to date.

S van Schalkwyk
Company secretary

16 September 2011

Report of the independent auditors

for the year ended 30 June 2011

To the members of William Tell Holdings Limited

We have audited the annual financial statements and Group annual financial statements of William Tell Holdings Limited, which comprise the directors' report, the statement of financial position and the consolidated statement of financial position as at 30 June 2011, the statement of comprehensive income and the consolidated statement of comprehensive income, the statement of changes in equity and the consolidated statement of changes in equity, the cash flow statement and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 22 to 56.

Directors' responsibility for the financial statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, AC 500 standards as issued by the Accounting Practices Board and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company and of the Group as at 30 June 2011, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

BDO South Africa Inc

BDO South Africa Inc
Registered Auditors
Per JG Marais

Johannesburg
16 September 2011

Nature of business

The Company is listed on the Alternative Exchange (ALTx) of the JSE. William Tell is a leading manufacturer of value-added WBP products, supplying businesses in the broader building and related industries. William Tell operates predominantly in South Africa.

Dividends

In the light of the current market conditions, the directors regard it as prudent not to declare a dividend.

Share capital and share premium

The Company did not issue any shares during the financial year.

Operating results

The financial position, results of operations and cash flows of the Company for the 12 months ended 30 June 2011 are set out on pages 27 to 29. The financial statements have been prepared under the supervision of the financial director Ms N Govender, CA(SA). Despite the difficult trading conditions that we have endured since December 2007, revenues improved by 30% in comparison to the previous year. Margins improved by 1% despite intense pressure from competition and imports. The overall result for the year was a loss of R8,4 million compared to a loss of R20,7 million in 2010. The loss of R8,4 million was affected by non-recurring items namely, settlement fees negotiated in lieu of two directors' fixed-term contracts to the value of R1,8 million and an increased bad debt and stock provision to the value of R4,2 million.

Going concern

The directors have reviewed the Group's budget and cash flow forecast for the year to 30 June 2012. On the basis of this review and in the light of the current financial position of the Group, the directors are satisfied that the Group will continue to operate for the foreseeable future and have adopted the going-concern basis in preparing the financial statements.

Auditors

BDO South Africa Inc. will continue in office in accordance with section 90(6) of the Companies Act 71 of 2008 (the Act).

Property, plant and equipment

The Group acquired property, plant and equipment during the year ended 30 June 2011 at an aggregate cost of R4,5 million (2010: R12 million). For further information refer to note 6.

Report of the audit and risk committee

The report of the audit and risk committee, as required in terms of section 94 of the Act, is set out on page 17 of the integrated annual report.

Borrowings

The directors have unlimited borrowing powers in terms of the memorandum of incorporation of the Companies.

Interest-bearing borrowings comprise loans secured by mortgage bonds, instalment sale agreements and cession of debtors.

During the year the Group raised R2,9 million (2010: R248 000) from financial institutions. These funds were used to acquire the following:

- Plant and equipment: R1,2 million (2010: R0)
- Vehicles: R1,7 million (2010: R248 000)

Repayment of borrowings in terms of contracted arrangements amounted to R17,7 million (2010: R34,3 million).

At year end the Group had interest-bearing borrowings of R57 million (2010: R72 million) which represented 30% of equity. For further information refer to note 13.

Share incentive scheme

The William Tell Share Plan was approved by shareholders on 17 November 2010. There were no share-based payment charges in this financial year as the amounts were insignificant. For further information refer to the remuneration report on page 18.

Shareholders spread

Details of shareholders are set out on page 56 of this report.

Directorate

The following were directors of the Company for the period under review:

Ralph Patmore	Independent non-executive chairman
Michael Meehan	Independent non-executive director
Clyde lok*	Non-executive director
Barry Lok**	Chief executive officer
Wally van Coller***	Managing director
Nirvana Govender	Financial director
Warwick Lok****	Executive director
Neville de Winnaar	Executive director

The following directors were appointed after year end:

Johan Diederiks*****	Chief executive officer
Richard McElligott******	Independent non-executive director

*   *Appointed 7 April 2011*

**   *Terminated 8 April 2011*

*** *Resigned 2 June 2011*

**** *Retired 17 November 2010*

***** *Appointed 1 August 2011*

****** *Appointed 14 September 2011*

Directors' emoluments

Executive directors	Cash portion of package R	Benefits* R	Incentive bonus R	Settlement** R	Total R
Paid by subsidiary for services rendered to subsidiary:					
30 June 2011					
Barry Lok	974 450	241 302	24 361	736 913	1 977 026
Wally van Coller	1 113 636	103 542	11 364	1 110 000	2 338 542
Neville de Winnaar	1 150 452	132 082	23 968	–	1 306 502
Warwick Lok	671 097	92 998	23 968	–	788 063
Nirvana Govender	859 704	103 056	18 425	–	981 185
Total emoluments	**4 769 339**	**672 981**	**102 086**	**1 846 913**	**7 391 319**

Directors' emoluments (continued)

Executive directors	Cash portion of package R	Benefits* R	Incentive bonus R	Settlement** R	Total R
30 June 2010					
Barry Lok	954 216	300 884	–	–	1 255 100
Neville de Winnaar	926 444	188 865	–	–	1 115 309
Warwick Lok	948 276	201 946	–	–	1 150 222
Nirvana Govender	631 208	92 954	–	–	724 162
	3 460 144	784 649	–	–	4 244 793

* *Benefits include the Company's contribution towards medical and provident funds*
** *Settlement negotiated in lieu of fixed-term contract*
No amounts were paid directly or indirectly in respect of management, consulting, technical or other fees.

Non-executive directors	Services as director R	Other* services R	Total R
30 June 2011			
Ralph Patmore	**296 500**	**110 500**	**407 000**
Michael Meehan	**272 500**	**–**	**272 500**
Clyde Lok	**34 500**	**–**	**34 500**
	603 500	**110 500**	**714 000**
30 June 2010			
Ralph Patmore	275 000	–	275 000
Michael Meehan	235 000	–	235 000
	510 000	–	510 000

** Appointed acting CEO on 8 April 2011*

Interests of directors and officers in share capital

The interests, direct and indirect, of the directors and officers in office during the year are as follows:

	Number of shares held		Percentage
	Direct	Indirect	held
June 2011			
Neville de Winnaar	**7 000 000**	**500 000**	**6,00**
Barry Lok	**55 290 000**	**20 000 000**	**60,23**
Warwick Lok	**6 730 000**		**5,38**
Michael Meehan	**15 000**		**0,01**
Clyde Lok	**263 000**	**720 000**	**0,79**
Wally van Coller	**310 000**		**0,25**
June 2010			
Neville de Winnaar	7 000 000		5,60
Barry Lok	55 600 000	20 000 000	60,48
Warwick Lok	7 000 000		5,60
Michael Meehan	15 000		0,01

Special resolutions

A special resolution was passed at the previous annual general meeting, authorising the Company and any subsidiary of the Company, by way of a general authority, to repurchase shares in the Company. No shares were repurchased during the year.

The William Tell Share Plan was also approved by shareholders.

Subsequent events

No material events have occurred between the reporting date and the date of these results that would have a material effect on the financial statements of the Group.

Company secretary

The company secretary is Ms Sirkien van Schalkwyk (BLC, LLB). Refer to page 58 for the company secretary's business address.

Statement of comprehensive income

for the year ended 30 June 2011

		Group		Company	
	Note	**2011 R'000**	2010 R'000	**2011 R'000**	2010 R'000
Revenue	1	**181 068**	139 484	**–**	–
Cost of sales		**(150 601)**	(117 472)	**–**	–
Gross profit		**30 467**	22 012	**–**	–
Other income		**681**	12 566	**1 021**	945
Administrative expenses		**(24 855)**	(14 653)	**–**	–
Sales and marketing expenses		**(5 068)**	(1 713)	**(25)**	(35)
Other operating expenses		**(7 997)**	(45 319)	**(1 224)**	(1 317)
Operating loss	2	**(6 772)**	(27 107)	**(228)**	(407)
Investment income	3	**922**	425	**5**	3
Foreign exchange loss	3	**27**	(21)	**–**	–
Finance costs	3	**(5 907)**	(7 198)	**(1)**	(25)
Loss before taxation		**(11 730)**	(33 901)	**(224)**	(429)
Taxation	4	**3 338**	13 210	**–**	–
Loss for the year		**(8 392)**	(20 691)	**(224)**	(429)
Other comprehensive income		**–**	–	**–**	–
Total comprehensive loss for the year		**(8 392)**	(20 691)	**(224)**	(429)
Attributable to:					
Equity holders of Company		**(8 392)**	(20 691)	**(224)**	(429)
Minority interest		**–**	–	**–**	–
Basic and diluted loss per share (cents)	5	**(6,7)**	(16,6)		

Statement of financial position

for the year ended 30 June 2011

		Group		Company	
	Note	2011 R'000	2010 R'000	2011 R'000	2010 R'000
Assets					
Non-current assets		**217 990**	221 538	**79 121**	79 121
Property, plant and equipment	6	**215 645**	221 506	**–**	–
Intangible assets	7	**52**	32	**–**	–
Deferred taxation	15	**2 293**	–	**–**	–
Investments in subsidiaries	8	**–**	–	**79 121**	79 121
Current assets		**95 078**	68 376	**106 738**	106 944
Inventories	9	**35 308**	27 051	**–**	–
Trade and other receivables	10	**34 530**	29 971	**–**	–
Investments in subsidiaries	8	**–**	–	**106 597**	106 731
Current taxation receivable		**–**	–	**50**	57
Cash and cash equivalents	20	**25 240**	11 354	**90**	156
Non-current assets held for sale	6	**–**	8 000	**–**	–
Total assets		**313 068**	297 914	**185 859**	186 066
Equity and liabilities					
Capital and reserves		**182 433**	190 825	**185 515**	185 740
Share capital	11	**1 250**	1 250	**1 250**	1 250
Share premium	12	**179 265**	179 265	**179 265**	179 265
Accumulated profit		**1 918**	10 310	**5 001**	5 225
Non-current liabilities		**57 777**	59 800	**–**	–
Interest-bearing borrowings	13	**33 770**	54 688	**–**	–
Deferred taxation	15	**–**	2 151	**–**	–
Deferred Income	14	**24 007**	2 961	**–**	–
Current liabilities		**72 858**	47 289	**344**	326
Trade and other payables	16	**45 095**	23 775	**344**	326
Deferred income	16	**1 247**	281	**–**	–
Interest-bearing borrowings	13	**23 496**	17 347	**–**	–
Provisions	17	**2 112**	906	**–**	–
Current taxation payable		**908**	4 980	**–**	–
Total equity and liabilities		**313 068**	297 914	**185 859**	186 066

Statement of changes in equity

for the year ended 30 June 2011

		Group		Company	
	Note	2011 R'000	2010 R'000	2011 R'000	2010 R'000
Share capital	11				
Balance at the beginning of the year		**1 250**	1 250	**1 250**	1 250
Balance at the end of the year		**1 250**	1 250	**1 250**	1 250
Share premium	12				
Balance at the beginning of the year		**179 265**	179 265	**179 265**	179 265
Balance at the end of the year		**179 265**	179 265	**179 265**	179 265
Accumulated profit					
Balance at the beginning of the year		**10 310**	31 001	**5 225**	5 654
Loss for the year		**(8 392)**	(20 691)	**(224)**	(429)
Balance at the end of the year		**1 918**	10 310	**5 001**	5 225

Cash flow statement

for the year ended 30 June 2011

		Group		Company	
	Note	2011 R'000	2010 R'000	2011 R'000	2010 R'000
Cash flow from operating activities		**2 656**	(4 037)	**(202)**	(111)
Cash generated/(utilised) by operating activities	18	**12 793**	2 809	**(212)**	(114)
Net finance costs	3	**(4 958)**	(6 794)	**4**	(22)
Taxation (paid)/received	19	**(5 179)**	(52)	**7**	25
Cash flow from investing activities		**25 999**	34 857	**136**	(94)
Acquisitions of property, plant and equipment		**(4 629)**	(13 522)	**–**	–
Proceeds on disposal of property, plant and equipment		**8 000**	48 379	**–**	–
Government grants received		**22 628**	–	**–**	–
Advances to subsidiaries		**–**	–	**136**	(94)
Cash flow from financing activities		**(14 769)**	(34 061)	**–**	–
Interest-bearing borrowings raised		**2 948**	248	**–**	–
Interest-bearing borrowings repaid		**(17 717)**	(34 309)	**–**	–
Movement in cash and cash equivalents		**13 886**	(3 241)	**(66)**	(205)
Cash and cash equivalents – Beginning of year		**11 354**	14 595	**156**	361
Cash and cash equivalents – End of year	20	**25 240**	11 354	**90**	156

Basis of preparation and presentation

The financial statements have been prepared in accordance with International Financial Reporting Standards, AC 500 standards as issued by the Accounting Practices Board and the Companies Act of South Africa. The financial statements have been prepared on the historical cost basis except for certain financial instruments carried at fair value. The Group produces particleboard from wood waste, adds value by applying melamine surfaces and further adds value by producing systems and components for the broader building and related industries.

New standards and interpretations

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:

- 2009 Annual Improvements Project: Amendments to IAS 7 *Statement of Cash Flows*
- 2009 Annual Improvements Project: Amendments to IAS 17 *Leases*
- 2009 Annual Improvements Project: Amendments to IAS 36 *Impairment of Assets*
- 2009 Annual Improvements Project: Amendments to IAS 38 *Intangible Assets*
- 2009 Annual Improvements Project: Amendments to IAS 39 *Financial Instruments: Recognition and Measurement*
- 2009 Annual Improvements Project: Amendments to IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*
- 2009 Annual Improvements Project: Amendments to IFRS 8 *Operating Segments*
- 2009 Annual Improvements Project: Amendments to IAS 1 *Presentation of Financial Statements*
- 2009 Annual Improvements Project: Amendments to IFRS 2 *Share-based Payment*
- IFRS 3 (revised) *Business combinations*
- IAS 7 Statement of Cash Flows: Consequential amendments due to IAS 27 (Amended) *Consolidated and Separate Financial Statements*
- IAS 27 (Amended) *Consolidated and Separate Financial Statements*
- IAS 12 Income Taxes: Consequential amendments due to IAS 27 (Amended) *Consolidated and Separate Financial Statements*

The adoption of the above did not have a material impact on the Group's financial statements.

Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the Group's accounting periods beginning on or after 1 March 2011 or later periods:

- IFRS 9: *Financial Instruments*
- IFRS 10: *Consolidated Financial Statements*
- IFRS 11: *Joint Arrangements*
- IFRS 12: *Disclosure of interest in Other Entities*
- IFRS 13: *Fair Value Measurement*
- IFRIC 17: *Distribution of Non-cash Assets to Owners*
- IFRIC 18: *Transfers of Assets from Customers*
- IFRIC 19: *Extinguishing Financial Liabilities with Equity Instruments*
- Amendments to IFRS 1: *First-time Adoption of International Financial Reporting Standards*
- Amendments to IFRS 3: *Business Combinations*
- Amendments to IFRS 7: *Financial Instruments – Disclosures*
- Amendments to IAS 24: *Related Party Disclosure*
- Amendments to IAS 1: *Presentation of Financial Statements*
- Amendments to IAS 12: *Income Taxes*
- Amendments to IAS 21: *The Effects of Changes in Foreign Exchange Rates*
- Amendments to IAS 27: *Consolidated and Separate Financial Statements*
- Amendments to IAS 28: *Investments in Associates*
- Amendments to IAS 31: *Interests in Joint Ventures*
- Amendments to IAS 34: *Interim Financial Reporting Standards and interpretations effective and adopted in the current year*

The adoption of the above did not have a material impact on the Group's financial statements.

The following accounting policies have been consistently applied to all the years presented unless otherwise stated.

Holding company investments

William Tell Holdings Limited's investment in subsidiaries is recognised at cost less impairment, if any.

Group accounting

Basis of consolidation

Where the Company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. 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.

Revenue

Revenue arises from the sale of goods and 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.

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

Interest revenue is recognised using the effective-interest method. Dividend revenue is recognised when the shareholder's right to receive payment is established.

Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

Earnings and diluted earnings per share

The company presents basic and diluted earnings per share (EPS) for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period.

Headline earnings per share

Headline earnings per ordinary share are calculated using the weighted average number of ordinary shares in issue during the period and are based on the earnings attributable to ordinary shareholders, after excluding those items as required by Circular 3/2009 issued by the South African Institute of Chartered Accountants (SAICA).

Foreign currency transactions

The functional and presentation currency of the Group is the South African Rand. A foreign currency transaction is recorded, on initial recognition in Rand, by applying to the foreign currency amount the spot exchange rate at the date of the transaction.

At each reporting date:

- 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 financial statements are recognised in profit and loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised directly in equity, any exchange component of that gain or loss is recognised directly in equity. When a gain or loss on a non-monetary item is recognised in profit and loss, any exchange component of that gain or loss is recognised in profit and loss.

Cash flows arising from transactions in a foreign currency are recorded in 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.

Government grants related to assets

Government grants are recorded as deferred income when they become receivable and are then recognised as income on a systematic basis over the periods necessary to match the grants with the related costs which they are intended to compensate.

Deferred income relating to government grants in respect of capital expenditure on plant and equipment is recognised as income on a straight-line basis over the remaining useful life of plant and equipment to which they relate.

Dividends

Dividends are recorded in the Group's financial statements in the period in which they are approved.

Property, plant and equipment

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

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 Group; and
- the cost of the item can be measured reliably.

Other costs not so recognised are treated as repairs and maintenance expenses and are charged to profit and loss in the period in which they are incurred.

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

- Buildings: 50 years
- Plant and equipment: between 5 and 35 years
- Furniture and fittings: between 10 and 15 years
- Motor vehicles: between 4 and 10 years
- Office equipment: between 3 and 4 years

Where items of plant consist of a number of significant components, each with different estimated useful lives, such components are depreciated separately.

Depreciation method, useful lives and residual values are reassessed at each accounting date.

The depreciation charge for each period is recognised in profit and 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 and 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.

Non-current assets held for sale and disposal groups

Non-current assets and disposal groups are classified as held for sale when:

- they are available for immediate sale;
- management is committed to a plan to sell;
- it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn;
- an active programme to locate a buyer has been initiated;
- the asset or disposal group is being marketed at a reasonable price in relation to its fair value; and
- a sale is expected to be completed within 12 months from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at the lower of:

- their carrying amount immediately prior to being classified as held for sale in accordance with the Group's accounting policy; and
- fair value less costs to sell.

Following their classification as held for sale, non-current assets (including those in a disposal group) are not depreciated.

The results of operations disposed of during the year are included in the consolidated statement of comprehensive income up to the date of disposal.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale that has been disposed of, that has been abandoned or that meets the criteria to be classified as held for sale.

Discontinued operations are presented in the consolidated statement of comprehensive income (including the comparative period) as a single line which comprises the post-tax profit or loss of the discontinued operation and the post-tax gain or loss recognised on the remeasurement to fair value less costs to sell or on disposal of the assets/disposal groups constituting discontinued operations.

Intangible assets

Developed computer software

Computer software represents computer software modules specifically developed for the Group by software resellers. The cost of software is recognised as an asset when:

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

Software is carried at cost less accumulated amortisation and any impairment losses.

Amortisation is provided on software to write down the cost to its residual value on a straight-line basis over its estimated useful life over a period between three and five years.

Investments in subsidiaries

Group annual financial statements

The Group annual financial statements include those of the holding company and its subsidiaries. The results of the subsidiaries are included from the date of acquisition or from the date control is achieved. The results of subsidiaries are included to the date of disposal or the date control is relinquished.

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

Company annual financial statements

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

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

- the fair value, at the date of exchange, of assets 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.

Financial instruments

Financial instruments recognised on the statement of financial position include trade and other receivables, cash and cash equivalents, interest-bearing borrowings, trade and other payables and bank overdraft.

Initial recognition

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Financial instruments are recognised on the Group's statement of financial position when the Group becomes party to the contractual provisions of the instrument.

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

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in profit and loss as they arise.

Subsequent measurement

After initial recognition financial assets are measured as follows:

- Trade and other receivables are measured at amortised cost using the effective-interest rate. In view of their short-term maturities, trade and other receivables are stated at their nominal values. Their carrying values approximate their fair values.
- Cash and cash equivalents and derivative instruments are measured at fair values.

After initial recognition financial liabilities are measured as follows:

- Trade and other payables are measured at amortised cost using the effective-interest rate. In view of their short-term maturities, trade and other payables are stated at their nominal values. Their carrying values approximate their fair values.
- Interest-bearing borrowings are measured at amortised cost using the effective-interest rate.

Derecognition

Financial assets (or portions thereof) are derecognised when the Group realises the rights to the benefits specified in the contract, the rights expire or the Group surrenders or otherwise loses control of the contractual rights that comprise the financial asset. On derecognition, the difference between the carrying amount of the financial asset and proceeds receivable, as well as any prior adjustments to reflect fair value that had been recognised in equity, is included in profit and loss.

Financial liabilities (or portions thereof) are derecognised when the obligation specified in the contract is discharged or cancelled or has expired. On derecognition, the difference between the carrying amount of the financial liability, including related unamortised costs, and the amount paid for it is included in profit and loss.

Gains and losses

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

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

Fair value measurement hierarchy

IFRS 7 requires certain disclosures which require the classification of financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement (see note 3). The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The level in the fair value hierarchy within which the financial asset or financial liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement.

Financial assets and financial liabilities are classified in their entirety into only one of the three levels.

Hedging and the use of derivative financial instruments

The Group uses forward exchange contracts to hedge its exposure to foreign exchange risk. These are accounted for as fair value hedges. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value, with changes in fair value recognised in profit or loss. Any gain or loss on the hedged item attributable to the hedged risk is adjusted against the carrying amount of the hedged item and recognised in profit or loss.

Taxation

Current tax asset 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. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit and loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred tax asset and liabilities

Deferred tax is provided using the statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the statement of financial position date. Deferred tax is charged to profit and loss, except to the extent that it relates to a transaction that is recognised directly in equity, or a business combination that is an acquisition. The effect on deferred tax of any changes in tax rates is recognised in profit or loss, except to the extent that it relates to items previously charged or credited directly to equity.

Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised. Deferred tax assets are expensed to the extent that it is no longer probable that the related tax benefit will be realised.

Inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Costs include an appropriate share of all direct expenditure and production overheads.

The cost of inventories is determined on the weighted average cost basis. The same cost basis is used for all inventories having a similar nature and use to the entity.

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

Share capital and equity

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

If the company reacquires its own equity instruments, 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 company's own equity instruments. Consideration paid or received shall be recognised directly in equity.

Ordinary shares are classified as equity.

Equity-settled share-based payments

Where equity settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of comprehensive income over the vesting period with a corresponding increase in equity recorded in a share option reserve. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated statement of comprehensive income over the remaining vesting period.

If the share-based payments granted do not vest until the counterparty completes a specified period of service, the Group accounts for those services as they are rendered by the counterparty during the vesting period (or on a straight-line basis over the vesting period).

If the share-based payments vest immediately, the services received are recognised in full.

Impairment of non-financial assets

The Group assesses at each statement of financial position date whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the 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 recognised as an impairment loss through profit and loss.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in profit and loss.

Impairment of financial assets

A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset that can be reliably measured.

If there is objective evidence that an impairment loss has occurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, such as improved credit rating, the previously recognised impairment loss is reversed and is recognised in the statement of comprehensive income.

Leases as lessee

Leases are classified as finance leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. The Group's instalment sales are classified as finance leases for accounting purposes. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as an obligation.

The lease payments are apportioned between the finance charges and reduction of the outstanding obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

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) is recognised in the period in which the service is rendered.

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

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

Defined contribution plans

Eligible salaried employees are members of the William Tell Industries Provident Fund. The fund is administered by the Liberty Life Association of South Africa. The fund is a defined-contribution plan under which benefits are determined solely by contributions to the fund together with invested earnings thereon, and accordingly there were no unfunded liabilities as at year-end.

Weekly paid employees are members of a provident fund administered by the Industrial Council for the Furniture Industry. The fund is a defined-contribution plan under which benefits are determined solely by the contributions to the fund together with invested earnings thereon, and accordingly there were no unfunded liabilities at year-end.

Provisions

Provisions are recognised when:

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

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

Significant judgements and sources of estimated uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the 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 financial statements. Significant estimates include:

- **Provision for impairment of trade receivables**
  The allowance is raised where there is objective evidence of impairment. Objective evidence of impairment includes: significant financial difficulties of the debtor and probabilities that the debtor will default or be liquidated.

  Impairment is the difference between the carrying amount of the receivable and the present value of the future expected cash flows.

- **Allowance for slow-moving, damaged and obsolete inventory**
  An allowance is made for inventory that is identified as being slow-moving or obsolete. The determination of slow-moving and obsolete inventory is dependent on the nature of the product and its related market and is not confined to quantitative factors. Any stock that is physically identified as damaged is written off when identified.

- **Impairment testing**
  Management use the higher of fair value less costs to sell or value in use to determine the recoverable amount of assets that may have been impaired. Where the fair value less costs to sell method does not indicate any impairment, the value in use is not calculated.

- **Provisions**
  Provisions are liabilities that are uncertain in terms of timing and amount. Liabilities are present legal or constructive obligations of the entity arising from past events, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits. Provisions are made on the basis of management estimates of amounts expected to be paid. Additional disclosure of these estimates of provisions is included in note 17 – Provisions.

- **Amortisation and depreciation on assets**
  Amortisation and depreciation on assets is calculated using the straight-line method to reduce their cost amounts down to their residual values over their estimated useful lives. The useful lives are determined annually by evaluating the condition and status of the asset against its current age and condition. Residual values are assessed annually against the saleability, technical obsolescence and condition of the asset.

- **Deferred tax**
  Deferred tax is provided on a basis that reflects the expected manner of recovery.

  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 which, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

	Note	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
1. Revenue					
Sale of goods – net		**181 068**	139 484	**–**	–
Gross invoiced sales		**187 376**	144 014	**–**	–
Rebates		**(1 752)**	(1 221)	**–**	–
Settlement discounts allowed		**(4 556)**	(3 309)	**–**	–
2. Operating profit					
The following items have been (charged)/credited in arriving at operating profit:					
Depreciation of property, plant and equipment					
– Owned assets		**(5 625)**	(7 346)	**–**	–
Plant and equipment		**(5 026)**	(6 852)	**–**	–
Furniture and fittings		**(21)**	(19)	**–**	–
Motor vehicles		**(245)**	(212)	**–**	–
Office equipment		**(333)**	(263)	**–**	–
– Instalment sale assets		**(4 824)**	(3 758)	**–**	–
Plant and equipment		**(4 605)**	(3 563)	**–**	–
Furniture and fittings		**–**	–	**–**	–
Motor vehicles		**(219)**	(195)	**–**	–
Office equipment		**–**	–	**–**	–
– Amortisation		**(21)**	(22)	**–**	–
Computer software		**(21)**	(22)	**–**	–
– Government grant income		**616**	281	**–**	–
– Auditors' remuneration		**(540)**	(494)	**–**	–
For services as auditors		**(540)**	(494)	**–**	–
For other services		**–**	–	**–**	–
– (Loss)/profit on sale of property, plant and equipment		**(4)**	10 343	**–**	–
– Impairment of property, plant and equipment		**–**	(34 758)	**–**	–
– Employee costs (refer note 24)					

	Note	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
3. Net finance costs					
Interest paid		**(5 907)**	(7 198)	**(1)**	(25)
Interest-bearing borrowings		**(5 228)**	(7 800)	**–**	–
Bank overdraft and other		**(679)**	(425)	**(1)**	(25)
		(5 907)	(8 225)	**(1)**	(25)
Interest capitalised	6	**–**	1 027	**–**	–
Investment income					
Investment income on cash and cash equivalents		**922**	425	**5**	3
Current and call accounts		**922**	425	**5**	3
Foreign exchange		**27**	(21)	**–**	–
Loss on foreign exchange – settlement		**(2)**	(21)	**–**	–
Profit on foreign exchange – forward contracts		**29**	–	**–**	–
		(4 958)	(6 794)	**4**	(22)
Interest capitalised has been calculated on prime less 1,75% in terms of the agreement. Interest was capitalised at 7,8% in the prior year and in the current year no further capitalisation has taken place.					
4. Taxation					
South African normal taxation					
Current taxation		**1 107**	5 419	**–**	–
– current year		**1 107**	5 419	**–**	–
Deferred taxation		**(4 445)**	(18 629)	**–**	–
– current year		**(4 445)**	(18 629)	**–**	–
Total taxation charge		**(3 338)**	(13 210)	**–**	–
Reconciliation of the standard rate of taxation to the effective rate		**%**	%	**%**	%
South African normal rate of taxation		**28,0**	28,0	**–**	–
Prior year overprovision		**–**	12,4	**–**	–
Assessed losses used		**(3,5)**	(0,9)	**–**	–
Permanent differences		**4,0**	(0,5)	**–**	–
Effective tax rate		**28,5**	39,0	**–**	–

		Group	
		2011	2010
5.	**Loss and diluted loss per share (cents)**		
	Loss and diluted loss per share (cents)	**(6,7)**	(16,6)
	The calculation of loss per share is based on a loss after taxation of R8 391 586 (2010: R20 690 197) and the average weighted number of shares in issue during the year of 125 000 000 shares (2010: 125 000 000).		
	Headline loss per share (cents)	**(6,7)**	(2,5)
	The calculation of headline loss per share is based on a loss after taxation of R8 389 108 (2010: R3 111 514) and the average weighted number of shares in issue during the year of 125 000 000 shares (2010: 125 000 000).		
		R'000	R'000
	Reconciliation between loss and headline loss is as follows:		
	Loss and diluted loss	**(8 392)**	(20 691)
	Adjusted by the after-tax effect of the following:		
	– Loss/(Profit) on the sale of property, plant and equipment (refer note 2)	**3**	(7 447)
	– Impairment of property, plant and equipment (refer note 2)	**–**	25 026
	Headline loss	**(8 389)**	(3 112)
	There are no instruments in issue that have a dilutive effect on the average weighted number of shares.		

		Note	Land and buildings R'000	Plant and equipment R'000	Furniture and fittings R'000	Motor vehicles R'000	Office equipment R'000	Total R'000
6.	**Property, plant and equipment and non-current assets held for sale**							
	Group							
	Cost							
	Cost price – 1 July 2009		33 056	257 681	691	4 006	1 593	297 027
	Classified as held for sale		–	(47 813)	–	–	–	(47 813)
	Additions and improvements		7 770	3 397	928	294	106	12 495
	Interest capitalised	3	50	977	–	–	–	1 027
	Disposals		–	(7 318)	(549)	(321)	(45)	(8 233)
	Cost price – 30 June 2010		40 876	206 924	1 070	3 979	1 654	254 503
	Classified as held for sale		–	–	–	–	–	–
	Additions and improvements		621	1 843	0	1 799	325	4 588
	Reclassification		813	–	(813)	–	–	–
	Interest capitalised		–	–	–	–	–	–
	Disposals		–	–	–	(287)	–	(287)
	Cost price – 30 June 2011		**42 310**	**208 767**	**257**	**5 491**	**1 979**	**258 804**

	Note	Land and buildings R'000	Plant and equipment R'000	Furniture and fittings R'000	Motor vehicles R'000	Office equipment R'000	Total R'000
6. Property, plant and equipment and non-current assets held for sale (continued)							
Accumulated depreciation and impairment							
Accumulated depreciation and impairment – 1 July 2009		–	(26 762)	(563)	(1 445)	(1 160)	(29 930)
Impairment		–	(34 758)	–	–	–	(34 758)
Classified as held for sale		–	39 813	–	–	–	39 813
Depreciation		–	(10 417)	(18)	(406)	(263)	(11 104)
Disposals		–	2 211	522	204	45	2 982
Accumulated depreciation and impairment – 30 June 2010		–	(29 913)	(59)	(1 647)	(1 378)	(32 997)
Impairment		–	–	–	–	–	–
Classified as held for sale		–	–	–	–	–	–
Depreciation		–	(9 631)	(21)	(464)	(333)	(10 449)
Disposals		–	–	–	287	–	287
Accumulated depreciation and impairment – 30 June 2011		**–**	**(39 544)**	**(80)**	**(1 824)**	**(1 711)**	**(43 159)**
Book value – 30 June 2011		**42 310**	**169 223**	**177**	**3 666**	**268**	**215 645**
Book value – 30 June 2010		40 876	177 011	1 011	2 332	276	221 506
Company							
The Company has no property, plant and equipment in the current and prior year.							
Non-current assets held for sale – 30 June 2010							
Transferred from property, plant and equipment		–	8 000	–	–	–	8 000

As at 30 June 2010 management was committed to a plan to sell the Booysens chipboard plant.

6. Property, plant and equipment and non-current assets held for sale (continued)

Net book values of property, plant and equipment subject to encumbrances (see note 13) are as follows:

	Group	
	2011 R'000	2010 R'000
Instalment sale agreements		
Cost	**83 699**	83 083
Accumulated depreciation and impairment	**(10 629)**	(5 814)
Net book values	**73 070**	77 269
Mortgage bond		
Cost	**42 243**	40 876
Accumulated depreciation and impairment	**–**	–
Net book values	**42 243**	40 876

Additions to land and buildings of R1,4 million (2010: R7,8 million) relate to improvements to land and buildings and infrastructure at the Group's Chamdor property.

A register in terms of paragraph 25(3) of the Companies Act containing details of land and buildings is available for inspection by members or their proxies at the registered office of the Company.

The value of the land and buildings at Chamdor was estimated to be R42,2 million (2010: R40,8 million). The value has been determined based on an independent valuation and on an open market value. The open market value was determined by applying current market rentals, net of expenses, for similar properties in the same condition for these specific areas.

	Group		Company	
	2011 R'000	2010 R'000	**2011 R'000**	2010 R'000
7. Intangible assets				
Cost				
Opening balance	**116**	116	**–**	–
Additions	**41**	–	**–**	–
Closing balance	**157**	116	**–**	–
Accumulated amortisation				
Opening balance	**(84)**	(62)	**–**	–
Amortisation	**(21)**	(22)	**–**	–
Closing balance	**(105)**	(84)	**–**	–
Book value	**52**	32	**–**	–

	Company	
	2011 R'000	2010 R'000
8. Investment in subsidiaries		
Unlisted Investments		
Shares at cost	**79 121**	79 121
Fluctuating current accounts with subsidiaries	**106 597**	106 731
	185 718	185 852
ELB Ultrabord (Pty) Limited	**3 035**	4 630
Shares at cost	**155**	155
Fluctuating current account with subsidiary	**2 880**	4 475
Tellprop (Pty) Limited	**24 757**	12 634
Shares at cost	**7 982**	7 982
Fluctuating current account with subsidiary	**16 775**	4 652
William Tell Industries (Pty) Limited	**157 926**	168 588
Shares at cost	**70 984**	70 984
Fluctuating current account with subsidiary	**86 942**	97 604

Fluctuating current accounts are interest-free, unsecured and not subject to any fixed terms of repayment.

	Group		Company	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
9. Inventories				
Raw materials	**15 652**	11 552	**–**	–
Consumables	**2 303**	3 633	**–**	–
Work in progress	**5 370**	3 080	**–**	–
Finished goods	**12 911**	8 950	**–**	–
Provision for obsolescence	**(928)**	(164)	**–**	–
	35 308	27 051	**–**	–
The carrying value of inventories approximate their fair value.				
Provision for obsolescence				
Balance at the beginning of the year	**164**	283	**–**	–
Provisions created	**764**	164	**–**	–
Provisions utilised	**–**	(283)	**–**	–
Balance at the end of the year	**928**	164	**–**	–

		Group		Company	
		2011 **R'000**	2010 R'000	**2011** **R'000**	2010 R'000
10.	**Trade and other receivables**				
	Trade receivables (net of allowance for impairment)	**32 086**	27 461	**–**	–
	Prepayments	**724**	1 380	**–**	–
	VAT receivable	**971**	–	**–**	–
	Deposits	**429**	345	**–**	–
	Other receivables	**320**	785	**–**	–
		34 530	29 971	**–**	–
	Trade receivables are ceded as additional security for banking facilities. The other receivables include an amount owing by a related party (refer to note 21).				
	Provision for impairment				
	Balance at the beginning of the year	**2 219**	3 225	**–**	–
	Provisions created	**3 479**	544	**–**	–
	Provisions utilised	**–**	(1 550)	**–**	–
	Balance at the end of the year	**5 698**	2 219	**–**	–
	The allowance for impairment has been determined by assessing the debtors against objective evidence of impairment and by reference to past default experience. The carrying amount of trade and other receivables approximates their fair value. Trade receivables do not carry interest and are stated at their nominal value. The impact of discounting the receivables is not considered to be material. For further details on the Group's exposure to credit risk, refer to note 22.				
11.	**Share capital**				
	Authorised				
	Ordinary shares				
	250 000 000 ordinary par-value shares of R0,01 each	**(2 500)**	(2 500)	**(2 500)**	(2 500)
	Issued				
	Ordinary shares				
	125 000 000 ordinary par-value shares of R0,01 each	**(1 250)**	(1 250)	**(1 250)**	(1 250)
	Issued share capital at the end of the year	**(1 250)**	(1 250)	**(1 250)**	(1 250)
12.	**Share premium**				
	Balance at the beginning of the year	**(179 265)**	(179 265)	**(179 265)**	(179 265)
	Balance at the end of the year	**(179 265)**	(179 265)	**(179 265)**	(179 265)

	Group		Company	
	2011 R'000	2010 R'000	**2011 R'000**	2010 R'000
13. Interest-bearing borrowings and deferred income				
Held at amortised cost				
– Loans secured by participation mortgage bond	**11 023**	12 398	**–**	–
The liabilities are payable to Nedbank over 10 years. Current instalments of between R87 987 and R99 860 are payable per month, with the final repayment expected to be on 30 November 2017. Effective interest rates are currently being charged at 7,25% and are linked to the prime lending rate. The loans are secured by mortgage bonds over erf 85, Chamdor, Krugersdorp, Johannesburg.				
– Instalment sale agreements	**42 243**	55 637	**–**	–
Liabilities under instalment sale agreements are payable over periods from one to eight years. Current instalments of between R2 670 and R1 054 153 are payable per month, with the final repayment expected to be on 31 August 2016. Effective interest rates of between 9% and 7,25% are currently being charged and are linked to the prime lending rate. The liabilities are secured in terms of reservation of ownership in instalment sale agreements.				
– Directors' (current and previous) loans	**4 000**	4 000	**–**	–
The terms of these loans have been extended and will be repayable during the next financial year. Effective interest rates are being charged at the prime lending rate and paid monthly in arrears.				
	57 266	72 035	**–**	–
Less: Current portion transferred to current liabilities	**(23 496)**	(17 347)	**–**	–
– Loans secured by participation mortgage bond	**1 502**	1 350	**–**	–
– Instalment sale agreements	**17 994**	15 997	**–**	–
– Directors' (current and previous) loans	**4 000**	–	**–**	–
	33 770	54 688	**–**	–

Should the Group default on the obligations, the creditors have the right to perfect their security over the encumbered assets.

	Note	Group 2011 R'000	Group 2010 R'000	Company 2011 R'000	Company 2010 R'000
13. Interest-bearing borrowings and deferred income (continued)					
Future minimum payments on loans secured by participation mortgage bonds are as follows:					
Due within the next 12 months		**2 254**	2 325	**–**	–
Due between 1 and 5 years		**9 017**	9 298	**–**	–
Thereafter		**2 295**	3 783	**–**	–
		13 566	15 406	**–**	–
Finance charges		**(2 543)**	(3 008)	**–**	–
Present value		**11 023**	12 398	**–**	–
Future minimum payments on instalment sale agreements and directors' (current and previous) loans are as follows:					
Due within the next 12 months		**24 334**	19 994	**–**	–
Due between 1 and 5 years		**25 608**	47 588	**–**	–
Thereafter		**25**	–	**–**	–
		49 967	67 582	**–**	–
Finance charges		**(3 724)**	(7 945)	**–**	–
Present value		**46 243**	59 637	**–**	–
14. Deferred income					
Opening balance		**3 242**	3 523	**–**	–
Amount received during current financial year		**22 628**	–	**–**	–
Written off to income statement		**(616)**	(281)	**–**	–
		25 254	3 242		
Less: Current portion transferred to current liabilities	16	**(1 247)**	(281)	**–**	–
Closing balance		**24 007**	2 961	**–**	–

Refer to note 27 for details on government grants.
The short term portion of the comparative period has been reclassified to the opening balance of this note.

	Group		Company	
	R'000	R'000	**R'000**	R'000
15. Deferred taxation				
Movement on the deferred tax account is as follows:				
Balance at the beginning of the year	**2 151**	21 012	**–**	–
Movements during the year attributable to:				
Prior year overprovision	**–**	(4 213)	**–**	–
Temporary differences for the year	**(4 444)**	(14 648)	**–**	–
Balance at the end of the year	**(2 293)**	2 151	**–**	–

Unused tax losses of subsidiaries available for offset against future taxable income amount to R28 381 661 (2010: R28 476 814). Deferred tax has not been raised on this assessed loss.

The movement in the Group's deferred taxation liability during the period is as follows:

	Accelerated tax depreciation	Adjustment on land and buildings	Provisions and accruals	Prepayments and income received in advance	Total
	R'000	R'000	R'000	R'000	R'000
Balance as at 1 July 2009	16 867	5 271	(1 143)	17	21 012
Charged to the income statement					
– Prior year overprovision	(4 213)	–	–	–	(4 213)
– Temporary differences	(9 623)	(5 271)	(253)	499	(14 648)
Balance as at 30 June 2010	3 031	–	(1 396)	516	2 151
Charged to the income statement					
– Prior year overprovision	–	–	–	–	–
– Temporary differences	(3 817)	–	(661)	34	(4 444)
Balance as at 30 June 2011	**(786)**	**–**	**(2 057)**	**550**	**(2 293)**

		Group		Company	
		2011 R'000	2010 R'000	2011 R'000	2010 R'000
16.	**Trade and other accounts payable**				
	Trade creditors	**31 766**	10 636	**–**	–
	Accruals	**9 899**	9 219	**333**	315
	Other payables	**2 023**	2 028	**11**	11
	Payments received from customers in advance	**1 407**	1 892	**–**	–
	Deferred income	**1 247**	281	**–**	–
		46 342	24 056	**344**	326
	A portion of the deferred income is reclassified as long term (refer note 14). The deferred income portion has been reclassified out of trade and other payables on the face of the balance sheet for the comparative period.				
	The carrying value of trade and other payables approximate their fair value due to the short-term maturities of these balances. The accruals balance include an amount owing to a related party (refer to note 21).				
17.	**Provisions**				
	All provisions are expected to be settled within 12 months. Provisions consist of the following:				
	– Rebate provision				
	Balance at the beginning of the year	**394**	709	**–**	–
	Provisions created	**1 753**	1 551	**–**	–
	Provisions utilised	**(703)**	(1 866)	**–**	–
	Balance at the end of the year	**1 444**	394	**–**	–
	The group is liable in terms of a rebate agreement for payment to major customers over a negotiated period provided that said customers' accounts are fully reimbursed.				
	– Holiday pay				
	Balance at the beginning of the year	**512**	503	**–**	–
	Provisions created	**844**	1 660	**–**	–
	Provisions utilised	**(688)**	(1 651)	**–**	–
	Balance at the end of the year	**668**	512	**–**	–
	Holiday pay relates to the benefit entitled to wage earners of the Group who are entitled in terms of the Group's negotiations with the Industrial Council for the Furniture Industry.				
		2 112	906	**–**	–

	Group		Company	
	2011 R'000	2010 R'000	**2011 R'000**	2010 R'000
18. Cash generated by operating activities				
Operating loss	**(6 772)**	(27 107)	**(228)**	(407)
Adjustment for non-cash items:	**11 064**	35 257	**–**	–
Depreciation and amortisation	**10 470**	11 123	**–**	–
Provisions	**1 206**	(306)	**–**	–
Government grant income	**(616)**	(281)	**–**	–
Loss/(Profit) on sale of property, plant and equipment	**4**	(10 343)	**–**	–
Impairment of property, plant and equipment	**–**	34 758	**–**	–
Operating cash flow	**4 292**	7 844	**(228)**	(407)
Movements in working capital:	**8 501**	(5 035)	**16**	293
Inventories	**(8 257)**	(2 376)	**–**	–
Trade and other accounts receivable	**(4 562)**	(7 561)	**–**	–
Trade and other accounts payable	**21 320**	4 596	**16**	293
Cash generated/(utilised) in operating activities	**12 793**	2 809	**(212)**	(114)
The movement in provisions have been reclassified in the comparative period.				
19. Taxation paid				
Balance at the beginning of the year	**4 980**	(387)	**(57)**	(82)
Normal taxation charged to the income statement (refer note 4)	**1 107**	5 419	**–**	–
Balance at the end of the year	**(908)**	(4 980)	**50**	57
Taxation paid/(received)	**5 179**	52	**(7)**	(25)
20. Cash and cash equivalents – end of year				
Bank balances	**25 029**	11 254	**90**	156
Cash on hand	**211**	100	**–**	–
	25 240	11 354	**90**	156

Securities in favour of Nedbank

Unlimited cross-suretyships between all the Group companies

A first cession of all present and future debtors

A first cession covering the mortgage bond

		Group 2011 R'000	Group 2010 R'000
21.	**Related parties**		
	Related parties are considered to be related if one party has the ability to control or jointly control the other party or exercise significant influence over the party. All related party transactions have been at arm's length. Related parties are identified as subsidiaries, key management personnel and shareholders. Refer to note 30, the directors' report and ordinary shareholders analysis shown on page 56.		
	Amounts payable to related parties are as follows:		
	Amounts paid to key management		
	Short-term employee benefits	**7 947**	4 620
	Termination benefits	**1 844**	–
		9 791	4 620
	Loans from executive directors (current and previous)		
	Directors' loans to the value of R4 million were made to William Tell Industries. These loans have been renegotiated as they were repayable on 30 June 2010 and will be paid during our 2012 financial year. Refer note 13. Amounts outstanding at year-end were:		
	Barry Lok	**3 000**	3 000
	Warwick Lok	**500**	500
	Neville de Winnaar	**500**	500
		4 000	4 000
	Interest overdue on the above amounts are included under accruals (refer to note 16). Amounts outstanding at year-end were:		
	Barry Lok	**47**	78
	Warwick Lok	**8**	13
	Neville de Winnaar	**8**	13
		63	104
	Management fee		
	William Tell Holdings charges William Tell Industries a management fee for services rendered on an annual basis. William Tell Industries is a 100% subsidiary of William Tell Holdings. This fee is subject to normal inflationary increases.	**1 021**	945
	William Tell Family Trust		
	Barry Lok is a trustee and beneficiary of this trust. William Tell paid some costs on behalf of the trust and the outstanding amounts are settled every six months. This amount is disclosed under other receivables. Amounts outstanding at year-end were:	**81**	387
	Sale of equipment		
	Redundant equipment was sold to Dunlop Industrial Products (Pty) Limited for R1 million. A family member of Barry and Warwick Lok owns a majority shareholding of Dunlop. This equipment will not be used in direct competition to William Tell. The above transactions have occurred under terms and conditions that are no more favourable than those entered into with third parties in arm's length transactions.	**–**	1 000

22. Financial instruments and risk management

The Group's activities expose it to a variety of financial risks. They include market risk (incorporating foreign currency risk and interest rate risk), credit risk and liquidity risk. The Group's financial risk management programme addresses the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. In terms of its policy, the Group uses derivative financial instruments such as forward exchange contracts to hedge its exposures.

Risk management is carried out by financial management under policies approved by the board of directors and the audit and risk committee. This function identifies, evaluates and, in certain circumstances, hedges financial risks.

Foreign exchange risk

The Group trades internationally and is exposed to foreign exchange risk arising from various currency exposures from the date of purchase to the date of settlement. The Group uses forward exchange contracts to hedge its exposure to foreign currency risk.

		Group		Company	
		2011 R'000	2010 R'000	**2011 R'000**	2010 R'000
– Exposure					
The Group's exposure to foreign currency risk at the balance sheet date is as follows:					
Bank and cash balances	Euro	**–**	(10)	**–**	–
	Other	**(4)**	(3)	**–**	–
Trade and other payables	Euro	**3 819**	3 387	**–**	–
Net exposure		**3 815**	3 374	**–**	–
The following exposures were covered by forward exchange contracts as at balance sheet date:					
Trade and other payables		**3 819**	3 387	**–**	–
The FEC contracts mature in July 2011.					
The following exchange rates were applicable for the financial period:					
Euro – average rate for the financial period		**9,67**	10,59	**–**	–
Euro – mid spot reporting rate at year-end		**9,91**	9,32	**–**	–
– Sensitivity					
In the event of a 10% strengthening of the South African Rand (ZAR) against the Euro (EUR) as at 30 June, the after-tax effect on profit and loss would be as follows (including the restatement of forward exchange contracts):					
Increase/(decrease)		**275**	244	**–**	–
In the event of a 10% weakening of the South African Rand (ZAR) against the Euro (EUR) as at 30 June, the after-tax effect on profit and loss would be as follows (including the restatement of forward exchange contracts):					
Increase/(decrease)		**(275)**	(244)	**–**	–

22. Financial instruments and risk management (continued)

Interest rate risk

The Group is exposed to interest rate risk through its cash and cash equivalents and interest-bearing long-term liabilities. The Group manages this risk through adequate working capital policies and an effective treasury function. The Group's exposure to interest rate risk and the effective interest rates of financial assets and financial liabilities at the balance sheet date, which is representative of normal trading conditions, is as follows:

	Group		Company	
	2011 R'000	2010 R'000	**2011 R'000**	2010 R'000
– Exposure				
The Group's exposure to interest rate risk at the balance sheet date is as follows:				
Current assets				
Cash and cash equivalents	**25 240**	11 354	**90**	156
Non-current liabilities				
Interest-bearing borrowings	**33 770**	54 688	**–**	–
Current liabilities				
Interest-bearing borrowings	**23 496**	17 347	**–**	–
	%	%	**%**	%
The weighted average interest rate of these instruments as at the balance sheet date is as follows.				
Current assets				
Cash and cash equivalents	**5,9**	5,0	**5,4**	5,0
Non-current liabilities				
Other financial liabilities	**7,8**	8,5	**–**	–
Current liabilities				
Other financial liabilities	**7,8**	8,5	**–**	–
The Group was not exposed to fixed-rate financial instruments during the current or previous financial period.				
	R'000	R'000	**R'000**	R'000
– Sensitivity				
In the event of a 50 basis points decrease in the prime overdraft rate as applied to exposures at year-end, the after-tax effect on profit and loss would be as follows:				
Increase	**206**	259	**–**	–
In the event of a 50 basis points increase in the prime overdraft rate as applied to exposures at year-end, the after-tax effect on profit and loss would be as follows:				
Decrease	**(206)**	(259)	**–**	–

22. Financial instruments and risk management (continued)

Credit risk

Exposure to credit risk arises on cash deposits, cash equivalents and trade receivables. The Group has policies in place to ensure that contract activity and the sales of products and services are made only to customers with an appropriate credit history. Cash equivalents and cash transactions are limited to high-credit-quality financial institutions within South Africa, after evaluating the credit rating of these respective financial institutions. The Company has policies that limit the amount of credit exposure to any one financial institution. There were no significant concentrations of credit risk at year-end.

	Group		Company	
	2011 R'000	2010 R'000	**2011 R'000**	2010 R'000
– Exposure				
The maximum exposure to credit risk at the reporting date was the following:				
Trade receivables (net of impairment)	**32 086**	29 680	**–**	–
Other receivables	**1 476**	2 510	**–**	–
Cash and cash equivalents	**25 240**	11 354	**90**	156
	63 846	43 544	**90**	156

– Credit quality of trade and other receivables

The trade and other receivables that are not past due nor impaired are of a good quality as they consist of medium to large corporate clients that are well known in the market.

Trade receivables

Total debtors that were renegotiated in this financial year amount to R3,9 million. The debtors provision at year-end included R1,4 million of this amount.

Fair value of trade and other receivables

Due to their current nature the carrying values of the trade and other receivables approximate their fair value.

Trade and other receivables past due but not impaired

Trade and other receivables that are less than two months past due are not considered to be impaired. At 30 June 2011, receivables amounting to R1 601 639 (2010: R1 689 503) were past due but not impaired.

	Group		Company	
	2011 R'000	2010 R'000	**2011 R'000**	2010 R'000
22. Financial instruments and risk management (continued)				
The ageing of amounts past due but not impaired are as follows:				
One month past due	**672**	1 684	**–**	–
Two months past due	**930**	5	**–**	–
Trade and other receivables impaired				
Impairment for, trade receivables is assessed biannually based on the customers credit and payment history, together with their current financial and economic standing. When balances have been identified as irrecoverable, the amount is charged against the allowance when all efforts of recovery have been exhausted.				
As at 30 June 2011 trade and other receivables of R5 697 610 (2010: R2 218 961) were impaired and provided for.				
The movement on the provision is as follows:				
Opening balance	**2 219**	3 225	**–**	–
Provisions created	**3 479**	544	**–**	–
Provisions utilised	**–**	(1 550)	**–**	–
Closing balance	**5 698**	2 219	**–**	–
Liquidity risk				
Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, treasury aims at maintaining flexibility in funding by keeping committed credit lines available.				
The maturity analysis of interest-bearing borrowings through committed credit lines are as follows:				
Contracted cash flows for the next 12 months	**26 588**	22 319	**–**	–
Contracted cash flows for months 13 to 60	**34 625**	56 886	**–**	–
Contracted cash flows for over 60 months	**2 319**	3 783	**–**	–
Total committed cash flows	**63 533**	82 988	**–**	–
Present-value finance charges	**(6 267)**	(10 953)	**–**	–
Carrying value	**57 266**	72 035	**–**	–
The maturity analysis of other financial liabilities are as follows:				
Committed trade and other payables	**45 095**	24 056	**344**	326
Committed bank overdraft	**–**	–	**–**	–
Total commitments within the next 12 months	**45 095**	24 056	**344**	326
Present-value finance charges	**–**	–	**–**	–
Carrying value	**45 095**	24 056	**344**	326

Banking facilities

The facilities available at year-end are as follows:

Debtors discounting facility – R8 178 540

Vehicle asset financing – R672 410

Letters of guarantee – R83 595

FEC facility – R500 000

There were no breaches of bank covenants during this financial year.

22. Financial instruments and risk management (continued)

Fair values

Fair values of financial instruments recognised on the balance sheet approximate their carrying amounts due to bearing interest at the market-related rates. Details of these financial instruments and their fair values are as follows:

	Group		Company	
	2011 R'000	2010 R'000	**2011 R'000**	2010 R'000
Assets				
– Loans and receivables				
Trade and other receivables	**34 533**	29 971	**–**	–
– Fair value through profit and loss				
Cash and cash equivalents	**25 240**	11 354	**90**	156
Liabilities				
– Held at amortised cost				
Interest-bearing borrowings	**33 770**	54 688	**–**	–
Trade and other payables	**45 095**	24 056	**344**	326
Short-term portion of interest-bearing borrowings	**23 496**	17 347	**–**	–

All of the financial assets and liabilities are classified as Level 3 as defined in the accounting policy note.

23. Capital management

The Group's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return for shareholders by optimising the gearing ratio.

The Group sets the amount of capital in proportion to risk. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. 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. Capital comprises equity (i.e. share capital, share premium and accumulated reserves). Refer to the statement of changes in equity for details on capital balances.

		Group	
		2011 R'000	2010 R'000
24.	**Employee benefits**		
	Staff costs		
	– Staff costs (excluding directors' emoluments) for 12 months	**32 629**	23 166
	Salaries and wages	**30 882**	22 123
	Pension costs – defined-contribution plans	**1 361**	900
	Social security costs	**386**	143
		Number	Number
	Average number of employees employed by the Group	**282**	216
	Defined-contribution plan		
	The William Tell Industries Provident Fund covers permanent employees of the Company. Weekly-paid employees are members of a provident fund administered by the Industrial Council for the Furniture Industry. Both of these provident funds are defined-contribution plans and are registered under the Pension Funds Act of 1965 as privately administered funds.		
	Medical aid		
	The Company continuously reviews its contribution and benefit structures in its various medical aid schemes to ensure that these are well positioned against steeply rising healthcare costs. The Company has no current exposure to post-retirement medical aid costs.		
	Share incentive scheme		
	The William Tell Share Plan was approved by shareholders on 17 November 2010. There were no share-based payment charges in this financial year as the amounts were insignificant. For further information refer to the remuneration report.		
25.	**Capital commitments**		
	Capital expenditure contracted for at the balance sheet date:	**2 500**	800
	The above capital expenditure relates to the enhancement of property, plant and equipment.		
	Approved by the directors not yet contracted	**6 500**	–
	The Group has commitments arising from property leases for outlets as well as contracts entered into to lease motor vehicles and equipment.		
	The net future minimum rentals due under operating leases are as follows:		
	Amounts due for equipment	**2 920**	–
	Amounts due under property leases	**4 010**	2 388
		6 930	2 388
	The net future minimum rentals are repayable as follows:		
	Within the next 12 months	**3 107**	622
	Between 2 and 5 years	**3 823**	1 766
	Greater than 5 years	**6 930**	2 388

26. Segment report

No segmental reporting is provided as the Group's operations are in the wood-based panels industry with similar risks and returns and the Company operates only in South Africa.

27. Government grants

The company is currently an applicant in the Department of Trade and Industry's (DTI) Small and Medium Enterprise Development Programme (SMEDP) and Enterprise Investment Programme (EIP). The SMEDP and EIP are grants paid to local and foreign investors, starting new or expanding their current operations, based on approved qualifying assets and activities/projects. The current expansion of the Company's manufacturing assets over the last three years potentially entitles the Company to the grants, subject to the meeting of various conditions and criteria as specified within the programme. Such criteria include, among others, meeting specified capital expenditure projections and minimum equity, turnover and labour levels.

The SMEDP and EIP grants are exempt from income tax in terms of s10(1)(y) of the Income Tax Act 58 of 1962.

28. Going concern

The directors have reviewed the Group's budget and cash flow forecast for the year to 30 June 2012. On the basis of this review and in the light of the current financial position of the Group, the directors are satisfied that the Group will continue to operate for the foreseeable future and have adopted the going-concern basis in preparing the financial statements.

29. Subsequent events

No material events have occurred between the reporting date and the date of these results that would have a material effect on the financial statements of the Group.

30. Schedule of Group companies

The following information relates to the Company's financial interest in direct and indirect investments that are material to the Group. All subsidiaries are incorporated in South Africa.

	Currency	Issued ordinary share capital	Proportion held 2011 %	Proportion held 2010 %
William Tell Industries (Pty) Limited	R	4 000	**100**	100
Tellprop (Pty) Limited	R	100	**100**	100
ELB Ultrabord (Pty) Limited	R	2 500 000	**100**	100

The holding company's interest in the aggregate net loss earned by subsidiaries amounted to R8,1 million (2010: R20 million) for the year.

Analysis of shareholders

for the year ended 30 June 2011

Ordinary shareholders' analysis

The following are the shareholders beneficially holding, directly or indirectly, in excess of 2% of the share capital as at 30 June 2011:

	Number of shares	% held
Barry Philip Lok	55 290 000	44,23
The William Tell Family Trust	20 000 000	16,00
SBSA ITF Hermes Osborne Flexible Fund	6 105 000	4,88
Neville Marc de Winnaar	7 500 000	6,00
Warwick Hilton Lok	6 730 000	5,38
Niall Rupert Osborne Brown	5 000 000	4,00
Osborne Sym Satellite Equity Portfolio	3 059 153	2,45

Description of shareholders

	Number of shareholders	% of shareholders	Number of shares held	% of shares held
Public shareholding				
Corporate	24	6,84	3 157 347	2,53
Nominees/Trusts/Trustees	33	9,40	12 884 296	10,31
Individuals	285	81,20	18 130 357	14,50
	342	97,44	34 172 000	27,34
Non-public shareholding				
Directors	6	1,71	69 608 000	55,69
Associates of directors	3	0,85	21 220 000	16,98
	9	2,56	90 828 000	72,66
	351	100,00	125 000 000	100,00

Shareholder spread

1 – 1 000 shares	58	16,52	37 113	0,03
1 001 – 5 000 shares	94	26,78	313 541	0,25
5 001 – 10 000 shares	50	14,25	438 317	0,35
10 001 – 50 000 shares	88	25,07	2 308 921	1,85
50 001 – 100 000 shares	18	5,13	1 449 265	1,16
Over 100 001 shares	43	12,25	120 452 843	96,36
	351	100,00	125 000 000	100,00

Shareholders' diary

Financial year end		30 June 2011
Record date		30 September 2011
Annual general meeting		16 November 2011
Reports:		
Year end results	Announced	19 September 2011
Integrated annual report	Posted	30 September 2011
Interim for the half year to 31 December 2011		February 2012

Corporate information

Registered office
31 Van Eck Street
Chamdor
Krugersdorp 1740
(PO Box 1663, Krugersdorp, 1740)

Directors
Ralph Patmore (independent non-executive chairman)
Johan Diederiks (chief executive officer)
Nirvana Govender (financial director)
Neville de Winnaar (executive director)
Michael Meehan (independent non-executive director)
Clyde Lok (non-executive director)
Richard McElligott (independent non-executive director)

Company secretary
Sirkien van Schalkwyk
No 1 Carlsberg
430 Nieuwenhuyzen Street
Erasmuskloof 0048
(PO Box 4896, Rietvalleirand, 0174)

Designated and Corporate adviser
PSG Capital (Pty) Ltd
Registration No. 2006/015817/07
Ground Floor DM Kisch House
Inanda Greens Business Park
54 Wierda Road West
Wierda Valley
Sandton 2196
(PO Box 987, Parklands, 2121)

Auditor
BDO South Africa Inc.
Registration No. 1995/002310/21
13 Wellington Road
Parktown 2193
(Private Bag X60500, Houghton, 2041)

Transfer secretaries
Computershare Investor Services 2004 (Pty) Ltd
Registration No. 2004/003647/07
Ground Floor
70 Marshall Street
Johannesburg 2001
(PO Box 61051, Marshalltown, 2107)

Attorneys
Cliffe Dekker Hofmeyr
Reg No: 2008/018923/21
1 Protea Place
Sandton 2196
(Private Bag X40, Benmore, 2010)

Commercial banker
Nedbank Limited
Registration No. 1951/000009/06
Peoples Bank Building
100 Main Street
Johannesburg 2001

WILLIAM TELL HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 2004/030045/06)
Share Code: WTL ISIN: ZAE000098133
("William Tell" or "the Company" or "the Group")

Notice is hereby given that the annual general meeting of the Company's shareholders will be held at 31 Van Eck Street, Chamdor, Krugersdorp on Wednesday, 16 November 2011 at 09:00 ("the annual general meeting").

Purpose

The purpose of the meeting is to transact the business set out below. For the avoidance of doubt, the memorandum and articles of association of the Company are referred to as the memorandum of incorporation in accordance with the terminology used in the new Companies Act 2008 (Act 71 of 2008), as amended ("the Companies Act"), which became effective on 1 May 2011.

Agenda

1. To consider and, if deemed fit, approve, with or without modification, the following ordinary resolutions:

Note:
For any of the ordinary resolutions numbers 1 to 13 to be adopted, more than 50% of the voting rights exercised on each such ordinary resolution must be exercised in favour thereof.

Ordinary business

1.1 Annual financial statements

1.1.1 Ordinary resolution number 1: Acceptance of annual financial statements

"Resolved that the audited annual financial statements of the Company, including the reports of the directors and the audit and risk committee for the year ended 30 June 2011 as set out in the Company's integrated annual report 2011 of which this notice forms part of be accepted"

The reason for ordinary resolution number 1 is that article 50 of the Company's memorandum of incorporation requires that the annual financial statements be accepted at the annual general meeting of the Company.

1.2 Re-election of directors

1.2.1 Ordinary resolution number 2: Re-election of Michael Meehan

"Resolved that Michael Meehan, who retires by rotation in terms of the memorandum of incorporation of the Company and, being eligible and offering himself for re-election, be and is hereby re-elected as director."

An abbreviated curriculum vitae in respect of Michael Meehan may be viewed on page 5 of the integrated annual report of which this notice forms part.

The reason for ordinary resolution number 2 is that article 50 of the memorandum of incorporation of the Company and, to the extent applicable, the Companies Act, requires that a component of the directors rotate at the annual general meeting and, being eligible may offer themselves for re-election as directors.

1.2.2 Ordinary resolution number 3: Re-election of Neville de Winnaar

"Resolved that Neville de Winnaar, who retires by rotation in terms of the memorandum of incorporation of the Company and, being eligible and offering himself for re-election, be and is hereby re-elected as director."

An abbreviated curriculum vitae in respect of Neville de Winnaar may be viewed on page 5 of the integrated annual report of which this notice forms part.

The reason for ordinary resolution number 3 is that article 50 of the memorandum of incorporation of the Company and, to the extent applicable, the Companies Act, requires that a component of the directors rotate at the annual general meeting and, being eligible may offer themselves for re-election as directors.

1.3 Confirmation of appointment of new directors

1.3.1 Ordinary resolution number 4: Confirmation of appointment of Clyde Lok as director

"Resolved that Clyde Lok's appointment as a director of the Company with effect from 7 April 2011 is hereby ratified".

An abbreviated curriculum vitae in respect of Clyde Lok may be viewed on page 5 of the integrated annual report of which this notice forms part.

The reason for ordinary resolution number 4 is that article 50 of the memorandum of incorporation of the Company and, to the extent applicable, the Companies Act, requires that the appointment of new directors be ratified at the next annual general meeting following their appointment.

1.3.2 Ordinary resolution number 5: Confirmation of appointment of Johan Diederiks as director

"Resolved that Johan Diederiks' appointment as a director of the Company with effect from 1 August 2011 is hereby ratified".

An abbreviated curriculum vitae in respect of Johan Diederiks may be viewed on page 4 of the integrated annual report of which this notice forms part.

The reason for ordinary resolution number 5 is that article 50 of the memorandum of incorporation of the Company and, to the extent applicable, the Companies Act, requires that the appointment of new directors be ratified at the next annual general meeting following their appointment.

1.3.3 Ordinary resolution number 6: Confirmation of appointment of Richard McElligott as director

"Resolved that Richard McElligott's appointment as a director of the Company with effect from 14 September 2011 is hereby ratified".

An abbreviated curriculum vitae in respect of Richard McElligott may be viewed on page 5 of the integrated annual report of which this notice forms part.

The reason for ordinary resolution number 6 is that article 50 of the memorandum of incorporation of the Company and, to the extent applicable, the Companies Act, requires that the appointment of new directors be ratified at the next annual general meeting following their appointment.

1.4 Re-appointment of auditors

1.4.1 Ordinary resolution number 7: Confirmation of the re-appointment of the auditors

"Resolved that the re-appointment of BDO South Africa Inc. as independent auditors of the Company for the ensuing year (the designated auditor being Gawie Marais) on the recommendation of the Company's audit and risk committee be hereby ratified."

The reason for ordinary resolution number 7 is that the Company, being a public listed company, must have its financial results audited and such auditor must be appointed or re-appointed each year at the annual general meeting of the Company as required by the Companies Act.

1.5 Auditors' remuneration

1.5.1 Ordinary resolution number 8: Confirmation of the auditors' remuneration

"Resolved that the auditors' remuneration for the year ended 30 June 2011 as determined by the audit and risk committee of the Company be and is hereby confirmed."

The reason for ordinary resolution number 8 is that the memorandum of incorporation of the Company read with section 94(7)(b) of the Companies Act requires that the remuneration of the auditors be considered at the annual general meeting.

1.6 Election of members to the Audit and Risk Committee

1.6.1 Ordinary resolution number 9: Appointment of Michael Meehan to the audit and risk committee

"Resolved that Michael Meehan be elected a member of the audit and risk committee, with effect from the conclusion of this annual general meeting in terms of section 94(2) of the Companies Act."

An abbreviated curriculum vitae in respect of Michael Meehan may be viewed on page 5 of the integrated annual report of which this notice forms part.

1.6.2 Ordinary resolution number 10: Appointment of Ralph Patmore to the audit and risk committee

"Resolved that Ralph Patmore be elected a member of the audit and risk committee, with effect from the conclusion of this annual general meeting in terms of section 94(2) of the Companies Act."

An abbreviated curriculum vitae in respect of Ralph Patmore may be viewed on page 4 of the integrated annual report of which this notice forms part.

1.6.3 Ordinary resolution number 11: Appointment of Richard McElligott to the audit and risk committee

"Resolved that Richard McElligott be elected a member of the audit and risk committee, with effect from the conclusion of this annual general meeting in terms of section 94(2) of the Companies Act."

An abbreviated curriculum vitae in respect of Richard McElligott may be viewed on page 5 of the integrated annual report of which this notice forms part.

The reason for ordinary resolution numbers 9 to 11 (inclusive) is that the Company, being a public listed company, must appoint an audit committee as prescribed by sections 66(2) and 94(2) of the Companies Act, which also requires that the members of such audit committee be appointed, or re-appointed, as the case may be, at each annual general meeting of a Company.

1.6.4 Ordinary resolution number 12: Endorsement of Remuneration Philosophy

To endorse the Company's remuneration philosophy, as set out in the remuneration report on page 18 of the integrated annual report, by way of a non-binding advisory note.

The reason for ordinary resolution number 12 is that King III recommends that the remuneration policy of the Company be endorsed through a non-binding advisory vote by shareholders at the annual general meeting of a company.

1.7 Authorised directors and/or the company secretary

1.7.1 Ordinary Resolution Number 13: Authority to action

"Resolved that any one director of the Company and/or the company secretary is hereby authorised to do all such things and sign all such documents as deemed necessary to implement the ordinary and special resolutions as set out in this notice convening the annual general meeting at which these resolutions will be considered."

The reason for ordinary resolution number 13 is to ensure that the resolutions voted favourably upon is duly implemented through the delegation of powers provided for.

2. To consider and, if deemed fit, pass, with or without modification, the following special resolutions:

Note:

For the following four special resolutions to be adopted, more than 75% of the voting rights exercised on each special resolution must be exercised in favour thereof.

Special business

2.1 Remuneration of non-executive directors to 30 June 2012

2.1.1 Special resolution number 1

"Resolved that the remuneration payable to the non-executive directors for the year ending 30 June 2012 be approved for the period with effect from 1 July 2011 until the annual general meeting held during 2012:

Category	Proposed remuneration payable with effect from 1 July 2011
Board	
Chairman	R100 000 annual retainer R6 500 per meeting attended
Board member	R60 000 annual retainer R6 500 per meeting attended
Audit and Risk Committee	
Chairman	R75 000 annual retainer R6 500 per meeting attended
Audit and risk committee member	R45 000 annual retainer R6 500 per meeting attended
Remuneration and Nomination Committee	
Chairman	R50 000 annual retainer R6 500 per meeting attended
Remuneration and nomination committee member	R40 000 annual retainer R6 500 per meeting attended"
Social and Ethics Committee	
Chairman	R50 000 annual retainer R6 500 per meeting attended
Social and ethics committee member	R40 000 annual retainer R6 500 per meeting attended"

Reasons for and effect of special resolution number 1

The reason for the proposed special resolution, is to comply with section 66(9) of the Companies Act, which requires the approval of directors fees prior to the payment of such fees.

The effect of special resolution number 1 is that the Company will be able to pay its non-executive directors for the services they render to the Company as directors without requiring further shareholder approval until the next annual general meeting.

2.2 Financial assistance to subsidiaries and other inter-related entities

2.2.1 Special resolution number 2

"Resolved that, the Company be and is hereby authorised to provide direct or indirect financial assistance to any subsidiary or inter-related company (as defined in the Companies Act) of the Company by way of a general authority in favour of that category of recipients as contemplated in section 45(3)(a)(ii) of the Companies Act, on terms and conditions and for amounts that the board of directors may determine from time to time."

Reasons for and effect of special resolution number 2

To authorise the Company in compliance with section 45(3)(a)(ii) of the Companies Act to provide direct or indirect financial assistance to any related or inter-related company (as defined in the Companies Act) of the Company by way of a general authority on the terms and conditions and for amounts that the board of the directors may determine from time to time.

The reason for, and effect of, the special resolution referred to above, is to permit the Company to provide direct or indirect financial assistance to entities within the William Tell Group. This requirement arose as a result of the coming into force of the Companies Act on 1 May 2011.

2.3 Authority to repurchase shares by the Company and its subsidiaries

2.3.1 Special Resolution number 3

"Resolved that as a special resolution that the Company be and is hereby authorised, as a general approval, to repurchase any of the shares issued by the Company, upon such terms and conditions and in such amounts as the directors may from time to time determine, but subject to the provisions of section 46 and 48 of the Companies Act, the memorandum of incorporation of the Company, the Listings Requirements of the JSE and the requirements of any other stock exchange on which the shares of the Company may be quoted or listed, namely that:

- the general repurchase of the shares may only be implemented on the open market of the JSE and done without any prior understanding or arrangement between the Company and the counterparty;

- this general authority shall only be valid until the next annual general meeting of the Company, provided that it shall not extend beyond fifteen months from the date of this resolution;
- an announcement must be published as soon as the Company has acquired shares constituting, on a cumulative basis, 3% of the number of shares in issue prior to the acquisition, pursuant to which the aforesaid 3% threshold is reached, containing full details thereof, as well as for each 3% in aggregate of the initial number of shares acquired thereafter;
- the general authority to repurchase is limited to a maximum of 20% in the aggregate in any one financial year of the Company's issued share capital at the time the authority is granted;
- a resolution has been passed by the board of directors approving the purchase, that the Company has satisfied the solvency and liquidity test as defined in the Companies Act and that since the solvency and liquidity test was applied there have been no material changes to the financial position of the Group;
- the general repurchase is authorised by the Company's memorandum of incorporation;
- repurchases must not be made at a price more than 10% above the weighted average of the market value of the shares for five business days immediately preceding the date that the transaction is effected. The JSE should be consulted for a ruling if the applicants securities have not traded in such five business day period;
- the Company may at any point in time only appoint one agent to effect any repurchase(s) on the Company's behalf;
- the Company may not effect a repurchase during any prohibited period as defined in terms of the Listings Requirements of the JSE unless there is a repurchase programme in place as contemplated in terms of 5.72(g) of the Listings Requirements of the JSE; and
- the Company must ensure that its designated adviser provides the JSE with the required working capital letters before it commences the repurchase of any shares."

Reason and effect of special resolution number 3
The reason for and effect of special resolution number 3 is to grant the directors a general authority in terms of its memorandum of incorporation and the Listings Requirements of the JSE for the acquisition by the Company of shares issued by it on the basis reflected in the special resolution.

In terms of the Listings Requirements of the JSE any general repurchase by the Company must, inter alia, be limited to a maximum of 20% of the Company's issued share capital in any one financial year of that class at the time the authority is granted.

2.3.2 Special Resolution Number 4

"Resolved as a special resolution that the Company, insofar as it may be necessary to do so, hereby approves, as a general approval, and authorises the acquisition by any subsidiary of the Company ("the subsidiary" or "the acquiree") of shares issued by such subsidiary and/or shares issued by the Company, upon such terms and conditions and in such amounts as the directors of any such subsidiary may from time to time determine, but subject to the provisions of section 46 and 48 of the Companies Act, the memorandum of incorporation of the Company, the Listings Requirements of the JSE and the requirements of any other stock exchange on which the shares of the subsidiary may be quoted or listed, including, inter alia, that:

- the general repurchase of shares may only be implemented on the open market of the JSE and done without any prior understanding or arrangement between the acquiree and the other counterparty;
- this general authority shall only be valid until the next annual general meeting of the Company, provided that it shall not extend beyond fifteen months from the date of this resolution;

- an announcement must be published as soon as the acquiree has acquired shares constituting, on a cumulative basis, 3% of the number of shares of the acquiree Company in issue prior to the acquisition, pursuant to which the aforesaid 3% threshold is reached, containing full details thereof, as well as for each 3% in aggregate of the initial number of shares acquired thereafter;
- this general authority to repurchase is limited to a maximum of 20% in the aggregate in any one financial year of the acquiree's issued share capital at the time the authority is granted, subject to a maximum of 10% in the aggregate in the event that it is the Company's share capital that is repurchased by a subsidiary;
- a resolution has been passed by the board of directors approving the purchase, that the Company has satisfied the solvency and liquidity test as defined in the Companies Act and that since the solvency and liquidity test was applied there have been no material changes to the financial position of the Group;
- the general purchase is authorised by the Company's memorandum of incorporation;
- repurchases must not be made at a price more than 10% above the weighted average of the market value of the shares for the five business days immediately preceding the date that the transaction is effected. The JSE should be consulted for a ruling if the securities have not traded in such five business day period;
- the Company and/or subsidiary may at any point in time only appoint one agent to effect any repurchase(s) on the subsidiary Company's behalf;
- the subsidiary Company may not effect a repurchase during any prohibited period as defined in terms of the Listings Requirements of the JSE unless there is a repurchase programme in place as contemplated in terms of 5.72(g) of the Listings Requirements of the JSE; and
- the Company must ensure that its designated adviser provides the JSE with the required working capital letters before it commences the repurchase of any shares."

Reasons for and effect of special resolution number 4

The reason for and effect of special resolution number 4 is to grant the board of directors of any subsidiary of the Company a general authority in terms of the Listings Requirements of the JSE to acquire shares issued by such subsidiary and/or to acquire shares issued by the Company on the basis reflected in the special resolution.

In terms of the Listings Requirements of the JSE, any general purchase by a subsidiary of shares must, inter alia, be limited to a maximum of 20% of the issued share capital of the acquiree Company in any one financial year of that class at the time the authority is granted, subject to a maximum of 10% in the event that it is the Company's share capital that is repurchased by a subsidiary.

3. Other business

To transact such other business as may be transacted at an annual general meeting or raised by shareholders with or without advance notice to the Company.

Information relating to the special resolutions

1. The directors of the Company or its subsidiaries will only utilise the general authority to purchase shares of the Company and/or the subsidiary as set out in special resolutions numbers 3 and 4 to the extent that the directors, after considering the maximum shares to be purchased, are of the opinion that the Group position would not be compromised as to the following:
   - the Group's ability in the ordinary course of business to pay its debts for a period of 12 months after the date of this annual general meeting and for a period of 12 months after the purchase;
   - the consolidated assets of the Group will at the time of the annual general meeting and at the time of making such determination be in excess of the consolidated liabilities of the Group. The assets and liabilities should be recognised and measured in accordance with the accounting policies used in the latest audited annual financial statements of the Group;
   - the ordinary capital and reserves of the Group after the purchase will remain adequate for the purpose of the business of the Group for a period of 12 months after the annual general meeting and after the date of the share purchase;

- the working capital available to the Group after the purchase will be sufficient for the Group's requirements for a period of 12 months after the date of the notice of the annual general meeting; and
- and the directors have passed a resolution authorising the repurchase, resolving that the Company has satisfied the solvency and liquidity test as defined in the Companies Act and resolving that since the solvency and liquidity test had been applied, there have been no material changes to the financial position of the Group.

2. For the purposes of considering special resolution number 3 and special resolution 4, and in compliance with paragraph 11.26 of the Listings Requirements, the information listed below has been included in the integrated annual report, in which this notice of annual general meeting is included, at the places indicated:
   - Directors and management (pages 4 and 5);
   - Major shareholders (page 23);
   - Directors' interests in securities (page 23);
   - Share capital of the Company (page 42); and
   - Responsibility statement (page 20).

3. For purposes of special resolution number 2, the board of directors of the Company will only utilise the general authority bestowed upon them to provide direct or indirect financial assistance related to inter related companies to the extent that the directors, after considering the amount of financial assistance to be granted, are of the opinion that:
   - immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test (as defined in the Companies Act, 2008);
   - the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company; and
   - all conditions or restrictions regarding the granting of financial assistance as set out in the Company's memorandum of incorporation have been satisfied and that the board of directors have passed a resolution authorising the grant of the said financial assistance ("the board resolution") under their general authority so granted, the Company which will then provide written notice of the board resolution to all shareholders:
   - within 10 days after adoption of the board resolution, if the total value of all loans, debts, obligations or assistance contemplated in that resolution, together with any previous such resolution(s) during the financial year, exceeds one-tenth of 1% of the Company's net worth at the time of the board resolution; or
   - within 30 business days after the end of the financial year, in any other case.

4. The Company is not involved in any legal or arbitration proceedings, nor are any proceedings pending or threatened of which the Company is aware that may have or have had in the previous 12 months, a material effect on the Company's financial position.

5. The directors, whose names are reflected in this integrated annual report of which this notice forms part, collectively and individually accept full responsibility for the accuracy of the information given 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 that have been made and that the notice contains all information required by the Listings Requirements of the JSE.

6. Other than the facts and developments reported on in the integrated annual report, there have been no material changes in the financial or trading position of the Company and its subsidiaries since the date of signature of the audit report up to the date of this notice

Record date, attendance and voting

1. The date on which shareholders must be recorded as such in the share register maintained by the transfer secretaries of the Company ("the Share Register") for purposes of being entitled to receive this notice is Thursday, 29 September 2011.

2. The date on which shareholders must be recorded in the Share Register for purposes of being entitled to attend and vote at this meeting is Friday, 11 November 2011 with the last day to trade being Friday 4 November 2011.

3. Meeting participants will be required to provide proof of identification to the reasonable satisfaction of the chairman of the annual general meeting and must accordingly bring a copy of their identity document, passport or drivers' license. If in doubt as to whether any document will be regarded as satisfactory proof of identification, meeting participants should contact the transfer secretaries for guidance.

4. Shareholders entitled to attend and vote at the annual general meeting may appoint one or more proxies to attend, speak and vote thereat in their stead. A proxy need not be a member of the Company. A form of proxy, in which are set out the relevant instructions for its completion, is enclosed for the use of a certificated shareholder or own-name registered dematerialised shareholder who wishes to be represented at the annual general meeting. Completion of a form of proxy will not preclude such shareholder from attending and voting (in preference to that shareholder's proxy) at the annual general meeting.

5. The instrument appointing a proxy and the authority (if any) under which it is signed must reach the transfer secretaries of the Company at the address given below by not later than 12:00 on Monday, 14 November 2011.

6. Dematerialised shareholders, other than own-name registered dematerialised shareholders, who wish to attend the annual general meeting in person will need to request their Central Securities Depository Participant ("CSDP") or broker to provide them with the necessary authority in terms of the custody agreement entered into between such shareholders and the CSDP or broker.

7. Dematerialised shareholders, other than own-name registered dematerialised shareholders, who are unable to attend the annual general meeting and who wish to be represented thereat, must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between themselves and the CSDP or broker in the manner and time stipulated therein.

8. Shareholders present in person, by proxy or by authorised representative shall, on a show of hands, have one vote each and, on a poll, will have one vote in respect of each share held.

By order of the Board

S van Schalkwyk
Company Secretary

29 September 2011

WILLIAM TELL HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 2004/030045/06)
Share Code: WTL ISIN: ZAE000098133
("William Tell" or "the Company")

FORM OF PROXY – for use by certificated and "own name" dematerialised shareholders only at the annual general meeting of shareholders to be held at 31 Van Eck Street, Chamdor, Krugersdorp on Wednesday, 16 November 2011 at 09:00 ("the annual general meeting").

I/We (please print name in full)

of (address)

being a shareholder/s of William Tell Holdings Limited, holding shares in the Company hereby appoint:

1. or, failing him/her,

2. or, failing him/her,

3. or failing him/her,

4. the chairman of the annual general meeting,as my proxy to vote for me/us and on my/our behalf at the annual general meeting and at any adjournment thereof and to speak and act for me/us and, on a poll, vote on my/our behalf.

My/our proxy shall vote as follows:

	Number of shares		
	In favour of	Against	Abstain
Ordinary resolution number 1: To accept the annual financial statements for the year ended 30 June 2011			
Ordinary resolution number 2: To re-elect Michael Meehan as director			
Ordinary resolution number 3: To re-elect Neville De Winnaar as director			
Ordinary resolution number 4: Confirmation of appointment of Clyde Lok as director			
Ordinary resolution number 5: Confirmation of appointment of Johan Diederiks as director			
Ordinary resolution number 6: Confirmation of appointment of Richard McElligott as director			
Ordinary resolution number 7: Confirmation of auditor's re-appointment			
Ordinary resolution number 8: Confirmation of auditor's remuneration			
Ordinary resolution number 9: Appointment of Michael Meehan to audit and risk committee			
Ordinary resolution number 10: Appointment of Ralph Patmore to audit and risk committee			
Ordinary resolution number 11: Appointment of Richard McElligott to audit and risk committee			
Ordinary resolution number 12: Endorsement of remuneration philosophy			
Ordinary resolution number 13: Authority to action			
Special resolution number 1: Remuneration of non-executive directors			
Special resolution number 2: Financial assistance to related and inter-related companies			
Special resolution number 3: General authority to the Company to repurchase shares			
Special resolution number 4: Subsidiaries to repurchase shares under general authority			

(indicate instruction to proxy by way of a cross in the space provided above)

Unless otherwise instructed, my/our proxy may vote as he/she thinks fit.

Signed this day of 2011

Signature

Please read the notes on page 68.

Notes to the form of proxy

1. This form or proxy should only be used by certificated shareholders or shareholders who have dematerialised their shares with own name registration.

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

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

4. Dematerialised shareholders who wish to attend the meeting or to vote by way of proxy, must contact their CSDP or broker who will furnish them with the necessary authority to attend the meeting or to be represented thereat by proxy. This must be done in terms of the agreement between the member and his/her CSDP or broker.

5. Forms of proxy must be lodged at the Company's Transfer Secretaries, Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) so as to be received by not later than 12:00 on Monday, 14 November 2011.

6. The completion and lodging of this form of proxy shall not preclude the relevant shareholder from attending the meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.

7. Documentary evidence establishing the authority of the person signing this form of proxy in a representative or other legal capacity must be attached to this form of proxy unless previously recorded by the Transfer Secretaries of the Company or waived by the chairman of the meeting.

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

9. The Chairman shall be entitled to reject the authority of a person signing the form of proxy:

   9.1 under a power of attorney, or

   9.2 on behalf of a Company

   unless that person's power of attorney or authority is deposited at the registered office of the Transfer Secretaries not less than 48 hours before the meeting.

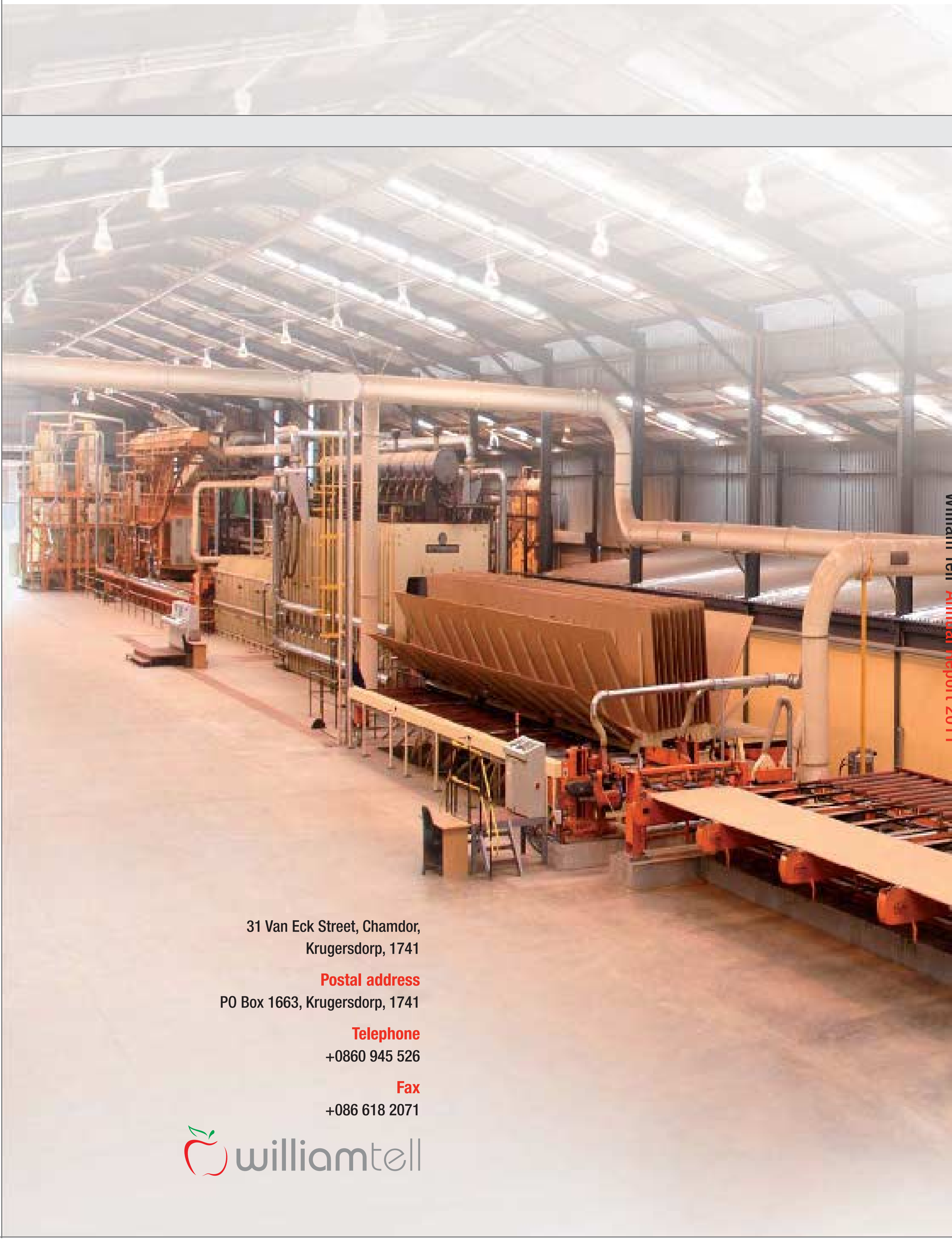
10. Where shares are held jointly, all joint holders are required to sign the form of proxy.

11. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Transfer Secretaries.

12. On a show of hands, every shareholder present in person or represented by proxy shall have only one vote, irrespective of the number of shares he/she holds or represents.

13. On a poll, every shareholder present in person or represented by proxy shall have one vote for every share held by such shareholder.

14. A resolution put to the vote shall be decided by a show of hands, unless, before or on the declaration of the results of the show of hands, a poll shall be demanded by any person entitled to vote at the annual general meeting.



31 Van Eck Street, Chamdor,
Krugersdorp, 1741

Postal address
PO Box 1663, Krugersdorp, 1741

Telephone
+0860 945 526

Fax
+086 618 2071

williamtell