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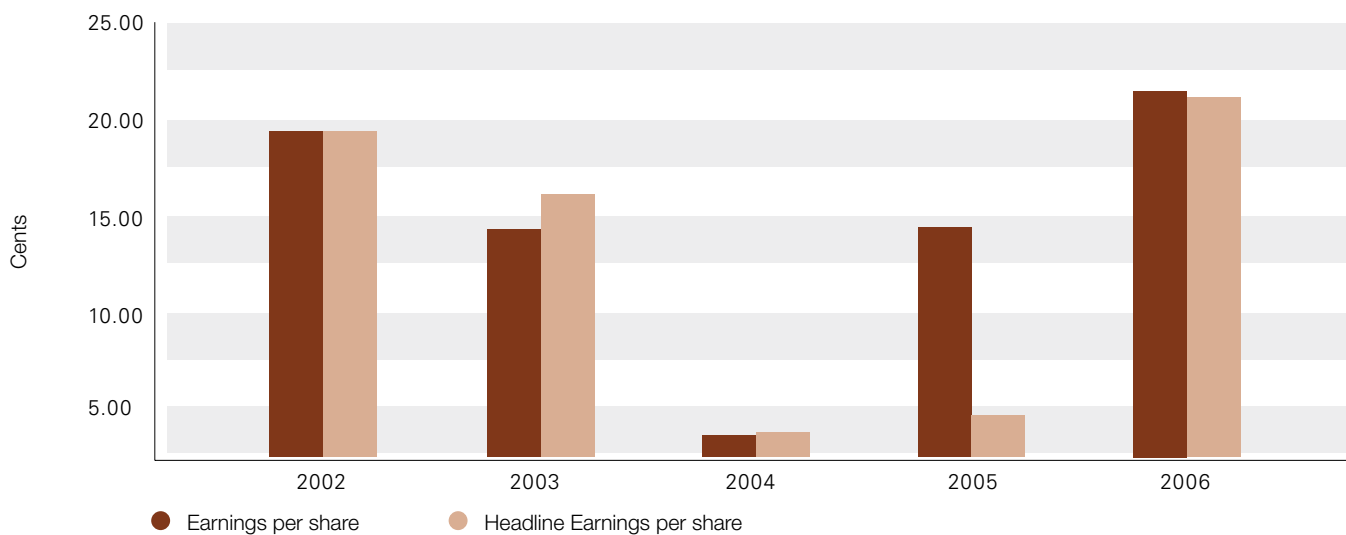
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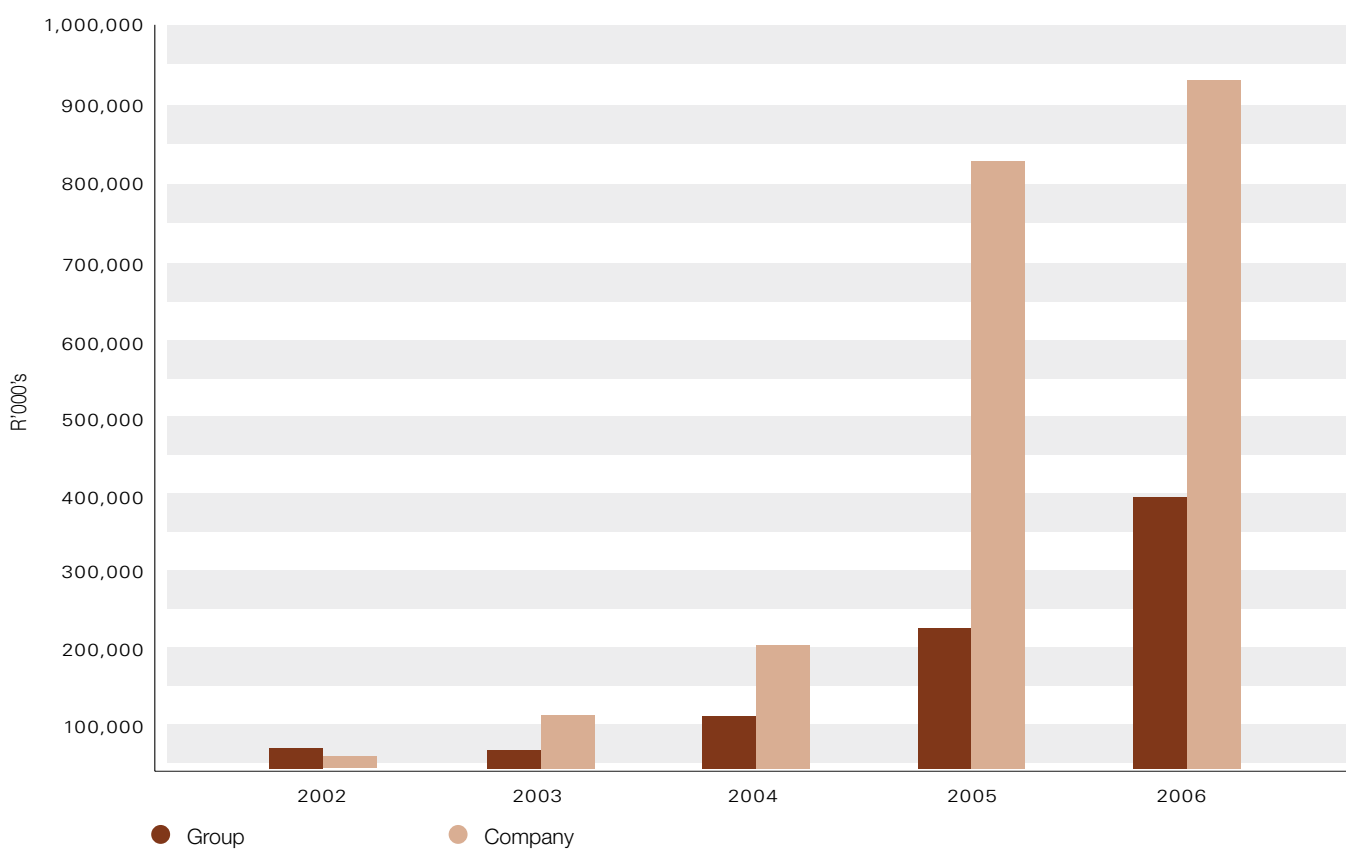
Financial highlights

	2006 R 000's	2005 R 000's	Increase
Revenue	425,129	395,600	7%
Profit after tax (including portion attributable to outside shareholders)	74,060	42,219	75%
Headline earnings	66,277	8,906	644%
Net Asset Value - Group	365,298	231,322	58%
Net Asset Value - Company	903,539	813,825	11%
Earnings per share	21.30	13.42	59%
Headline earnings per share	20.95	3.49	500%
Net asset value per share - Group (Rand)	1.01	0.81	25%

EARNINGS PER SHARE



NET ASSET VALUE



Five year review

	2002	2003	2004	2005	2006
	R 000's	R 000's	R 000's	R 000's	R 000's
BALANCE SHEET					
ASSETS					
Property, plant and equipment	62,237	61,608	59,458	184,786	190,037
Intangible & Biological Assets	52,160	49,953	47,228	67,610	124,317
Investments and loans	19,034	13,686	24,829	78,903	200,427
Deferred tax	7,494	-	14,251	20,269	24,189
Current assets	162,516	142,298	175,316	225,020	193,335
EQUITY					
Capital and reserves attributable to equity holders of the company	21,700	24,633	96,977	231,322	365,298
Minority interests	46,251	2,151	6,876	40,152	49,655
LIABILITIES					
Interest bearing borrowings	88,430	139,454	61,272	65,807	40,896
Deferred tax liability	-	-	19,791	52,523	68,575
Non-interest bearing borrowings	449	4,835	2,505	7,632	16,504
Current liabilities	146,611	96,472	133,661	179,151	191,375
Net asset value					
Group	21,700	24,633	96,977	231,322	365,298
Company	8,542	84,752	173,061	813,825	903,539

5 YEAR HIGHLIGHTS

- Assets under management grew by 141%
- Long-term borrowings reduced by 35%
- Revenue grew by 24%
- Operating profits grew by 83%
- Profit after taxation grew by 292%

	2002	2003	2004	2005	2006
	R 000's	R 000's	R 000's	R 000's	R 000's
INCOME STATEMENT					
Revenue	343,152	356,664	310,760	395,600	425,129
Operating profit	50,405	38,089	20,907	45,823	92,294
Profit before taxation	30,147	13,133	7,779	35,126	89,433
Taxation income / (expense)	(11,247)	10,521	(4,203)	7,093	(15,373)
Profit after taxation	18,900	2,612	3,576	42,219	74,060
Attributable to :-					
Equity holders of the company	18,493	12,283	1,612	34,243	67,402
Minority interests	407	(9,671)	1,964	7,976	6,658
Headline earnings	16,918	15,030	1,826	8,906	66,277
	cents	cents	cents	cents	cents
Earnings per share	19.08	13.19	1.04	13.42	21.30
Headline earnings per share	19.07	16.14	1.18	3.49	20.95
Diluted headline earnings per share	18.68	15.93	1.04	3.12	19.09

The figures for 2002 and 2003 are not adjusted for IFRS

Empowering people through profits

MISSION STATEMENT

Sekunjalo Investments Limited (Sekunjalo) seeks to empower individuals and communities through profitable investments. We provide affordable products and services to achieve this goal.

“Empowering people through profits” is a key foundation of our mission statement. We recognise that the best way for business to be sustainable is to partner communities and government in a social contract to achieve economic growth and give more South Africans access to this growing prosperity.

CORPORATE PROFILE

Sekunjalo Investments Limited is a black-controlled conglomerate situated in the Republic of South Africa, with global business operations in London and Mauritius. Sekunjalo has businesses in the following Divisions: Industrials (Fishing and Motor), Healthcare and Pharmaceuticals, Information Technology and Communication, Financial Services, Aquaculture and Biotechnology and Media Holdings.

Sekunjalo appoints the boards and management of all its subsidiary companies. We currently employ over 1 000 employees directly, and over 10 000 people benefit from our investments and associates, predominantly in the manufacturing and services sectors of the Western Cape and Gauteng. Sekunjalo is a significant exporter and generates a large portion of income in foreign currency.

As a Broad-Based Black Economic Empowerment (B-BBEE) business, Sekunjalo has strong roots amongst historically disadvantaged individuals (HDIs) and community organisations. These form the majority of the Group’s shareholder base. Black control of Sekunjalo exceeds 80%, and the majority of its economic benefits are enjoyed by black stakeholders.

Sekunjalo is recognised by its peers as a pioneer in promoting the interests of HDI’s and previously marginalised communities. The company has received numerous awards for its business performance and its achievement of real economic transformation for marginalised South Africans.

In 2006 Sekunjalo was recognised as South Africa’s Top Empowerment Company by the authoritative Financial Mail/Empowerdex Survey of Top 200 listed companies. The Group’s commitment to Employment Equity, Skills Development, Transformation, and Corporate Social Investment makes us a role model for B-BBEE.

TRANSFORMATION

Sekunjalo was established almost nine years ago when opportunities were increasing for black business people and professionals to

participate in the economic mainstream, due to the political and legislative framework created in 1994.

From the outset our company’s ethos was a transformational one. The majority of the founding members had been political activists. They had participated in the struggle to transform South Africa from a state that denied the majority of its citizens full political, social and economic participation to a democratic country in which full participation was possible.

The draft *Codes of Good Practice*, which at the time of writing still need to be finalised, emphasise the need to extend empowerment to a broader base of South Africans. They provide guidelines and a balanced scorecard to measure the transformation of a business entity from an empowerment perspective.

Sekunjalo strongly supports the process of transformation in the Group and in broader society.

INVESTMENT PHILOSOPHY

Sekunjalo’s investment philosophy is to follow sound business principles and practices in our quest to create wealth for all our shareholders. We identify and promote entrepreneurs with potential and flair in our prospective business ventures.

A cornerstone of our philosophy is the upliftment of previously marginalised groups by creating employment, emphasising development and transferring of skills. Our investment philosophy is value-driven and we are always aware of the need to maintain and strengthen corporate governance.

We also teach our employees to have respect for the regulatory institutions in the public and private sectors. The Group’s management team is encouraged to run each business unit in a sustainable manner with regard to communities and the environment.

Over time, Sekunjalo’s business model has resulted in us acquiring control of the majority of our investments. This enables us to add value through our extensive networks, while also promoting an entrepreneurial culture within our management structure and staff groups.

In selected investments Sekunjalo will acquire strategic non-controlling stakes, provided that the company is able to influence the business process to create wealth and achieve transformation.

THE INVESTMENT MODEL OF SEKUNJALO

Sekunjalo is a B-BBEE investment holding company that pursues an active conglomerate strategy. We have chosen the conglomerate investment model for two reasons:

First, a conglomerate allows a company to operate in industries and businesses at varying stages of their life cycles. For Sekunjalo, this has

allowed us to diversify from historic associations with seasonal and relatively mature investments into Technology and Innovation Driven Investments and companies that are less seasonal or positioned in high growth sectors.

Second, our position as South Africa's top B-BBEE company means we are exposed to deal-flow and opportunities across a range of sectors. Instead of denying ourselves the opportunities presented by this unique juncture in South Africa's social and economic history, we opted instead to develop a rigorous investment model that would allow us to build a premium conglomerate.

Discipline is a key factor for streamlining processes and maximising profitability in a conglomerate environment. We are proficient in our strategic thinking and capital allocation and emphasise performance and accountability at all times.

Any investment we make has to generate returns that are greater than the cost of the capital employed. We have to be better at allocating capital than the rest of the market. Research suggests that financial markets may not always operate efficiently due to the presence of skewed, misleading information. If this problem is severe, then the common ownership of assets can and does

deliver a more efficient allocation of capital – as well as long-term performance.

Sekunjalo has developed a comprehensive investment process that ensures our investment committee makes sound investment decisions.

We are aware of the operational weaknesses that other under-performing conglomerates demonstrate. It is critical that we continue to support and invest in the high-performing areas of our business, and show no tolerance for under-performers.

Coupled with our investment model is our operating philosophy of value-based management (VBM), which promotes and motivates our people to "think, act and get paid like owners". Employees are required to meet or exceed shareholders' expectations by improving the company's economic profit. A key requirement for this is developing sound management capacity and Human Resources (HR) skills.

By integrating senior executives with emerging black entrepreneurs and managers, we are creating an exciting group of senior managers with increasing experience in extracting value in a conglomerate environment.



Launch of Business Place, Ekapa

From left to right: Denise Dookoo; Malcolm Gray; Dr Iqbal Survé; Minister Tasneem Essop

2006 Highlights

THE YEAR AT A GLANCE

- A FINANCIALLY DRIVEN GROUP
- A VISION THAT WE BELIEVE IN
- DELIVERY
- SUCCESSFUL DIVERSIFICATION
- BUILDING STRENGTH
- CREATING AND UNLOCKING VALUE
- RANKED BEST EMPOWERMENT COMPANY

MAJOR ACHIEVEMENTS 2006

- Sekunjalo ranked Top Empowerment Company 2006 by Financial Mail/Empowerdex
- Sekunjalo ranked Top Company 2006 by Financial Mail/Empowerdex - Enterprise Development
- Headline earnings per share increases to 20.95 cents per share - highest ever
- Revenue grows to R425m, the highest ever for Sekunjalo
- Further reduction in debt
- A fast-growing, rapidly changing organisational environment
- Establishing an executive team rich in intellectual capital and experience
- Turnaround in our healthcare business
- Technology and Innovation Driven Investments deliver
- Financial services platform well-positioned for future growth
- Information Technology is growing and becoming successful as niche leaders

COMMUNITY INVOLVEMENT

As a Group, we acknowledge our responsibility to the social upliftment of the communities in which we operate. Through the Corporate Social Investment (CSI) programme, we provide support and donations to various organisations and their works.

Other than this, the staff of Sekunjalo are committed in their individual capacity to live the Group's vision of "empowering people through profits" in their own communities.

Certain executives and staff are actively involved in various organisations and projects - and their contributions are collectively making a positive difference to the lives of people who need it.

Sekunjalo's vision is not just a business motto – it is a way of life for those who work in the Group.

Examples of this involvement are

- Manenberg Education Development Trust (MEDT) MEDT awards bursaries to disadvantaged young people with potential by providing them with an opportunity to further their tertiary education.

We believe that in doing so, we are contributing to the empowerment and future of the community and enabling these young people to be role models to the youth of tomorrow.

- The Ubuntu Ladies Group: This ladies group works with the Christine Revell Children's Home that provides a home for children up to the age of 5 who have been abandoned or abused.

Through innovative initiatives they donate their money, time and effort in actions that will uplift these children's lives and that will provide them with some of the comforts and joy that they have not received in their own homes.

During 2006, a library was set up for the first time at the home - we believe that an interest in reading and education is the foundation for the future.

- Community Crisis Support: Our staff are actively involved when disadvantaged communities experience crisis such as fires and floods. We all pull together to try and support these communities with the basic human needs such as food and clothing.



ARTIST: HERMIE STIPPS

IMPORTANT TRANSACTIONS

This has been a very exciting year for Sekunjalo. We have continued with our strategy of acquiring or increasing our investments, especially in Technology and Innovation Driven companies and sectors.

Successful transactions during 2006 include the following:

- FIOS : we acquired 100% of FIOS
- Sharenet : we increased our ownership in Sharenet from 30% to 51%.
- Bioclones : we successfully concluded this transaction in which we acquired 49.9% of the company.
- Saratoga : we acquired 50.1% of Saratoga.

In a post year end event, we successfully purchased 51% of **ESP Afrika** and the **South Atlantic Jazz Festival**. These two companies are the organisers of the well known Cape Town International Jazz Festival (CTIJF).

This festival is ranked the fourth largest festival of its kind in the world.

CORPORATE CULTURE

A retired CEO of one of the world's most successful conglomerates - states that the values or "behaviours" within a company that support its company's vision and mission, must be clear, unambiguous and detailed to be effective.

We believe that we have such a vision & mission – we have such a corporate culture and we are proud to share this with our stakeholders.

Living Our Core Values

- We are a people-focused company. While seeking to build successful and profitable businesses, we never lose sight of the fact that our concern is with the development and upliftment of people, particularly those who have been excluded in the past from participating fully in the economy and in society in general.

- We respect diversity and embrace differences in culture and beliefs. Such respect and tolerance is shown to all, irrespective of their status or position in our organisation.
- Difficult decisions have to be made from time to time in any company. We strive to be just and consistent in taking and implementing such decisions.

Relating to Each Other

- We believe in nurturing a spirit of teamwork and co-operation.
- Colleagues receive the same excellent service that we provide to our customers.
- Skills transference is not negotiable!
- We encourage an environment which promotes critical thought and the free-flow of ideas – we are all free to question each other so that we work with facts and don't act on assumptions.
- We share ideas freely and seek input from others so that we make the best use of our Group's abundant intellectual capital.
- We see challenges and solutions, not problems.
- And, we remember to have a little fun along the way!

Managing Ourselves

- We deliver as promised.
- Management lead by example with our actions being driven by the Sekunjalo Vision, Mission and Core Values. There are no hidden agendas.
- **Excellence** in all we do is not negotiable!
- We take responsibility – results are what count to us.
- Commitment and loyalty are a mainstay in our Group but we are measured on our performance.
- Self-discipline is the basis of success!

Learning and Growth

- We foster a culture of learning and continuous development within the group.
- We are always prepared for change – we consider change an opportunity for growth.



ARTIST: FAREED ROSSIER

CHAIRMAN AND CHIEF EXECUTIVE OFFICER**Dr Iqbal Survé (43)**

MBCChB, B.Sc (Med) (Hons) Sports Med., Fellow of the American College of Sports Medicine (FACSM), MBA (UCT); SEP (Harvard/WITS).

Appointed: 20 May 1996

Nationality: South African

Major Directorships: Siemens Ltd, Siemens Telecommunications (Pty) Ltd, Pioneer Food Group Ltd, Sekunjalo Health Care Ltd, Premier Fishing SA (Pty) Ltd, Sekunjalo Investment Holdings (Pty) Ltd, Sekunjalo Capital (Pty) Ltd, The Business Place, WECSA

DEPUTY CHIEF EXECUTIVE OFFICER**Norman Noland (58)**

EDP (WITS), AFP (Financial Planning Institute), AEP (UNISA)

Appointed: 12 December 2005

Nationality: South African

Major Directorships: Premier Fishing SA (Pty) Ltd, Sekunjalo Capital (Pty) Ltd

CHIEF OPERATING OFFICER**Mohamed Kajee (52)**

BCompt (Hons), CA (SA), ACMA

Appointed: 2 October 1996 – 3 February 2005, 17 August 2006

Nationality: South African

Major Directorships: Premier Fishing SA (Pty) Ltd, Sekunjalo Health Care Ltd, Health System Technologies (Pty) Ltd, Sekunjalo Capital (Pty) Ltd

FINANCIAL DIRECTOR**Hishaam Ally (38)**

B.Com (Acc)

Appointed: 18 October 2004

Nationality: South African

Major Directorships: Sekunjalo Capital (Pty) Ltd, Sekpharma (Pty) Ltd, Health System Technologies (Pty) Ltd, Premier Fishing SA (Pty) Ltd

EXECUTIVE DIRECTOR**Mathuding Ramathodi (46)**

B.Sc (Hons) Political Science and Admin, Post Grad Rural and Urban Planning.

Nationality: South African

Appointed: 9 March 2004

Major Directorships: Zebebiela Bricks (Pty) Ltd, BKS Group (Pty) Ltd, Lithemba Investment (Pty) Ltd, Jigalong Property Investments, Legakabje Investments Limited

NON-EXECUTIVE DIRECTOR**Zoliswa Kota (50)**

BA Soc Sci III, Certificate Economics and Public Finance (UNISA), Advanced Diploma Economics (UWC) (Current studies), S.E.P, Harvard/WITS

Appointed: 11 September 1997

Nationality: South African

Major Directorships: Ilitha Labantu. Ms Kota is also a Member of Parliament (MP), Chairperson of ANC Women's League (W Cape), Chairperson of Housing Portfolio Committee (Parliament)

NON-EXECUTIVE DIRECTOR**Mihe Gaomab, The First (44)**

Appointed: 13 September 2006 (Post year end)

Nationality: Namibian

Major Directorships: Executive Chairman of Falcon Resources Holdings (Pty) Ltd, Chairman of Ittenda Trading (Pty) Ltd, Chairman of Namibia Atlantic Shipping Corporation (Pty) Ltd, Chairman of PetroNam, Director of Tulipamwe Caterers (Pty) Ltd

NON-EXECUTIVE DIRECTOR**Dr Gilingwe Mayende (46)**

BA (Botswana), MA, PhD (Hull)

Appointment: 3 February 2005

Nationality: South African

CV: Dr Mayende is the former Director General of Land Affairs

NON-EXECUTIVE DIRECTOR**Salim Young (49)**

B Proc LLB (UWC), LLM (USA)

Appointed: 12 December 2005

Nationality: South African

Major Directorships: British American Tobacco SA (Pty) Ltd, British American Tobacco Holdings SA (Pty) Ltd, International Tobacco Company limited, Mallinicks Inc. ABSA Bank (regional board, Western Cape)

NON-EXECUTIVE DIRECTOR**Dianne Case (51)**

Appointed: 11 September 1997

Nationality: South African

CV: Ms Case is the renowned author of several published works, including "Love, David"



From left to right: Front row: Norman Noland (Deputy CEO), Dr Iqbal Survé (Chairman & CEO) **2nd row:** Salim Young (Non-Executive Director), Zoliswa Kota (Non-Executive Director), Dr Gilingwe Mayende (Non-Executive Director), Mathuding Ramatlhodi (Executive Director) **3rd row:** Mihe Gaomab (Non-Executive Director), Dianne Case (Non-Executive Director) **Back row:** Mohamed Kajee (Chief Operating Officer), Hishaam Ally (Financial Director)



Chairman & CEO's Report

In the year under review Sekunjalo has undergone some rapid changes. We were guided by a strong vision that was reinforced and supported by our corporate strategy. As a result, we have firmly established Sekunjalo as a B-BBEE conglomerate.

The resilience and determination of Sekunjalo to become a company to be reckoned with, is made evident by the fact that we have been able to increase headline earnings for the year by 644%. This is the second consecutive year in which Sekunjalo's headline earnings are in excess of 300%. This was largely due to the diversified investment strategy adopted by the Group two years ago.

Significantly, Sekunjalo was also named Top Empowerment Company 2006 by the authoritative *Financial Mail/Empowerdex Survey of 200 JSE listed companies*.

I wish to thank former Chairman, Dr Wallace Mgoqi, who provided leadership and direction to the Group throughout his tenure as Chairman. Sekunjalo has and will continue to value his significant contribution to the Group from its earliest days, through challenging times, until his resignation earlier this year.

The rapid growth of the Group during the last two years has necessitated the establishment of a corporate office to drive the vision and strategy implementation across all Divisions. An excellent team of leaders and managers has been assembled to do this. The Group also expanded its investment in existing sectors, while making acquisitions in new sectors that we have identified as high-growth. These acquisitions were made largely in Technology-Driven Investment areas. The strategic shift into Technology and Innovation Driven Investments has paid off.

In the previous Annual Report we stated that we were negotiating the acquisition of a Biotechnology company, as South Africa has a sophisticated scientific community capable of driving significant developments in the biotechnology sector. This investment was successfully concluded in this financial year. We are evaluating a foreign listing to unlock value for this particular investment.

We have also increased acquisitions in the Information Technology and Communication (ICT) sector, with a view to develop a robust ICT Division for a proposed IPO. Additionally, our involvement in Business Intelligence (BI) ICT companies facilitates more efficient delivery processes for government and businesses.

Through Health System Technologies (HST), a Sekunjalo subsidiary, the implementation of Hospital Information Systems (HIS), has optimised the delivery of improved patient care.

It is no accident that these investments are strongly linked to our view that our investment strategy must support the developmental needs of South Africa: Sekunjalo aims to make a significant contribution to communities and the economy.

Our vision of being a conglomerate involves building strong Divisions that can be listed. This will enable us to unlock value and to provide shareholders with an opportunity to invest in specific focused Divisions or the conglomerate's top structure. I am confident that the direction and growth of the Group will deliver value to all its shareholders, both now and in future.

Sekunjalo has consciously defined itself as an organisation committed to an agenda aligned with the developmental needs of our country. South Africa continues to be a deeply stratified society, with a yawning gulf between rich and poor.

Unless poverty reduction is seriously addressed and acknowledged as a major responsibility of South African business in partnership with government, the prosperity of all South Africans will continue to be threatened. Economic growth in itself does not necessarily reduce poverty, unless a conscious agenda is developed which specifies that the major beneficiaries of such growth will be the poor and disadvantaged.

We are actively participating in such an agenda by means of our business strategy and various other company initiatives. We partner with organisations in the private and public sector to facilitate such endeavours by means of our Corporate Social Investment (CSI) programme, with our investment in education, arts and sports development.

This approach is also demonstrated through our work in enterprise development, which contributes to the growth of small entrepreneurs and a culture of entrepreneurship. We believe that this phenomenon is a vital component of economic development. In the coming year, Sekunjalo will deepen its involvement in poverty reduction initiatives, in partnership with local and foreign organisations that have identified poverty as a major issue of our age.

Finally I would like to take this opportunity to thank Deputy CEO Norman Noland, who has successfully managed the task of implementing the Group's strategy.

To the staff, executives and management of Sekunjalo – you are valued and appreciated for your commitment and hard work in contributing to the success of Sekunjalo. To the Sekunjalo Board of Directors, thank you for your support and contributions.

Dr Iqbal Survé
November 2006



Announcement of the investment by Biopad (established by the Department of Science and Technology) into Bioclones.
From left to right: *Minister Mosibudi Mangena and Dr Iqbal Survé*



Deputy CEO's Report

GROUP PERFORMANCE

Sekunjalo Investments Limited is rapidly gaining in stature as a successful, diversified, financially driven Group, and the Directors continue with an aggressive strategy to achieve growth in the value of investments.

Operating profit is up 101% to R92m; Headline earnings at R66m reflects an increase of 644%; Revenue is up 7% to R425m. The excellent results clearly reflect the company's diversification into Technology and Innovation Driven Investments which includes ICT, Aquaculture, Biotechnology and Financial Services.

The Group continues to maintain low gearing and be financially strong, and now has investments in six sectors. Offices or points of representation now exist in four countries, namely South Africa, Mauritius, Namibia and the UK.

The Group continues to adopt a strategy of active investments, and has a majority shareholding in most of our subsidiary companies. Subsidiaries and investments operate in diverse sectors. In each sector or sub-sector the Group has a "niche market strategy" with a view of being a leader in the niche area.

We have experienced significant growth and planned diversification during the past year, and our Directors continue with a strategy of growth both organically and via carefully screened acquisitions that meet exacting requirements regarding:

- Focus on growth sectors, and investing in businesses, particularly in Technology and Innovation Driven Investments
- Niche market players with potential to be industry leaders

- Positive cash flow generation
- Consistent and sustainable returns

Financial results are excellent. Group headline earnings increased to **20.95 cents** per share, driven by solid performances in most Divisions. The sole exception is Healthcare, (part of the historic investments) where a turnaround strategy has been implemented. The Division is well placed for a successful 2007. In addition to good performances from existing Divisions, headline earnings were positively impacted by the acquisition of 49.9% of Biotechnology company Bioclones (Pty) Ltd. We are confident that this strategic and exciting investment will deliver significant and sustainable earnings to Sekunjalo in the years ahead.

Premier Fishing, the Group's most valuable asset, (part of Manufacturing and Resource Driven Investments) performed well under difficult circumstances. Despite unseasonable weather during the fishing season, a delay in the long-term rights allocation process, changing migration patterns and a shortage of natural resources, most operations of the company were profitable.

The Group's investments in financial services and information technology reflected solid growth for the second year in a row, while profit delivery also exceeded initial expectations.

Sekunjalo is well positioned for organic growth in 2007, both in terms of revenue and profits. Management is confident that the consistent growth in profitability will have a positive effect on investor sentiment, and that this will be reflected by an ever-increasing market capitalisation.

Our focus during the next 24 months is to continue to grow our subsidiaries, both organically and via mergers and acquisitions,

		2004	2005	% Change	2006	% Change
GROUP						
Group revenue	R'm	310.76	395.60	27%	425.13	7%
Earnings for the Group	R'm	1.61	34.24	2 027%	67.40	96%
Operating profit achieved	R'm	20.97	45.82	119%	92.23	101%
Headline earnings for the Group	R'm	1.83	8.91	387%	66.28	644%
Headline earnings per share	cents	1.18	3.49	196%	20.95	500%
Basic earnings per share	cents	1.04	13.42	1 190%	21.30	59%

		2004	2005	% Change	2006	% Change
COMPANY						
NAV FOR THE COMPANY	R'm	173.10	813.83	370%	903.54	11%
NAV PER SHARE	cents	75.00	286.72	282%	250.51	-13%
MARKET CAPITALISATION	R'm	132.30	150.40	14%	270.50	80%

particularly in the Technology and Innovation Driven Sectors. Organic growth will be fuelled by continuous improvements in product quality and service delivery, and by an ongoing emphasis on product, brand and market development. Operational performance will be further improved via enhanced efficiencies and effective cost management.

Sekunjalo's executive management team will support Divisional management to ensure the business strategies of the diversified Group with its decentralised operations, remain relevant in the changing business environment. By staying close to our customers, and by implementing relevant and clearly identified strategies, we will continue to grow and unlock value for all our stakeholders.

A diverse, capable and experienced team has been assembled at the Sekunjalo corporate office to facilitate the achievement of these goals during 2007.

ABOUT SEKUNJALO

Sekunjalo listed on the JSE in 1999. During its short history it has won numerous awards, including the prestigious Financial Mail/Empowerdex Top Empowerment Company for 2006.

Under the astute and inspirational leadership of Dr Iqbal Survé, our Chairman and CEO, Sekunjalo has become a pioneering B-BBEE organisation that will continue to grow in stature in the years to come.

The Group's recent history has been characterised by significant growth and change.

This is the result of a planned and evolving corporate strategy, of which the major milestones can be identified as follows:

- 36 months ago the Group's investments were concentrated in just two sectors, namely Fishing and Healthcare.
- In 2006 Dr Survé assumed the role of Chairman and CEO. Norman Noland was appointed Deputy CEO in 2005, responsible for all operations. He was previously CEO of Sekunjalo Capital.
- During the past eighteen months the Group has diversified considerably, investing across a number of sectors and in four different countries. From two sectors three years ago, the company now has investments in six different sectors, namely Industrials (Fishing and Motor), Healthcare and Pharmaceuticals, Information Technology and Communication, Financial Services, Aquaculture and Biotechnology and Media Holdings.
- The Group's conglomerate strategy has been overlaid with a dynamic investment model which incorporates:
 - Technology and Innovation Driven Investments
 - Manufacturing and Resource Driven Investments
- The Group's core investments have traditionally been in Manufacturing and Resource Driven categories. A strategic shift has rapidly occurred with investments into Technology and Innovation Driven companies in biotechnology and aquaculture, information technology and communication and financial services. This diversification has in a short period of time impacted significantly and positively on the Group's financial performance.
- A conglomerate structure is sometimes criticised for achieving a value "less than the sum of its parts". However, financially

focused conglomerates that make astute investments and implement appropriate incentive schemes at a company level, can achieve not only the benefits of diversification, but considerable financial success as well. Sekunjalo subscribes strongly to this view.

- Sekunjalo has increased its corporate office complement to manage its portfolio of investments. In this process, we added a good mix of skills and experience to the corporate office team.
- We take particular pleasure in welcoming back Mo Kajee, who has assumed the position of Chief Operating Officer of the Group. Mo is a founding Director of Sekunjalo who returns to the Group after a sojourn as Managing Director of I&J. His experience and ability will be of great importance to the Group and he is expected to play a significant role in the strategy implementation process.
- In line with the changing needs of the Group, a number of appointments have been made to the Board of Sekunjalo Investments Limited.

Next year is likely to be characterised by further mergers and acquisitions and a continuing emphasis on organic growth, as and where appropriate. To facilitate this growth, a comprehensive performance management system is being implemented across the Group.

The system aligns operational goals with business strategy, and provides appropriate incentives for the achievement of goals and targets. Combined with a process of continuous improvement in all areas of our businesses, we are confident that this will translate into improved profitability and increased value for all stakeholders.

REVIEW OF INVESTMENTS

In the 2005 Annual Report, I commented that "the coming year will see a number of focused acquisitions and these will be of businesses that conform to exacting requirements in terms of cash flow generation, corporate governance, management ability and focus".

During the past year Sekunjalo has maintained its recent track record of consistently growing stakeholder wealth. Our Group returned excellent results that were in line with management projections and expectations.

During the year under review, the Group:

- Continued to diversify its investments into various growth sectors, especially in Technology and Innovation Driven investment areas
- Enhanced performance in its historical core businesses of Fishing and Healthcare. In particular, flagship subsidiary Premier Fishing performed well, given an exceptionally difficult fishing environment
- Established the infrastructure and platform for exponential growth in the next few years
- Continued to grow offshore earnings towards a goal of 30%.
- Continued to produce a consistent and excellent financial performance and an increase in the net asset value.

I am pleased to report that we have exceeded our objectives and strategic expectations for the financial year, and that our strategy, financial model and platform are now in place to facilitate exponential growth over the next two years.

During 2006 we invested in a corporate infrastructure (including people, systems and processes) to manage and support our growth initiatives. The exciting prospects and challenges that lie ahead should keep our corporate team fully occupied and motivated.

I am committed over the next 12 months to take further significant steps towards establishing a dedicated, proficient and focused executive team that will build the Sekunjalo Group into **the most successful, truly South African B-BBEE conglomerate.**

MANUFACTURING AND RESOURCE DRIVEN INVESTMENTS

INDUSTRIAL HOLDINGS

PREMIER FISHING

Premier Fishing faced particularly difficult market and environmental conditions during 2006. Delays in the long-term rights allocation process brought about a late start to the fishing season, which in some instances led to the under-utilisation of quotas. This, with a change in migration patterns (requiring the trucking of pelagic catches from Mossel Bay to Saldanha) saw reduced production volumes through our Saldanha canning factory. This had a negative affect on unit costs, due to diseconomies of scale. Finally, unseasonal winds reduced the number of available fishing days towards the end of the rock lobster season. This brought to an end a season that the industry as a whole would probably like to forget.

As a result of these factors and the impact of a stronger Rand in the first half of the financial year, (which adversely affected lobster revenues, most of which are generated offshore) Premier Fishing's total revenue declined by 12,3%, from R285 million in 2005 to R250 million in 2006.

By employing stringent cost controls and improved efficiencies, Premier was able to achieve a reasonable level of profitability compared to industry performance.

Mr Kevin Patel was promoted to CEO of Premier Fishing in 2006. Premier achieved another notable success during 2006 by acquiring significant long-term fishing rights in a number of categories. Given the overall allocation results across the fishing sector, Premier fared better than most of their major competitors. This success can be partly attributed to the efforts of the team responsible for handling the application process.

It is widely acknowledged that a consolidation of operations is necessary in the fishing industry and it is part of Premier Fishing's strategy to play a meaningful role in this process in the Western Cape. We are confident that as a result of decisions taken to enhance efficiencies and to reduce costs during the past year, which will continue more aggressively in 2007, overall profitability will show further improvement during the next year.

Whilst sustained profitability is dependant on catch rates our "niche-market-leader strategy" is serving us well and recent weakening of the rand has further improved profitability. The benefits of management having taking action early and speedily to enhance efficiencies and to be more higher-margin driven and cost effective is producing the desired result.

SEKUNJALO MOTOR HOLDINGS

Along with a number of successful South African conglomerates (such as Barloworld, Imperial, Bidvest, Super Group and CMH), Sekunjalo recognizes the importance and potential of the Motor Retail Sector.

In our opinion, an investment in the motor industry is a key element of a well-diversified portfolio. The earnings of the respective Motor Divisions have, in the other conglomerates mentioned, been able to sustain profits and returns to shareholders consistently.

Sekunjalo has entered the Retail Sector of the Motor Industry, where the medium to long-term outlook is encouraging. NAAMSA forecasts industry growth to 895 000 units for 2010, against a base of 354 632 in 2000.

We have a substantial starting point through our equity stakes in Ronnie's Motors, Eastern Cape, and Tata Motors in Mowbray, Cape Town. We intend to grow our product portfolio from this base.

ENTERPRISE DEVELOPMENT

During 2006 The Financial Mail / Empowerdex presented Sekunjalo with an award for top achiever in Enterprise Development. Sekunjalo seeks to empower communities and individuals through profitable investments. "Empowering people through profits" is a key foundation of our mission statement.

Our focus in this Division during 2006, headed by Mathuding Ramathodi, has been towards building an infrastructure to drive our enterprise development strategy, to achieve greater levels of success than previously. During the next twelve months the focus will be on creating small businesses which create employment and serve the community in which they operate.

TECHNOLOGY AND INNOVATION DRIVEN INVESTMENTS

HEALTHCARE AND PHARMACEUTICALS

The results achieved by this Division in recent years have left much to be desired. However, the Directors are pleased to confirm that in line with statements made to the investment community when reporting the half-year results in February 2006, the Healthcare Division's performance improved significantly in the second half of the financial year – and prospects for 2007 are encouraging.

Significant changes have been made to the management team. With the appointment of Mr Dhiren Mehta as CEO of the Sekunjalo Healthcare Division, the Division has experienced a significant turnaround.

Management has identified and addressed the problem areas and implemented a strategy that should significantly increase this Division's turnover and its contribution to the Group's earnings in 2007.

The Healthcare Division's turnover declined slightly in 2006, but prospects for growth in 2007 are considerably improved due to the following factors:



- The introduction of a larger and more experienced national sales force
- An increased and enhanced product range
- Significant contracts signed for the export market assisted by a weaker Rand
- Sekunjalo Health Care (Pty) Ltd has entered into a contract to manage and market the products of South Africa's largest needle and syringe manufacturer. This manufacturer has secured a tender contract with a value of R89 million over the next two years.

INFORMATION TECHNOLOGY AND COMMUNICATION (ICT)

During the past twelve months, the Information Technology and Communication Division (ICT) has performed exceptionally. This translated into an after-tax profit that was 50% higher than the previous year's figure. The year's improved results can be attributed to solid performances in all of our ICT businesses. Executive Director Andrew Connold and his team are to be applauded.

During 2006, Sekunjalo acquired 50.1% of Saratoga, a software and services company, while also increasing our stakes in previously acquired subsidiaries Synergy and FIOS. This increase was effected in terms of the original purchase contracts, as both Synergy and FIOS were ahead of schedule in exceeding profit warranty targets determined at the time of their acquisition.

The operating businesses in this Division have a collective client base that covers the majority of South Africa's large corporates. We see significant prospects in our ability to cross-sell ICT solutions into the combined client base and the same applies for the implementation of a sales strategy that targets the public sector. We see significant growth resulting from this combined strategy and we regard the prospects for 2007 as solid.

Most of the Group's ICT interests are held in Sekunjalo Informatics and Telecommunications Africa (SITCA), a wholly-owned Sekunjalo subsidiary. Other ICT interests are held in Sekunjalo Capital and the Healthcare Division. We intend to consolidate all of the group's ICT interests in SITCA (together with any further ICT acquisitions) during 2007, in preparation for a proposed JSE listing during the second half of 2007.

FINANCIAL SERVICES

Over the past two years Sekunjalo Investments Limited has broadened its base of investments in the financial services Division through its wholly-owned subsidiary Sekunjalo Capital (Pty) Ltd. During the year, Khalid Abdulla, formally the MD of Health System Technologies, was appointed as CEO of this subsidiary. Sekunjalo Capital holds majority interests in most of the companies in which it has invested. Our approach is that of a long-term investor, with the intention of realising returns that meet or exceed the costs of invested capital.

We have sought to develop an integrated financial services platform in this sector, by using the technologies which exist in the Group as a whole. Since the establishment of the Financial Services Division two years ago, results have exceeded our early expectations. During 2006 revenue grew by 258%.

The companies in our Financial Services Division offer a wide range of products and services, including:

- Retirement structuring, administration and consulting
- Healthcare administration and consulting services
- Asset finance and structured finance consulting and services
- Personal financial planning
- Direct marketing of financial products and services
- Life insurance services
- Asset management services
- Internet equity trading
- Business consulting services
- Local and international tax and estate planning

During the past twelve months Sekunjalo Capital has made significant progress towards the development of cost-effective, value driven products for consumers. Although we have acquired companies which service the top end of the consumer pyramid, we have also managed to leverage off our available intellectual capital and resources to develop products and services for the bottom of the pyramid as well. It is in this niche market that we forecast significant growth.

Our fundamental strategy includes direct marketing via established affinity groups. As such, Sekunjalo Capital is well-placed to populate a comprehensive financial services infrastructure during 2007.

CAPITAL INTERNATIONAL

Sekunjalo has always identified Africa as our ultimate focal area and the establishment of offices in Mauritius will allow us to further expand the Group's core businesses to carefully targeted countries and niche markets in Sub-Saharan Africa.

Sekunjalo Capital International's Mauritian acquisitions and investments include Bella Investments Services Limited, Bella Asset Management and Riverstone Alternative Solutions.

Collectively, the companies under the Sekunjalo Capital International banner have for the second consecutive year handsomely outperformed expectations, effectively increasing revenue. Most of the revenue generated in the Mauritian operation is annuity income.

There is a considerable amount of experience, intellectual capital and technology available to the Group in the Financial Services Division. Given the credible results achieved in 2006, we remain confident that this sector of our business will continue to deliver profitable growth over the next few years.

AQUACULTURE AND BIOTECHNOLOGY

AQUACULTURE

Sekunjalo's aquaculture venture consists of our abalone farm near Gansbaai on the Cape south coast. Under the leadership of James Lawson-Smith and his experienced management team, the abalone farm has gone from strength to strength during 2006.

As abalone takes some four years to grow from infancy to a saleable weight, a delicate balancing act is necessary to ensure that sufficient saleable animals are available each year. At the same time, the remaining "pipeline" of growing animals must be balanced in such a way as to cater for the steadily expanding market.

The team has managed to perform this balancing act to perfection. They have succeeded in ensuring that market demand will be met next year, while growing the capacity of the farm at the same time.

Profitability has been excellent and it has exceeded last year's impressive performance. Considerable inventory growth has placed the farm in a position to benefit from any future depreciation of the rand against the US Dollar. (The majority of our abalone is exported to China and Japan).

BIOTECHNOLOGY

During the year under review we were delighted to announce our investment in Bioclones (Pty) Ltd which is housed in Sekunjalo Subsidiary, African Biotechnological and Medical Innovation Investments (ABMI).

Headed by Dr Cyril Donninger, Bioclones is the leading local biotechnology company responsible for developing biotechnology products for human pharmaceutical use. Our strategic investment in Bioclones has already resulted in solid earnings in the latter half of the financial year under review.

Bioclones has made significant strides in the scientific biotechnology community with three of its products being rated in the top ten by

a prominent international publication. Bioclones has 22 worldwide patents which attracts a significant value in addition to the intellectual property in a product portfolio that currently enjoys global revenues of US\$12 billion.

MEDIA HOLDINGS

In the year under review, Sekunjalo announced its intention to enter the media industry and appointed Ryland Fisher, a former editor of the Cape Times, as the head of Sekunjalo Media Holdings.

Sekunjalo's entry into the media arena is based on the fact that the media industry is a highly profitable and high-profile industry. It is an industry that has grown consistently over the past few years, in line with the economic growth of the country.

Ownership transformation in this industry has been slow. Therefore there is a need for a dynamic black-owned media company that operates in line with the B-BBEE *Codes of Good Practice*.

We are pleased to announce, in a post year end transaction, Sekunjalo Media Holdings acquired controlling stakes in ESP Afrika (Pty) Ltd, and South Atlantic Jazz Festival, the organisers of the prestigious Cape Town International Jazz Festival (CTIJF).

INVESTMENTS IN SUB-SAHARAN AFRICA

Sekunjalo has commenced with the implementation of a strategy to expand its successful South African operations into other African regions. We have repeatedly stated that we wish to extend our footprint over all of Sub-Saharan Africa. All of the sectors and regions invested in are subject to their own dynamics and we appreciate the importance of understanding those dynamics.

Such understanding is vital, because we always attempt to be or to become the leader in any sector or niche in which we invest. We invest in businesses and regions that we understand and as we achieve success, we consider replication into other geographic regions.

By the appointment of Mr Mihe Goamab, The First, as our first non-South African Director, Sekunjalo Investments has set out to generate a blueprint for business development in Sub-Saharan Africa. Mihe Gaomab is currently the Chief Executive Officer of Falcon Resources Holdings in Namibia and Chief Co-ordinator of the Trans Kalahari Electrified Railway project.

I am delighted to announce that Sekunjalo is partnering with a multinational and Falcon Resources Holdings to form a consortium that will embark upon a five-year, R20 billion project, the Trans Kalahari Electrified Railway Project. The consortium will be working closely with governments in the SADC region to establish Public/Private Partnerships. In turn, these partnerships will be used to build infrastructure in Sub-Saharan Africa in accordance with Nepad and SADC's objectives.

In addition to the projects mentioned above, Group companies are also expanding operations into the SADC region as part of a growth strategy and the strengthening of our presence in the region.

We estimate that the Trans Kalahari Electrified Railway Project will require non-government funding of around R20 billion. As part of its responsibilities to the consortium (via subsidiaries Sekunjalo Capital (Pty) Ltd and Sekunjalo Capital International Limited).

Sekunjalo Investments Ltd will be responsible for sourcing the required capital and handling the financial structuring of this project.

SEKUNJALO CORPORATE OFFICE

In line with its conglomerate strategy, Sekunjalo has over a relatively short period of time, acquired or invested in a number of companies and industries in a number of different sectors. To ensure the successful integration and management of acquired entities we established a corporate infrastructure at the Cape Town based corporate office.

The corporate office team drives corporate strategy, ensures compliance with overall policy and procedure, and fosters communication and the free flow of ideas across the Group. The establishment of the corporate office has seen the introduction and implementation of sophisticated technologies to assist Sekunjalo in the overall management of a growing and diverse investment portfolio.

In addition, certain business functions such as Human Resource Management and Communications have been centralised, with the aim of enhancing efficiencies and reducing costs.

Although the corporate office will always be responsible for drafting policies and procedures for purposes of reporting, sound governance and the generally efficient functioning of the Group, we intend to cultivate a culture which fosters a spirit of entrepreneurship and empowerment.

The following initiatives are also being driven by the corporate office team:

IMPLEMENTING A PERFORMANCE MANAGEMENT SYSTEM AND THE VALUE BASED MANAGEMENT PROCESS.

Performance Management System (PMS)

A vital aspect of the Human Resources (HR) function is the implementation of agreed performance standards for all Group executives across Key Performance Areas (KPA's). Key Performance Indicators (KPI's) have been established for each performance area and the performance management system will form the basis of the executive incentive scheme.

Value-based Management (VBM)

Our goal is to maximise value for shareholders. To achieve this we must earn a return in excess of our cost of capital. VBM has been used successfully on a world-wide basis to achieve this objective, and has been adopted by Sekunjalo to add and create value for shareholders.

The Group is currently involved in the rollout of Phase 1 of PMS and VBM, and this initial phase will be completed by 28 February 2007. Companies will be assisted to develop, implement and manage appropriate value-adding strategies.

We intend that returns to shareholders of all subsidiaries will be maximised via the implementation and application of PMS and VBM. Studies have also shown that the application of PMS & VBM impacts positively on all stakeholders – not just shareholders - but suppliers, customers, employees and government. PMS & VBM are seen as creating a win-win relationship between a business and its stakeholders.

DIVISIONALISING

We are building and implementing a decentralised business model with a strong emphasis of empowering financially driven leaders to embrace a Group philosophy of being "niche-market players – and leaders in our niche." Our model serves to encourage all leaders to focus on delivery, with a "co owner-mindset".

TRANSFORMATION

Sekunjalo is currently the top-ranked B-BBEE Company in South Africa. To maintain this ranking and to continue to leverage off the competitive advantage that our B-BBEE status grants us, we need to continue to score high on the B-BBEE scorecard. As the ranking and audit process becomes more stringent, it is vital that we are able to accurately measure, report and manage the components of our B-BBEE scorecard.

Therefore, we have created a framework for practical progress across all elements of the balanced B-BBEE scorecard. Targets have been set and measurable progress will continue to be achieved.

When the Group was established in 1997, it consciously defined itself as a transformative company which subscribed to a particular culture, set of values and business model. As the Group has grown, it has acquired companies that may not necessarily have shared the same culture and value system, attitude to transformation or business model at the outset.

We intend to maintain and build upon Sekunjalo's status as a highly respected empowerment company, while embracing diversity in terms of race, gender, religion and sexual orientation, as we believe that diversity adds depth and value to any South African company.

To achieve these aims, all of our senior executives, management and staff have to embrace transformation and drive the process at Divisional and subsidiary level.

FINANCIAL FOCUS

Successful conglomerates invest at the right price, and earn returns from their investments that exceed their cost of capital. To do this, they rely on appropriate, accurate and timely financial information to monitor and manage Group profitability and cash flows.

In terms of financial management, our objective is to provide timely, relevant and accurate financial reporting to the Sekunjalo Executive Management Team and Board, to facilitate the effective financial management of the Group. With this in mind the Group is in the process of implementing a budgeting and forecasting tool as well as financial consolidation software. This programme will facilitate the speedy preparation of financial statements that meet all the relevant accounting and statutory requirements.

HUMAN RESOURCES

The vision of the centralised Sekunjalo Group HR Division is focused on supporting the Sekunjalo vision: to become the most successful B-BBEE conglomerate in South Africa.

HR will provide best appropriate practice, systems and processes that will:

- Assist management in identifying and developing talent
- Retain key employees through effective remuneration and reward systems

- Ensure that an appropriately skilled and motivated HR pool can be drawn from within the Group to meet its skill needs for future growth

This will be achieved by researching and developing an integrated HR Management System. This system will be supported by user-friendly technology which provides accurate information to facilitate and support management in planning and decision-making in relation to specific business objectives.

INVESTING IN PEOPLE

We have a goal - to have 20% of the Group owned by management and staff by 2010. We firmly believe in a philosophy of wealth creation for all stakeholders - namely management and staff, shareholders and the communities that we serve.

The most important challenge and opportunity for business is that of job creation. Our South African future looks good, but the single most important goal is that of significantly reducing the unacceptable levels of unemployment and the associated levels of poverty. At Sekunjalo we readily accept this challenge.

An important element of the Sekunjalo strategy implementation process is our commitment to skills and leadership development.

This key element is anchored by the Sekunjalo Leadership Forum, as championed by Chairman and CEO, Dr Iqbal Survé. The focus of this forum is on the development of the next generation of Sekunjalo leaders. Developing these leaders is key to the future of Sekunjalo.

We have made huge strides towards ensuring that management throughout the Group has been part of a process of becoming financially driven, linked to carefully monitored performance management and value-based performance management models.

With the Group's vision, mission, and strategic objectives clearly defined, the focus is now on strategy implementation and embracing an approach that integrates people, structure, systems and processes and a dynamic operating philosophy shared by management and staff. Each of the Sekunjalo Divisions is rich in intellectual capital, and has the ability to speedily implement strategies in line with "group thinking".

Our managers are "owners and partners", and are empowered to make decisions that enable us to deliver. The new value-based management and performance management system is in the process of implementation and embraces an incentivised financially-driven approach.

The Group has grown significantly with the focus on diversification and portfolio balance, infrastructure building and establishing a platform for improved financial performance.



The next year will be one of consolidation and further growth where appropriate, with future acquisitions only being considered if they meet all of our investment criteria.

Several promising opportunities are on the horizon, and we foresee a future of exponential growth in our companies and Divisions – all of which are in sectors regarded as growth sectors.

PROSPECTS

Investments in the Future

There is currently significant investment being made into the South African economy which has shown a robustness not seen in decades. The future looks good for Southern Africa and the prospects of consistent long-term growth, realisable.

Sekunjalo intends to play its part through its diversification strategy into Technology and Innovation Driven sectors such as Aquaculture and Biotechnology, Information Technology, Healthcare and Pharmaceuticals and Financial Services. We intend to make a significant contribution to the exciting growth opportunities in South Africa.

South Africa is setting an example of peaceful progress perhaps without precedent in Africa. With every passing month, we further entrench democracy, our human rights culture and respect for diversity.

We have created a Group of managers - a team - that is prepared to work together in a spirit of harmony, with very specific objectives. We aspire to high standards and noble values. Our goals are clearly defined and Sekunjalo is well-positioned for continued growth, both organically and via acquisition. Our infrastructure for growth is in place and our core businesses are strong.

The partnerships developed with multinationals in ICT, Biotechnology

and Pharmaceuticals are expected to contribute significantly to the profits of the Group in the years ahead.

We are excited about the future and look forward to a year of growth, expansion and increased profitability.

As we achieve our goals, we believe that we will all reap the rewards of our efforts, and truly begin to build a proud and enduring legacy for the Sekunjalo Group.

THANKS TO ALL EXECUTIVES AND STAFF FOR GREAT TEAMWORK

During the past financial year we have continued to acquire businesses and executive teams rich in intellectual capital which advocate common values. It is a continual challenge in a growing conglomerate to integrate businesses and people and as a result achievement of impressive results in our Divisions has been particularly satisfying.

Our Divisional teams have been focused and have delivered all that we asked. This could never have been achieved were it not for the wonderful dedication of management and staff throughout the Group.

To all our management and staff, shareholders, Directors, associates, service providers and suppliers: a sincere "thank-you" for your continued support!

I would also like to thank Dr Survé, our Chairman and CEO, for his trust and support. He is an inspiration to our entire team.



Norman Noland
November 2006

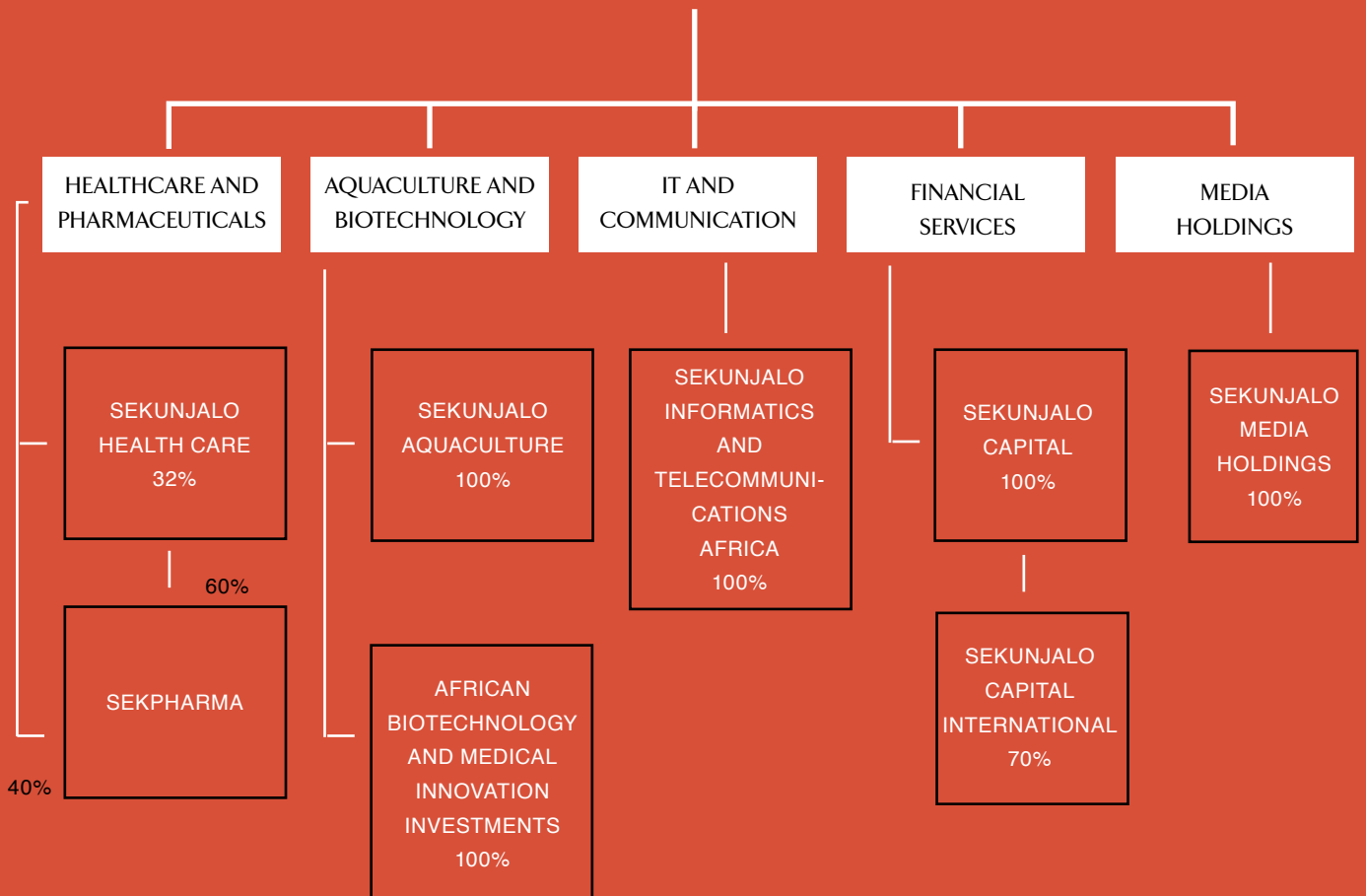
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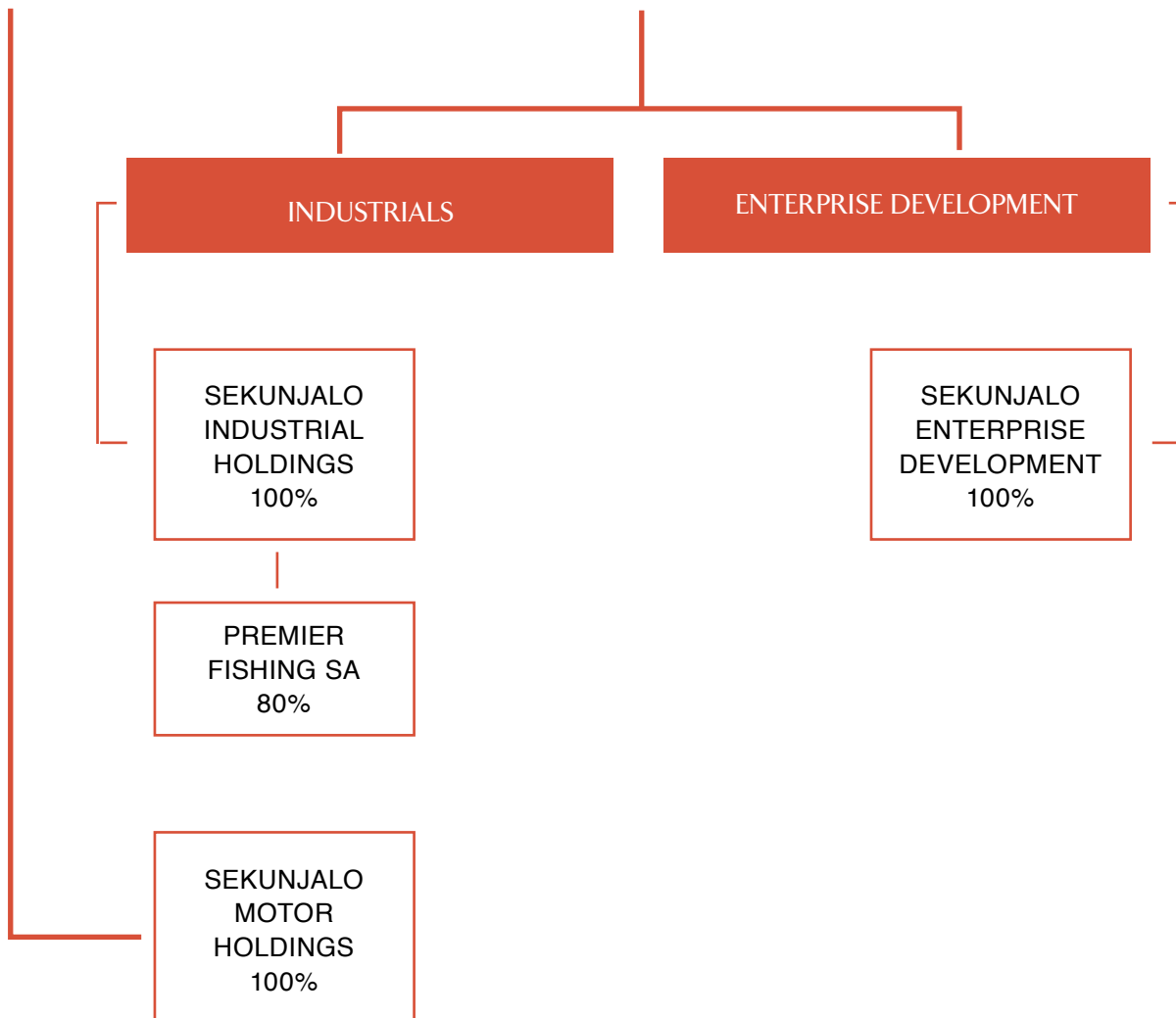
SEKUNJALO

TECHNOLOGY AND INNOVATION DRIVEN INVESTMENTS

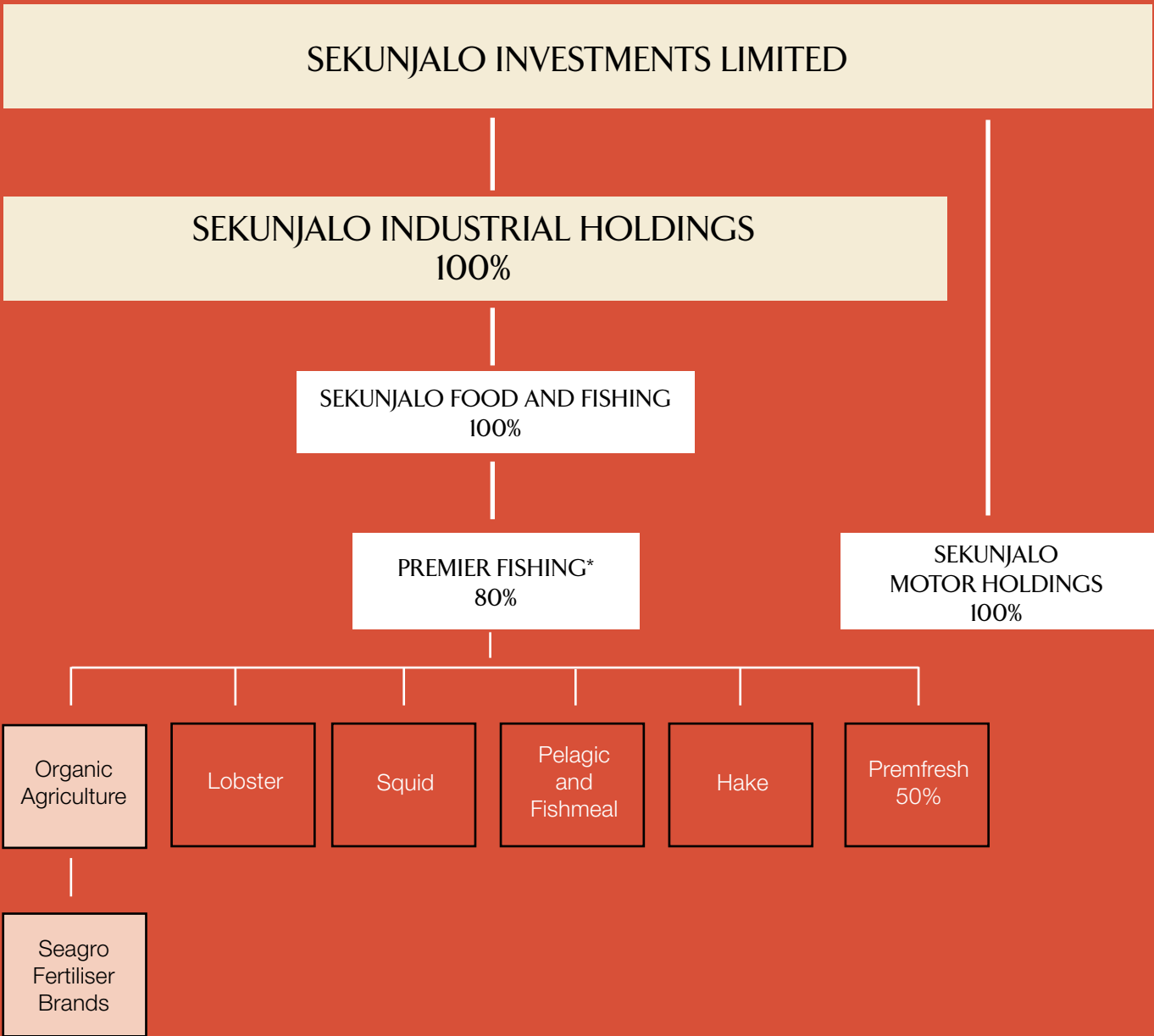


INVESTMENTS LIMITED

MANUFACTURING AND RESOURCE DRIVEN INVESTMENTS



Industrial Holdings



* 20% Owned by Premier Fishing SA Share Trust and Share Incentive Trust



Kevin Patel
CEO, Premier Fishing SA

DIVISION

Industrial Holdings



SEKUNJALO INDUSTRIAL HOLDINGS (SIH) AND SEKUNJALO MOTOR HOLDINGS ARE 100% OWNED SUBSIDIARIES OF SEKUNJALO INVESTMENTS LIMITED (SIL).

SEKUNJALO FOOD AND FISHING, A 100% SUBSIDIARY OF SIL, OWNS 80% OF PREMIER FISHING SA (PTY) LTD, THE LARGEST BLACK-CONTROLLED, OWNED AND MANAGED FISHING COMPANY IN SOUTH AFRICA.

PREMIER FISHING SA (PTY) LTD

Premier Fishing is a major participant in South Africa's fishing industry. It is a vertically integrated fishing company that specialises in the harvesting, processing and marketing of fish and fish-related products. The company and its subsidiaries hold long-term fishing rights for South Coast Rock Lobster, West Coast Rock Lobster, Small Pelagics (anchovy and sardine), Squid, Hake (Deep Sea Trawl and Long Line) and Swordfish.

During the year under review, the application process for long-term fishing rights was conducted and Premier was satisfied with the rights awarded to it for periods ranging from eight to fifteen years. However, delays in the allocation process have had an impact on the fishing industry, exacerbating the difficult conditions prevailing in certain fishery sectors.

The appeals process in the West Coast Rock Lobster and Hake Long Line sectors was finalised in November 2006. However, possible legal challenges could lead to further delays in the finalisation of the process.

In addition, the Premfresh Joint Venture continued to report losses in the current year, impacting on Premier's results.

In August 2006, the Minister of Environmental Affairs and Tourism made favourable decisions regarding the appeals submitted in the South Coast Rock Lobster, Small Pelagics, Squid, Hake Deep Sea Trawl, Hake Inshore Trawl and Horse Mackerel sectors. The positive effect is that Premier Fishing can now develop better long-term strategies, as the fishing rights are secured for a significantly longer period than before.

SOUTH COAST ROCK LOBSTER

In this sector, Premier Fishing was successful in obtaining fifteen year long-term fishing rights. On appeal, a final allocation of 153.956 tons was awarded. This was 6.5 tons more than was allocated during the initial allocation in November 2005. The industry sector is limited to a Total Allowable Catch (TAC) of 382 tons and has sixteen rights holders in total, of which Premier Fishing is by far the largest. It has 40% of the TAC in this sector and remains the dominant and leading entity in this industry.

Thanks to constantly improving resource allocation and the

anticipated stability facilitated by long-term fishing rights, the company will explore opportunities for consolidation and maximising synergies within this sector.

This Division currently operates four freezer vessels for "tailing" purposes. As such, we maintain our position as the best and most efficient operator within this fishery sector. The frozen tails are branded and sold as "South Atlantic Lobster" and are exported to the USA. Premier is a clear leader in this niche market.

WEST COAST ROCK LOBSTER

Long-term fishing rights were awarded in this sector for a period of 10 years. However, we did experience serious delays in the granting of fishing rights which resulted in delayed catching for the season. The West Coast Rock Lobster has a specific catch cycle that is linked to their moult cycle, with a direct effect on the ability to catch this specie. In addition to this, the appeals process in the sector had not been finalised by the end of our financial year.

The TAC has declined from 2 977 tons awarded in the season preceding the long-term rights allocation, to 2 854 tons. About 600 tons remain uncaught due to the delays in the allocation and appeals process. The stability of the resource, which impacts on the sustainability of the industry as a whole, has been confirmed by scientists despite the decline in the TAC.

This Division operates three vessels and a HACCP approved processing facility, namely Chapman's Peak Fisheries in Hout Bay, which enables us to export to Europe. Live lobsters and whole raw frozen lobsters are processed for export.

The Division has tanks in St Helena Bay, and operations in Port Nolloth. The company has alliances and partnerships with smaller rights holders and assists them in catching, processing and marketing their lobster.

SMALL PELAGICS

The Small Pelagics resource has been in constant decline, resulting in a 47% reduction in the TAC established for the allocation of long-term fishing rights.

Southern Sea Fishing is based in Saldanha Bay and comprises a cannery for pilchards, a fishmeal plant, production facilities for spreads and Seagro, as well as a fleet of five vessels.

Seagro's brands are popular with gardeners and farmers and can be found at most nurseries and agricultural cooperatives.

SQUID

The squid operation is located in Humansdorp and operates three freezer vessels and a processing factory. This Division has a strong export focus and has successfully entered markets in Italy, Spain and Japan. A small core team of experts is employed in this field. The resource has remained stable, with above average catches in the last year.

BRANDS

Premier is a highly regarded supplier of lobster, pilchards, squid, hake, fishmeal and a range of organic garden fertiliser brands manufactured under the Seagro brand.

Exports account for approximately 80% of our market and are driven largely by the fact that diners in the USA, Europe, China and Japan prize our lobsters. For twenty years we have exported South Coast lobster tails to the USA, under the brand South Atlantic Lobster.

Seagro is an organic fertiliser brand that generates respectable earnings. Two new odourless variants of the Seagro brand have been launched (a gel and a spray) - Seaweed Gel and Seaweed Foliar Spray.

Our desired market position is to be "The First Choice" for consumers, both nationally and internationally, by being a provider of high quality brands through sustainable and efficient catching, processing and marketing.

STRATEGY FOR 2007

The local fishing industry is undergoing tough times and much speculation has focused on exactly what needs to be done to secure its success. There is no doubt that a fair and equitable conclusion to the allocation of long-term fishing rights is vital – and government recognises this.

However, beyond that there are certain key strategic issues that need to be addressed by industry participants themselves.

We intend to play a meaningful role at industry level, particularly in seeking consolidation of the Pelagic industry, where splinter companies compete against each other to the detriment of all.

We would also like to expand our share of the lobster market and are well-positioned to increase our investment in our lobster

operations. South Coast and West Coast lobsters are prized South African marine products, and we are in the enviable position of knowing with certainty that demand for SA lobster will continue to be strong.

We intend to boost our other fish product lines, and are investigating the development of an added-value range of seafood brands. Our intention here is to do more of the end-customer's work for them, by presenting them with quality seafood brands that require minimal additional preparation.

The prospects for Seagro are exciting. There is no doubt that there is an increasing backlash against the use of chemical fertilisers in both domestic gardens and in agriculture, with more and more shoppers heading for the organic brands on the shelves.

We expect demand for Seagro's expanded range of garden and agricultural brands to remain firm as a result of this, with strong growth prospects arising as a result.

GROWTH FORECAST

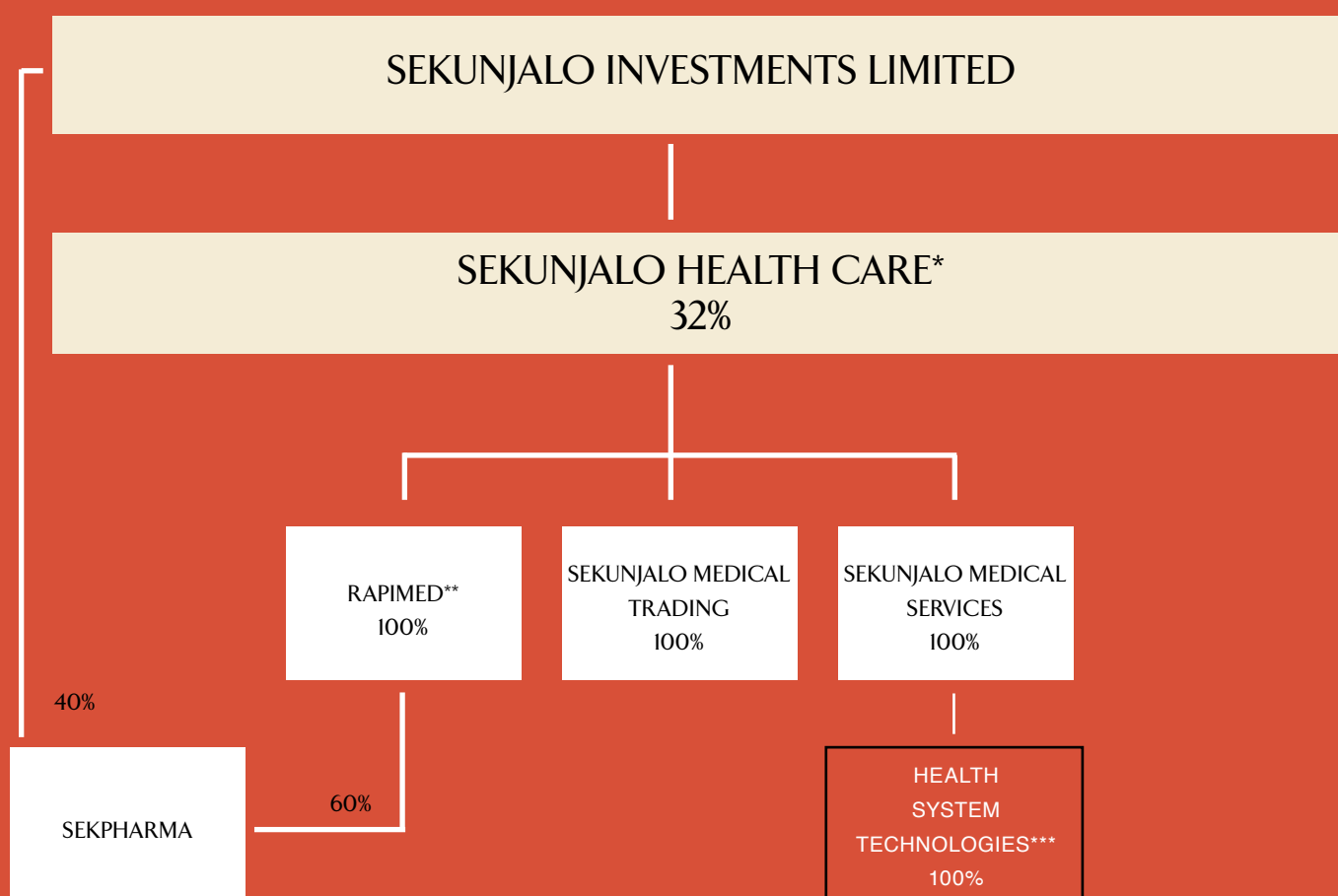
Assuming that the rights allocation process is finalised, and that weather patterns and fish stocks hold steady, we expect to significantly increase our profitability in the year ahead. The Premfresh JV has been stabilised and losses will not continue in the forthcoming financial year, which will have a positive material impact on Premier Fishing.

MOTOR HOLDINGS

Sekunjalo has entered the Retail Sector of the Motor Industry, where the medium to long-term outlook is encouraging. We have a substantial starting point through our equity stakes in Ronnie's Motors (10%) in the Eastern Cape, and Tata Motors (30%) in Mowbray, Cape Town. We intend to grow our product portfolio from this base.



Healthcare & Pharmaceuticals



*Sekunjalo Investments Limited holds 54% voting rights and 32% economic rights

**Wynberg Pharmaceuticals (Pty) Ltd (Rapimed)

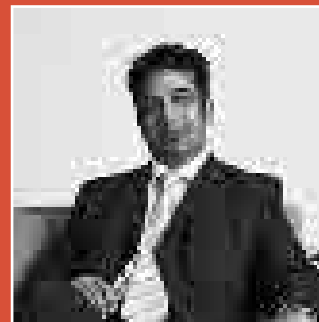
***HST is currently managed as part of the Informatics and Telecommunications Africa group of investments (SITCA). A proposed restructuring will result in it being transferred from Sekunjalo Health Care.



Dhiren Mehta
CEO, Sekunjalo Health Care

DIVISION

Healthcare & Pharmaceuticals



SEKUNJALO HEALTHCARE HOUSES THE GROUP'S INVESTMENTS IN HEALTHCARE AND PHARMACEUTICALS.

Health System Technologies (HST) is strongly focused on the ICT services and product requirements of major hospital groups, and a strategic decision has been taken to house this company in Sekunjalo Informatics and Telecommunications Africa (SITCA) in future.

However, in the period under review, HST is accounted for within Sekunjalo Health Care and is reported on below.

SEKUNJALO HEALTH CARE LTD

Sekunjalo Health Care Limited (SHC) aims to be a leading healthcare company in South Africa by providing market-driven products of superior quality that are affordable and will ultimately improve quality of life. SHC houses Sekunjalo's investments in healthcare and pharmaceuticals.

In addition, in an attempt to grow the product range the company pursues additional products and joint venture opportunities that add value for all stakeholders.

We promote entrepreneurial potential and flair in prospective business ventures, and target niche markets to strive for market leadership in our areas of operation.

SHC began operations in 1998. Since then, SHC has undergone consolidation and integration that has resulted in a focused business unit that currently comprises two main Divisions:

- Pharmaceuticals
- Rapid Diagnostics

SHC has sold its 50% investment in Promex Health and Medical & Surgical Corporation ("Promex") during 2006. However, SHC has entered into a management contract with Promex, to manage its daily operations.

During 2006, Dhiren Mehta was appointed as Chief Executive Officer. He brings considerable experience, technical expertise and extensive knowledge of the healthcare sector in South Africa.

The structure that has been adopted is a modified "matrix structure", with the sales and marketing skills of the Sekpharma staff being utilised across all companies within the Division.

The management team boasts a collective 45 years of experience in pharmaceutical sales and marketing, and these skills are now being applied across the entire Division.

SEKPHARMA (PTY) LTD

Sekpharma provides affordable, quality healthcare products to its target markets.

Key brands include :

- the leading injectible antibiotic **Fortum** and
- the well-established dermatological products **Dermovate**, **Betnovate** and **Eumovate**
- We plan to reintroduce **Becotide** and **Becloforte** to the market in 2007, once a manufacturer has been identified and the subsequent product amendments have been submitted to the Medicines Control Council

STRATEGY FOR 2007

Sekpharma's strategy is to market products from, and establish joint ventures with reputable pharmaceutical multinationals to add value for all stakeholders. Examples of this strategy are :

- A contract with an Indian generic drug manufacturer has allowed Sekpharma to launch six new products during the 2006 financial year, with a further eight planned for the coming year. We expect this venture to contribute 50% of Sekpharma's revenue during 2007.
- A contract with a UAE based drug manufacturer contributed 5% in 2006, mainly through its novel product "Mebo", which is used for the treatment of wounds. Mebo represents a new unique modality in the management of burns and chronic wounds and is of natural origin. We anticipate an increased revenue stream from this venture.
- A commercial agreement has been entered into between Sekpharma and a leading Indian multinational company that will ensure the cost-effective supply of injectible antibiotics to the Southern African market.
- Negotiations are also underway to secure a cost-effective supply of topical dermatological medicines that fit in with Sekpharma's medicinal treatment focus.

As part of the turnaround strategy at Sekpharma, an aggressive recruitment strategy will see the sales force increase to nineteen direct sales representatives by January 2007. By then the specialist/institutional sales force will also consist of eight sales representatives. These sales representatives will be distributed nationally and equally to the inland and coastal distribution regions.

With the creation of an SHC Sales and Marketing team, the Sekpharma sales managers will be managing the Promex/Rapimed sales team as well, while the Key Accounts Manager and Marketing Manager will oversee these functions for Promex/Rapimed.

RAPIMED

PRODUCTS AND SERVICES

Rapimed manufactures and markets medical diagnostic strips to be used for pre-admission purposes in hospitals, pharmacies and doctors' rooms.

The Rapimed products include **Uricheck** diagnostic strips for routine urine tests, **Glycostrip** for testing for glucose (sugar) in the blood, **Pregistrip** for routine testing for pregnancy and **Mirawell** for HIV screening and confirmatory blood tests.

Rapimed has signed a long-term contract with Medmira from Canada to supply Mirawell products in Southern Africa. The Food and Drug Administration (FDA) of the United States, Health Canada, and the State Food and Drug Administration (SFDA) of the People's Republic of China have approved MedMira's rapid HIV tests.

MedMira's Reveal™ Rapid HIV-1 Antibody Test is currently used in US hospitals and medical laboratories, where an estimated 65 million HIV tests are conducted each year. MedMira's MiraWell™ Rapid HIV Test is used in China and several other regions of the world.

STRATEGY FOR 2007

Rapimed is one of the few Gauteng based diagnostic manufacturing companies in South Africa employing marketing and sales, technologists and factory employees. Significantly, Rapimed's Uricheck manufacturing process also received ISO9000 Accreditation in 2004.

This accreditation will support Rapimed's aggressive export drive into South America and other developing countries, and the private sector market.

As part of our turnaround strategy, we have focused on improving the manufacturing processes, the quality of the products and the quality control processes.

In early 2007 a combined Rapimed/Promex sales force will be deployed in the field under the management of the Sekpharma management team. This team will focus on serving the private, retail and institutional sectors (both state and private).

PROMEX HEALTH AND MEDICAL AND SURGICAL CORPORATION (PTY) LTD (PREVIOUSLY NEW PROMEX PTY LTD)

SHC has entered into a management contract with Promex to manage its daily operations. Promex is a large-scale employer in the surgical manufacturing sector and the only operational syringe and needle manufacturing business in South Africa.

PRODUCTS AND SERVICES

Promex is a leading South African brand and one that is well known to health professionals throughout the country. As the largest manufacturer of needles and syringes in Sub-Saharan Africa, Promex is able to manufacture products for the broader Southern African market.

Promex also manufactures and distributes the following products: identity bands for the pre-admissions in hospital settings and Petri dishes and specimen jars for diagnostics use in medical laboratories.

SEKUNJALO HEALTH CARE STRATEGY FOR 2007

In line with our turnaround strategy, we upgraded the Rapimed factory and refurbished it so that production can now meet the projected increase in sales.

To increase the market penetration into the private sector and to improve service levels to institutions, a combined Rapimed/Promex sales team will be deployed in the field by January 2007.

To increase the presence of SHC in the South African market we have created a Business Development Division. SHC can now be more responsive to the tender and contract system that applies to institutional and state business – particularly in the Rapimed/Promex business.

We have every confidence that the turnaround currently underway in SHC is now systemic and sustainable. We are very positive about the growth prospects for SHC in the year ahead.



HEALTH SYSTEM TECHNOLOGIES (PTY) LTD

HST provides information and communications technology (ICT) solutions for healthcare organisations and is ranked among the top health ICT systems and service providers in South Africa. The company integrates the appropriate mix of ICT requirements, including Hospital Information Systems (HIS), for successful large healthcare organisations and projects.

HST is firmly established as a solutions and services provider of internationally recognised applications from Siemens Medical Solutions (SMS). We also offer solutions from other leading ICT suppliers, which we customise to suit the South African environment. Siemens Medical Solutions is one of the largest suppliers of healthcare technologies in the world. They are capable of offering integrated diagnostic, clinical, financial and management applications that meet South African demands.

A key part of the HST offering is the strength of a dedicated team committed to delivery and improving healthcare in Southern Africa. We offer a full range of professional services ranging from analysis and consulting to development, implementation and support.

OPERATIONAL REVIEW

HST's 2006 financial year was one characterised by consolidation and diversification. From an operations perspective, we achieved a number of notable successes during the year. These included successful local software customisations and delivery of the patient administrative and financial systems as well as ERP pharmacy and medical supply chain management to the tertiary, regional, district, psychiatric and maternity hospitals for eight metropolitan hospitals in the Western Cape.

The Western Cape Health Department has procured and commissioned further services from HST to assist them with their patient billing processes and procedures. Thanks to our focus on support and maintenance, we have been able to meet and exceed our service obligations to support the Western Cape Health Department. This applies to the response times for queries, gathering of further information and maintenance requests.

We also conducted a successful PDA pilot project in conjunction with the IT Division of Western Cape Health Department to provide clinicians with access to patient histories and to provide them with ICD10 coding information to improve access, workflow and procedures.





We are also in the process of obtaining ISO9001:2000 and ISO 9126 certification as required by SITA and public ICT tenders.

We identified diversification as one of the top growth opportunities for HST in the 2006 financial year. We achieved this goal, with HST consulting in ERP financial, supply chain, customer and asset management for an array of other market sectors.

STRATEGY FOR 2007

During 2006, HST continued to build its business and brand awareness. The company expanded its investment within the Western Cape and diversified into further ERP business. We expect growth in ERP implementations and support to play a substantial role in the growth strategy for the future.

As the Siemens implementation partner of choice for health ICT solutions and services, HST's strategic focus is to increase our national base of customers using software products that are proven, delivered and supported by HST.

We enhance these offerings with new technologies and products from Siemens on an ongoing basis.

HST has made a breakthrough into the private hospital sector and will be rolling out specialised IT products and services during 2007.

Governmental e-health initiatives and market forces will play a significant role in determining our future strategic directions. However, we will be pursuing further strategic partnerships and acquisitions to position HST for strong growth in the health market.

HST has the expertise and capability to provide integrated solutions with the structural ability to share provincial, central and national patient and citizen data with departmental and third-party systems – especially when it comes to referrals and dispensing information.

Ultimately, HST has the ability to deliver rapid application developments for customising and developing software to suit the local health environment that is, critically, not impacted by international lead times.

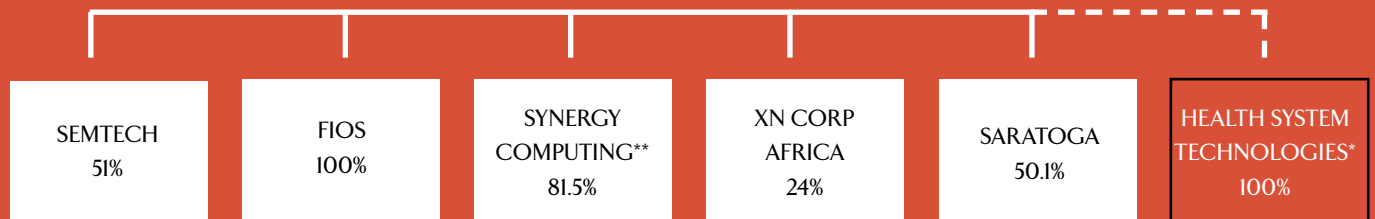
We are very excited about the prospects for our business.

HST will be moved to Sekunjalo Informatics and Telecommunications Africa (SITCA) in future and will be reported on in that Division in the 2007 financial year.

Information Technology and Communication

SEKUNJALO INVESTMENTS LIMITED

SEKUNJALO INFORMATICS AND TELECOMMUNICATIONS AFRICA (SITCA)
100%



*HST will be moved to SITCA post year-end and will be reported in this Division in the 2007 financial year.

**Subject to JSE approval, Synergy will be owned 100% by SITCA in a post-year end transaction.



Andrew Connold
Executive Director

DIVISION

IT & Communications



SEKUNJALO INFORMATICS AND TELECOMMUNICATIONS AFRICA (PTY) LTD

Sekunjalo Informatics and Telecommunications Africa (Pty) Ltd (SITCA) is a wholly-owned Sekunjalo Investments Limited investment holding company for ICT companies.

The investments are as follows:

- *Synergy Computing (Pty) Ltd* (81,5% owned): A value-added software reseller specializing in Business Intelligence ("BI") and Corporate Performance Management software solutions. The company was founded in 1978 and provides sales, implementation, training and after sales services to large corporate and government enterprises.

The product range includes Cognos BI products, UNICA Web Analytics software and the Informatica tool set. However, our services extend beyond this product-set into implementation of a variety of database products for staging data.

- *Fios (Pty) Ltd* (100 % owned): A value-added software reseller specializing in Financial Performance Management and Consolidation software solutions. Our sales, implementation, training and after sales services are provided to large corporate and government enterprises. The product range includes Cognos Enterprise Planning and Consolidation software.
- *Semtech (Pty) Ltd* (51% owned): A small software development company owning the intellectual property of a few software products.
- *Saratoga Software (Pty) Ltd* (50,1% owned): A software development house focused primarily on the Microsoft platform. The range of software products includes utility services management software, call centre software for sales and administration, web-based employee self service software, survey software and mobile worker productivity enhancement software.
- *XN Corporation Africa (XN)*, is 24 % owned by SITCA. XN specialises in supplying information technology to the leisure markets throughout Southern Africa.

SITCA's target market includes utility companies, municipalities, hospitals, financial service companies and many others. The services we offer include software architecture and strategy, requirements analysis and documentation, software development, testing, integration, implementation, maintenance and enhancements.

The ICT sector is fast growing with rapidly improving products and services in great demand within the public and private sectors alike. We anticipate that SITCA will be a significant contributor to the profits of Sekunjalo and is likely to list within the next two years to unlock shareholder value contained within the SITCA companies.

MARKET POSITION

SITCA is poised for rapid growth, organically & through acquisition. The majority of our businesses have secured niche market positions and are primed for growth.

For the individual companies, their market positioning in their specific sectors is as follows:

- *Synergy Computing*: One of the Top 10 Business Intelligence (BI) solution providers in South Africa.
- *Fios*: Although a relatively young company, we have rapidly grown into one of the Top 5 financial performance management and consolidation software solution providers in South Africa.
- *Semtech*: Small and currently a strategic hold.
- *Saratoga Software*: Despite being a young company, we have developed a number of world-class niche products that have rendered significant sales results, both locally and internationally. Our skills and experience have enabled us to compete very well against other international software development houses.

OPERATIONAL REVIEW

SYNERGY COMPUTING

During the year under review performance and margins continued at similar good historical levels and the company has commenced with a management re-structure ahead of the prospective SITCA listing. In addition management are in the process of developing a business development team to focus on the public sector where significant revenue is anticipated in the next few years.

By co-operating with Fios and Cynthesys, we have been able to explore more business opportunities, some of which have already resulted in revenue, while others hold significant promise for the future. A number of good software license sales were achieved during the second half of the financial year, while the balance of income consisted of steady levels of technical consulting and some training.

Synergy's BI solutions are considered a critical element in Sekunjalo's strategic focus on providing products and services that are affordable, socially relevant and aligned with the strategic thrust of government policy. Sekunjalo is in a unique position to participate as a partner with government in terms of interpretation of electronic management information.

FIOS

The strategy of a clear niche business focus, combined with a high staff productivity and minimal overhead costs has made Fios a very efficient and profitable business. In addition, strong software sales have resulted in excellent profits and a good return on investment.

Co-operation with Synergy has enabled us to explore many new business opportunities. In future, this co-operation will be expanded to include other Sekunjalo Group companies. In addition a very significant software licence and consulting deal for budgeting, forecasting and consolidation software with one of the four major banks in South Africa had a very significant impact on the results of the company.

SEMTECH

A small turnover was made from annual licence fees on products.

SARATOGA SOFTWARE

The company is growing well off a low base, with turnover and profits increasing year-on-year. Margins are set to improve as the company shifts from a project-based to a product-based revenue stream.

The Saratoga Group has companies in the United States and the United Kingdom, both of which act as important distribution arms for Saratoga Software's products and as sources of new projects. Saratoga Software also has a number of important local partnerships with companies that rely on innovative software to help grow their businesses. We expect increased business opportunities to result from cooperation with companies in the Sekunjalo Group; many of which require specialist software development services.

In the year under review, the most important transaction was the 50.1% acquisition by Sekunjalo. In addition, Saratoga partnered with the DTI in a R3m project to develop a suite of field worker productivity tools for handheld devices.

The company also produced a major product for the North American market. It is to run as an extension to Microsoft Office, and was very well received. Gold Status as a Microsoft Partner was also achieved during this financial year.

XN CORPORATION AFRICA

In 2006, XN established itself as a market leader in the industry. The staff complement has grown considerably as the company continues

to expand in the market. Revenue increased by 70% compared to 2005 and profitability has increased by 200%.

Products include the In-Room Entertainment System which provides cutting edge entertainment and concierge facilities, replacing the telephone system as the interface between guests and the hotel - either through touch-screen or remote navigation using high definition televisions in the hotel rooms.

The forecast for 2007 is to continue to supply innovative and cutting edge applications for emphasis on a revenue share model to create a recurring revenue stream.

New territories such as the Far East have been opened up through the strategy of creating a Value-Added Re-Seller Programme. This strategy will continue to be employed throughout 2007.

STRATEGY FOR 2007

En-route to a JSE listing in the next two years, the strategy for the year ahead is to identify and execute suitable acquisitions, and to assess the shareholding in companies already partly owned.

Regarding ongoing operations of the companies within SITCA, the primary focus will be to improve our sales performance. We wish to target new and existing customers for our core products and services, while not losing sight of our medium-term goals.

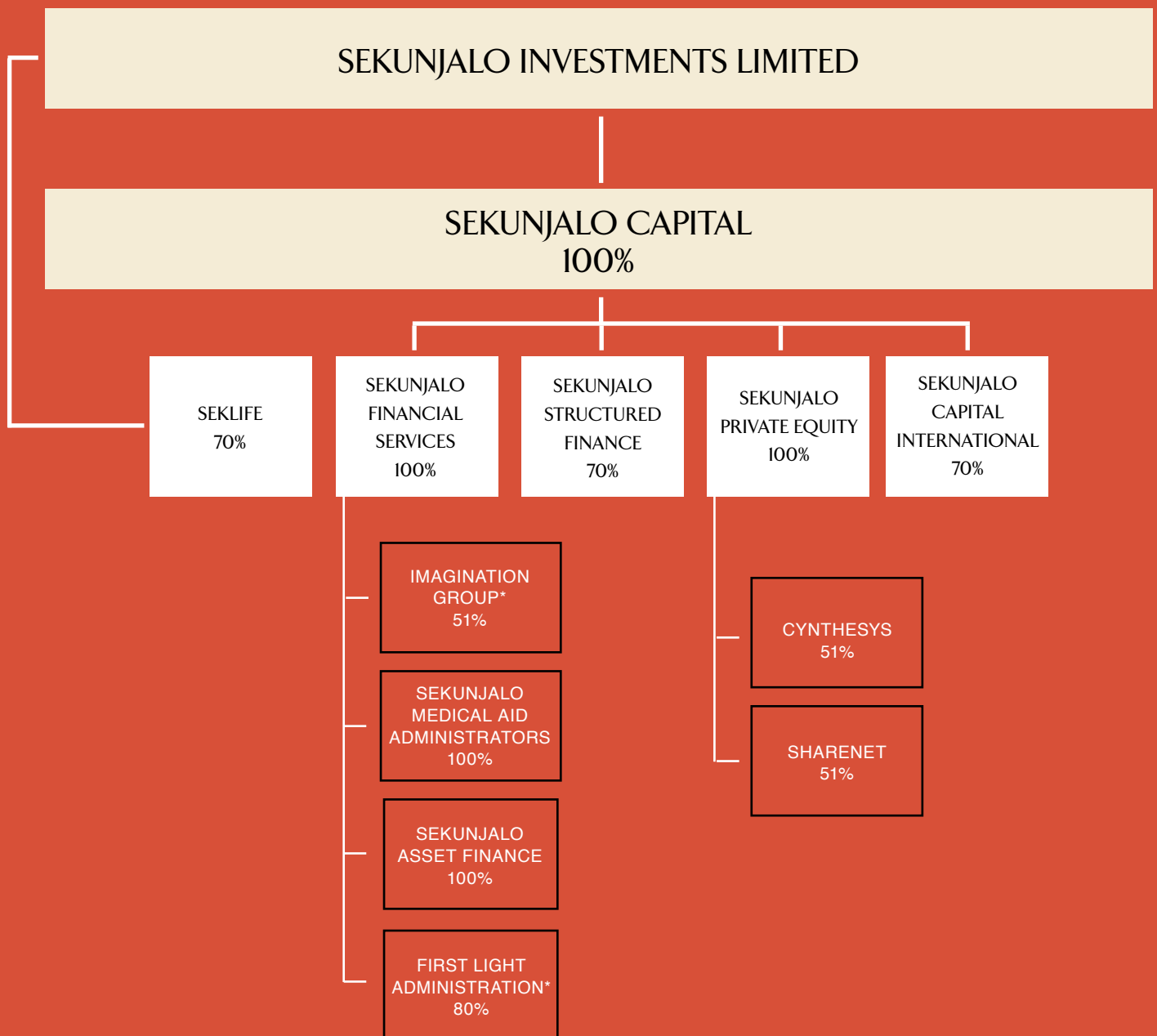
We will also make ongoing attempts to secure larger amounts of business from local, provincial and national government by providing comprehensive business solutions through the collective expertise in SITCA.

GROWTH FORECAST

We are confidently forecasting growth in SITCA ahead of the intended listing. This would include acquisitive growth and targeting the public sector for new business.



Financial Services



* Seklife is currently held at Sekunjalo Investments Limited but is in the process of being transferred to Sekunjalo Capital where it has been operationally placed in the year under review



Khalid Abdulla
CEO, Sekunjalo Capital

DIVISION

Financial Services



Sekunjalo Capital (Pty) Ltd

SEKUNJALO CAPITAL ("SEKCAP") IS THE HOLDING COMPANY FOR FINANCIAL SERVICES AND RELATED OPERATIONS WITHIN THE SEKUNJALO GROUP. IT IS A WHOLLY OWNED SUBSIDIARY OF SEKUNJALO INVESTMENTS LIMITED.

During this financial year, Khalid Abdulla was appointed as CEO of the Division after five years of successfully running Health System Technologies ("HST"), another Sekunjalo company.

We aim to bring appropriate and affordable financial services products to the majority of South Africans from historically disadvantaged backgrounds. The objective here is to address current structural inefficiencies in the provision of these products. This distinct market segment has historically been under-served, or sold inappropriate financial products. We intend to change this and become a leader in this niche market.

Sekunjalo Capital incorporates the following operations:

- Sekunjalo Financial Services (Pty) Ltd (100%) comprising;
 - Imagination Advisory & Distribution Services (Pty) Ltd (51%)
 - Imagination Administration Services (Pty) Ltd (51%)
 - First Light Administration Services (Pty) Ltd (80%)
 - Sekunjalo Medical Aid Administrators (Pty) Ltd (100%)
- Sekunjalo Structured Finance (Pty) Ltd (70%)
- Sekunjalo Private Equity (Pty) Ltd (100 %)
 - Cynthesys Business Consulting (Pty) Ltd
 - Sharenet (Pty) Ltd
- Sekunjalo Asset Finance (Pty) Ltd (100 %)
- Sekunjalo Capital International (Pty) Ltd (70 %)

SEKUNJALO FINANCIAL SERVICES (PTY) LTD

Sekunjalo Financial Services was established with a clear objective to provide financial services for the majority of the population who have been ill-served by more conventional and traditional financial service providers.

We made strategic acquisitions over a period of eighteen months to provide the essential components for building the infrastructure and platform required to deliver cost-effective financial services and products that are relevant to the target market.

MARKET POSITION

Sekunjalo Financial Services products are aimed predominantly at the lower to middle end of the market, the so-called 'bottom of the pyramid' (Prahalad, 2002). We have a product concept that is appropriate to members and their families that earn smaller incomes - but nonetheless need to cover their insurable risks and save what money they can in sensible ways.

Our product range also enables members to borrow money at affordable rates and conduct business transactions in ways appropriate to their culture and needs.

This member profile represents the vast majority of the South African market that has previously been prevented from participating in financial services through a complete lack of access or (in the very large majority) were abused by the poor value offered.

While our growth strategy is focused toward the bottom of the pyramid, we continue to service the top end via our existing successful local and offshore businesses.

PRODUCTS AND SERVICES

Our products can be scaled up or down. This presents opportunities at all other levels of the market, including internationally, where we have developed business opportunities through a Mauritius-based office.

The challenge was

- to discover ways in which profitable low-cost, value-for-money products can be designed within a business, regulatory and legal framework that is more aligned to products aimed at a much higher end of the market; and
- to do this without compromising legal, moral and compliance issues.

The product model we have developed is branded the 'Life Time Affinity Membership Programme', or LAMP. It can be tailored to specific target markets, such as trade unions or employee bodies, but can also be purchased in components as the individual's personal, financial and family circumstances change.

The main components of LAMP are:

- Life cover, including full life assurance and funeral cover
- Savings (including pension provision), other long-term savings, savings for particular events (such as a wedding), provision for school fees, cultural festivals and for emergencies such as car breakdowns or major maintenance
- Medical aid
- Primary medical care cover (for doctor's visits, etc.)
- Loans, including bonds, personal loans and micro loans
- Banking; and
- Value-added products such as negotiated local and national discounts and health counselling.

All of these components are now either being sold, are ready for introduction or are in the process of being negotiated with regulators and actuaries.

OPERATIONAL REVIEW

During the past year, Sekunjalo Financial Services put all its businesses onto a single coordinated product manufacture, administration, IT and distribution platform. This platform has proven itself in the direct marketing field, and will shortly be introduced to trade unions and individual clients. We are integrating the platform into a call centre environment, working closely with Saratoga, another Sekunjalo company.

We are also launching a website that will enable the middle market to gain direct access via the Internet to a low-cost, high-value set of products that can be managed online. The life cover product range piloted this online access initiative.

The strength of our platform has attracted international interest. Our subsidiary, Imagination Advisory & Distribution Services, has been in discussions with several UK life administrators who are interested in buying usage rights for the platform, or parts of it.

Another highlight was the appointment of Imagination by two trade unions. These unions have retained Imagination as advisors in respect of the rollout of financial services and healthcare products to their members.

ALLIANCES AND PARTNERSHIPS

In building a product range and a platform to support it, we relied on, and worked closely with a number of partners. Microsoft has been a valuable partner in the design and implementation of the software platform over the last eighteen months.

The software giant invested time, money and effort in ensuring that the platform is robust, well designed and scalable for the large membership we predict.

In distribution we form deep and lasting partnerships with all of our distribution mechanisms, which include Bhenka Marketing, Hotline and Wizzit. GenRe, as reinsurers, have provided technical assistance with product development, pricing and the sharing of risks. Additionally, they have also assisted us with financial support

for business acquisitions. Compli-Serve has been retained as independent compliance managers.

STRATEGY FOR 2007

With a robust product, distribution and administration platform built, tested and now active, our future strategy is to push aggressively into our projected target market. We plan to leverage off the administration platform and we will identify suitable acquisitions that provide access to a bigger market share and positive cash flows.

GROWTH FORECAST

The forecast for 2006/2007 is to double revenue from the current level, focusing predominantly on the employee benefits market and the emerging income market through the introduction of our 'Life Time Affinity Membership Programme'.

SEKUNJALO STRUCTURED FINANCE (PTY) LIMITED

Sekunjalo Structured Finance (Pty) Ltd was created to meet Sekunjalo's internal corporate finance requirements, and to offer that same experience and skill externally.

PRODUCTS AND SERVICES

Sekunjalo Structured Finance provides the following services to the Group and external clients.

- Corporate Strategy - Assistance in the formulation of corporate transaction strategy
- Transaction Facilitation - The planning, research and implementation of mergers, acquisitions and disposals, including:
 - the identification of transaction targets;
 - valuation of targets;
 - due diligence investigations of targets; and
 - transaction support in the form of transaction negotiation, conclusion and implementation.



- Tax and Financial structuring
- Raising of Finance - Debt or equity, from institutions or internal sources
- Exits - Facilitation and negotiating sales to shareholders or external parties

MARKET POSITION

Sekunjalo Structured Finance operates mainly in the local market. However, with the addition of Sekunjalo's international businesses to our portfolio, some services have been extended to international companies.

OPERATIONAL REVIEW

As a result of its track record and its acknowledged B-BBEE status, the Group was introduced to considerable deal flow across all Divisions during the 2006 financial year, and a number of acquisition targets were identified. Sekunjalo Structured Finance analysed these targets, suggested deal structures and performed due diligences.

We subsequently acquired those targets that passed the due diligence process and met the Group's strict investment performance requirements. We turned down those that did not. Externally, we generated good revenue from consulting work and established Sekunjalo Structured Finance in the market as a professional advisory business.

We partner with co-advisors and other experts in our field, and our commitment is to ensure that we practice affirmative procurement. We always ensure that our partners are empowered or have high employment equity priorities. Our partnership philosophy also extends to our community involvement, where our focus is on B-BBEE entrepreneurship support. We help structure and mentor B-BBEE service and product suppliers that deal with Sekunjalo.

STRATEGY FOR 2007

Given the strong demand for this kind of service internally and externally, a key strategy focus area for 2007 is to identify and recruit additional skilled members to join our team. This will give us additional intellectual capital to apply in finding solutions for both our internal and external clients.

A larger presence in the market will support and grow the Sekunjalo Structured Finance brand and generate additional income for the Group.

SEKUNJALO PRIVATE EQUITY (PTY) LTD

Sekunjalo Private Equity (Pty) Ltd was established to take advantage of financial opportunities in the current legislative environment, including those flowing from the provision of the corporate finance services. Companies into which Sekunjalo Private Equity invests benefit from the company's excellent B-BBEE status.

This forms part of our business mandate. Sekunjalo Private Equity also creates improved returns for all stakeholders and facilitates the transformation of those entities in the areas of affirmative procurement, employment equity and enterprise development.

Sekunjalo Private Equity also incorporates: Cynthesis Business Consulting (51%) and Sharenet (51%)

CYNTHESYS BUSINESS CONSULTING (PTY) LTD

Cynthesis Business Consulting is the management consulting arm of Sekunjalo. We offer strategic and professional services both to the wider Group and to large external clients.

Since starting out seven years ago, Cynthesis has experienced solid growth and gained an impressive client base. After joining Sekunjalo, this growth accelerated and we continue to leverage off the power of the Sekunjalo relationships and our B-BBEE status. In partnership with other Sekunjalo operations detailed in this report we offer full-service management solutions to valued clients.

PRODUCTS AND SERVICES

Cynthesis focuses mainly on strategy projects and business optimisation; we help organisations plan for the road ahead. What makes us different from our competitors is that we do not walk away leaving clients with a strategy document on their bookshelf; we assist them in implementing the strategic changes.

On the business optimisation side, we help businesses reach at their peak to ultimately become even more profitable for their shareholders.

OPERATIONAL REVIEW

The year under review was a period of transition as we changed from being a small independent firm, and merged into the wider Group. We continued performing well in the Financial Services Division, while at the same time strengthening and expanding relationships with some of our key clients.

Our revenues and profits were up significantly throughout the financial year. This is quite noteworthy given that our flexible billing model can accommodate lower fees with additional revenue linked to a results-based reward structure. Performance-related income takes longer to materialise and is not reflected in this year's strong result, but does bode well for the future.

We also worked closely with Sekunjalo on small enterprise development, assisting them in strategy and rollout planning.

STRATEGY FOR 2007

Significant growth is foreseen for Cynthesis, driven largely by acquisitions. Negotiations are currently taking place in this regard.

SHARENET (PTY) LTD

Sharenet is South Africa's premier financial and investment website. Sharenet allows private investors to make financial decisions based on relevant and timely information.

PRODUCTS AND SERVICES

Top quality software and services ensure that our customers receive only the best that our online trading system has to offer. Sharenet offers a wide range of services focusing on online trading, investment information and education.

Products include real-time access to the latest JSE prices, investor education and online trading through alliances with four of the top stockbroking companies in the country, namely Anglorand Securities, BoE Personal, Imara Sp Reid and T-Sec.

Our investment information aims to place our customers at the forefront of investor knowledge by providing them with quality services. This approach, combined with an excellent customer support system that consistently ensures high levels of customer satisfaction, has played a key role in our successes.

OPERATIONAL REVIEW

Sharenet experienced a solid increase in business activity as the general economy performed well over the last two years. More specifically, this positive trend was fuelled by the fact that the stock market continued to move to fresh new highs.

The period under review is an eighteen month period due to Sharenet's financial year being brought in line with that of Sekunjalo Investments.

Given the nature of our business, which focuses on private investors and traders, there is a high correlation between stock market activity and business levels. Sharenet's core business, being the supply of data, performed very well. A steady increase of new subscribers was monitored across all levels.

After a lengthy lull in advertising income, the last six months of

the eighteen-month period saw an increase in the higher margin business, and we believe that this positive trajectory can continue.

We increased our marketing efforts on the sale of courses, which resulted in an impressive 70% increase in sales.

On an annualised basis the company performed very well. We increased revenues by 61% and gross profit by a respectable 86%. Sharenet personnel increased in size in accordance with our new business objectives. Additionally, three appointments have been made in the areas of operations management, customer support and web publishing.

STRATEGY FOR 2007

The strategy for the year ahead involves improving sales through intensive marketing and advertising. The focus will also be broadened to include certain international markets for certain products.

SEKUNJALO ASSET FINANCE (PTY) LTD

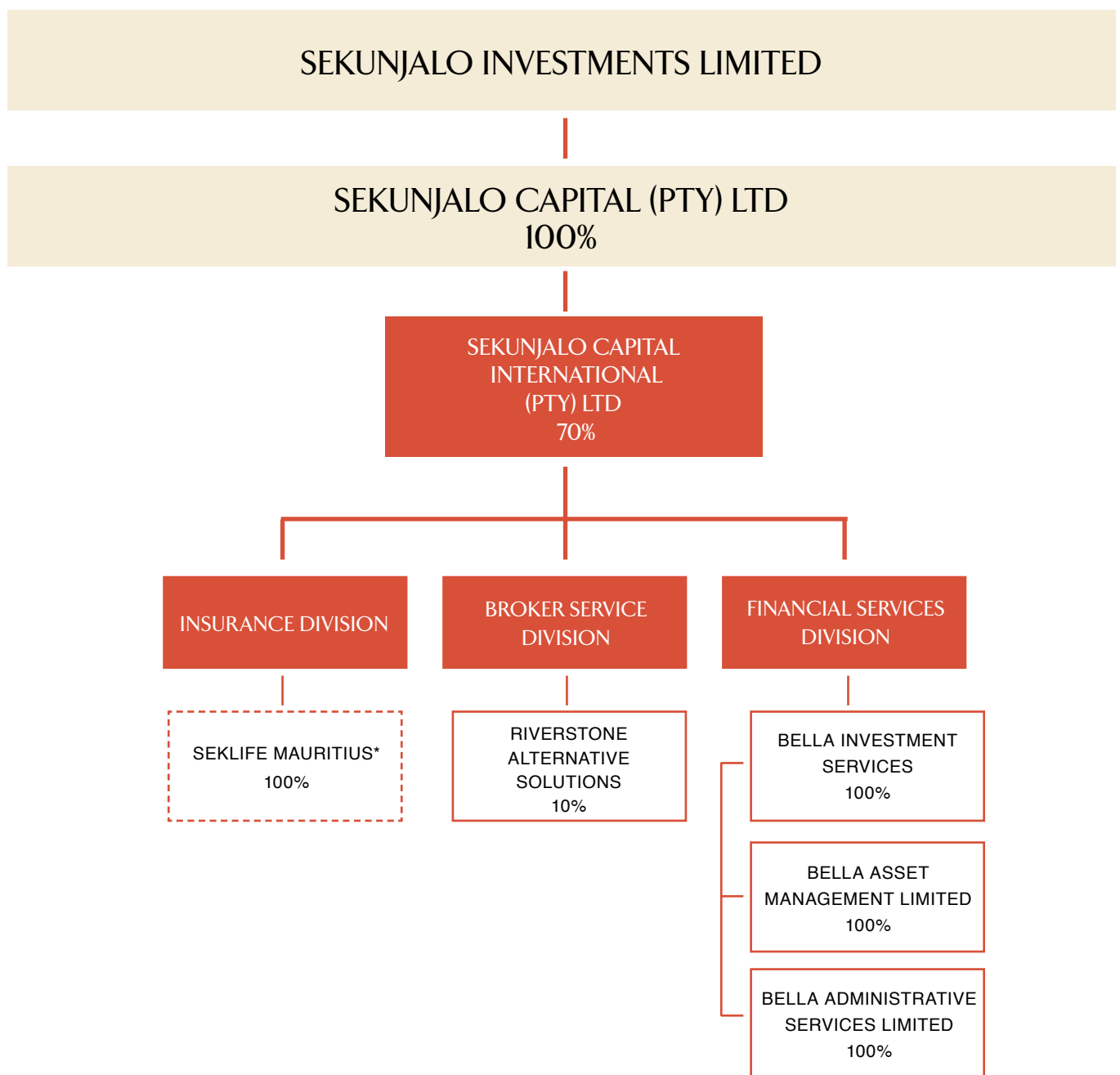
We offer a wide range of asset finance services to individuals and small to medium-sized companies. These include:

- Asset Finance
- Property Finance
- Property Development Finance
- Bridging Finance
- Restructuring of Business Finance
- Cynthesys Business Consulting
- ShareNet

Service providers include Absa Bank Limited, Standard Bank of South Africa Limited, Wesbank Limited, Investec Private Bank, Bridgfin, Nedbank Limited, Business Partners and Reichmans.



SEKUNJALO CAPITAL INTERNATIONAL (PTY) LTD



* Seklife Mauritius received a licence to function as a branch of Sekunjalo Life Assurance, which in turn is owned 100% by Sekunjalo Investments Ltd.

John Whatley
CEO : Sekunjalo Capital International (Pty) Ltd



DIVISION

Financial Services

Sekunjalo Capital International Limited is incorporated in the Republic of Mauritius and licensed by the Mauritius Financial Services Commission to act as an investment holding company. Sekunjalo Capital (Pty) Limited has a 70% shareholding, while the remaining 30% of the company is owned by strategic partners.

The company's purpose is to be the holding vehicle for Sekunjalo's offshore investments and subsidiaries, and to help these grow. By managing and adding value to the subsidiaries we support them in achieving their objectives.

This increases income levels while also raising the capital value of the subsidiaries. Sekunjalo Capital International (Pty) Ltd, is comprised of the following subsidiaries:

- Bella Investment Services Ltd
- Bella Asset Management Ltd
- Bella Administrative Services Ltd
- Riverstone Alternative Solutions Ltd

BELLA INVESTMENT SERVICES LTD

Bella Investment Services Limited is a company incorporated in the Republic of Mauritius and licensed by the Financial Services Commission to provide the following services:

- Consultancy services to high net worth individuals, as well as small and medium sized corporations and trusts
- To act as Protector for trusts not established under the Laws of Mauritius.
- To introduce business to international financial services providers which enable Bella's clients to have access to financial products worldwide.

BELLA ASSET MANAGEMENT LTD

Bella Asset Management Limited is a company incorporated in the Republic of Mauritius and licensed by the Mauritius Financial Services Commission to act as a discretionary asset management company.

Our management team and investment committee has a wealth of experience in the field of international asset management, and brings years of professional expertise to the company.

The Company works closely with its clients, enabling it to tailor its services to the clients' objectives and any restrictions applicable to their country of residence.

BELLA ADMINISTRATIVE SERVICES LIMITED

Bella Administrative Services Limited is a company established in the British Virgin Islands. Its main activities are:

- To act as corporate director
- To act as nominee shareholder
- To provide financial consultancy services.

RIVERSTONE ALTERNATIVE SOLUTIONS LTD

Riverstone Alternative Solutions Limited is a company established in the British Virgin Islands. Our main business activity is to distribute and market financial products in the global marketplace.

The following products are marketed:

- Glanmore Property Funds
- British Real Estate Fund
- Epic Life Settlement Fund
- The Capricorn Finance Fund.

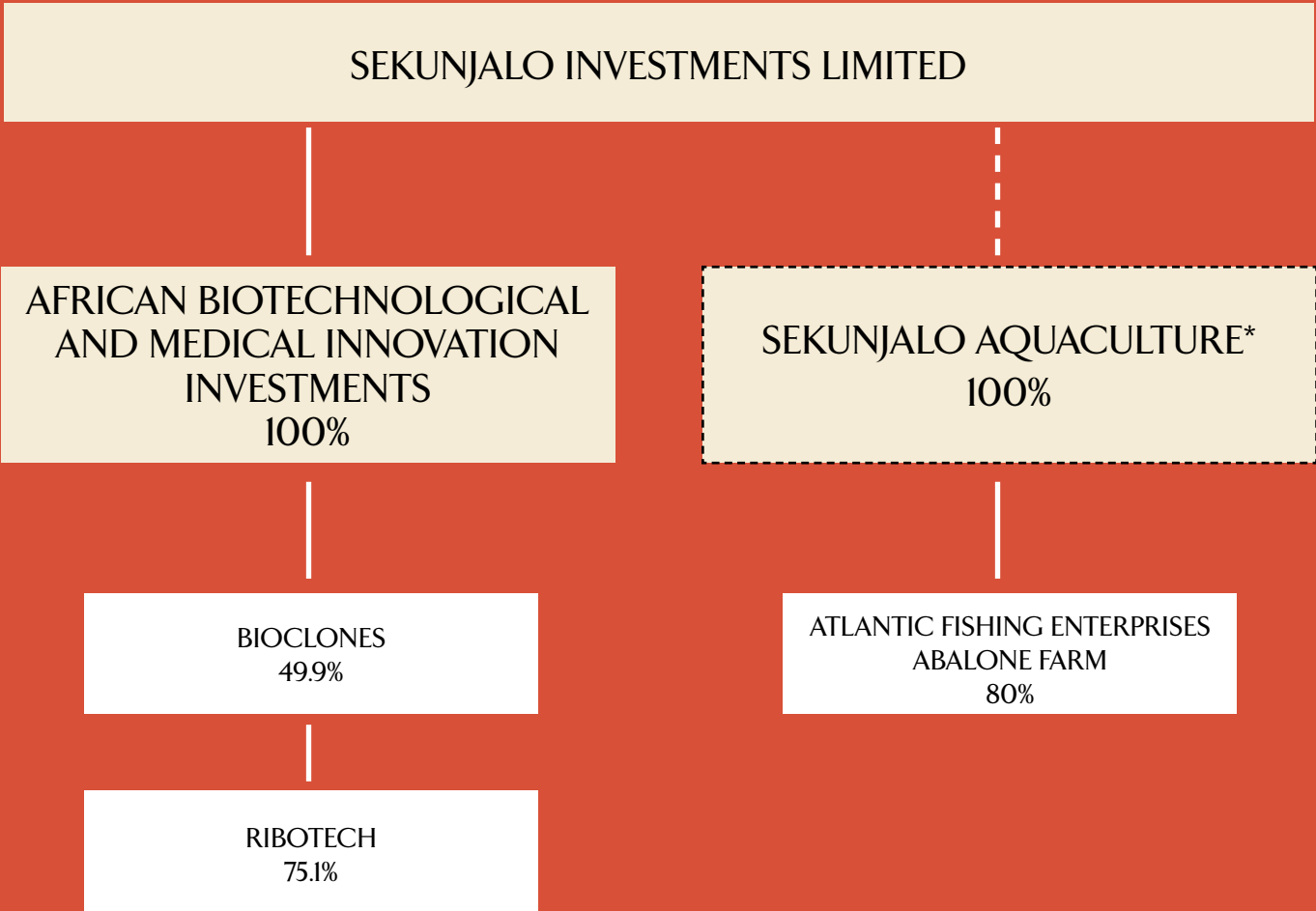
PROSPECTS

Significant growth is foreseen due to the planned growth of infrastructure to provide financial and administrative support to those engaged in international trade and because most of the revenue is generated from annuity income.

With a view to the possible abolition of exchange controls, our Mauritian based group has experience in the field of investment, asset management, financial services and trade finance to assist companies across the spectrum of industry and commerce to conduct business in global markets.

Sekunjalo Capital International will also continue to facilitate the financing of a wide range of business activities through the provision of guarantees and access to various types of financial structuring.

Aquaculture and Biotechnology



* In a post-year event, Sekunjalo Aquaculture will be moved to Sekunjalo Investments



James Lawson-Smith
Abalone Farm Manager

DIVISION

Aquaculture



AQUACULTURE

SEKUNJALO HAS IDENTIFIED AQUACULTURE AS A HIGH-GROWTH SECTOR, PARTICULARLY IN SPECIES THAT ARE THREATENED IN THEIR NATURAL ENVIRONMENTS.

ATLANTIC FISHING ENTERPRISES (AFE)

AFE, a division of Premier Fishing, owns an abalone farm that produces cultivated abalone (locally known as perlemoen) for the export market. The farm is based in Gansbaai in the Western Cape.

Financially, the year under review was outstanding and returned the best profit since 1994. A further highlight was the low staff turnover which reflects increased job satisfaction, staff loyalty and pride in the farm. The abalone farm employs approximately 50 people from the local community and contributes to the social upliftment of this rural fishing village.

South African abalone (*Haliotis midae*) is highly sought after internationally, particularly in the Far East, where it competes favourably against Japanese abalone for space on diners' plates. As a result of this international demand, abalone is one of the most expensive seafood types on the market.

Unfortunately the demand for this product has also led to aggressive poaching of abalone in our local waters; to the extent that the natural wild abalone stock has been depleted and may shortly be listed by the Convention on International Trades in Endangered Species (CITES).

The AFE abalone farm ensures the sustainability of the species and makes a contribution to international trade, while also representing a viable and highly profitable investment opportunity.

Our objective is to optimise operations so that our pipeline size and growth rates are maximised. This will enable us to reach the targeted abalone size class in the shortest period of time.

MARKET POSITION

Internationally, the Japanese abalone species is the most sought after, with Korean and Japanese production being our primary competition. Chile is entering the field as a new player in the international abalone production market. The country produces large quantities of cheap abalone of a different species, due to Government subsidisation of the industry.

Despite this, South African abalone remains sought after in Asian markets behind the Japanese variety, as South Africa's unpolluted waters enable AFE to produce superior quality abalone at a competitive price.

Locally, there are approximately fifteen significant abalone producers, six of which produce approximately 70% of the 700–800 ton annual market output. Abalone farming is a high-value, long cycle business

(four to five years), and the local industry is currently in the early stages of its growth cycle.

PRODUCTS AND SERVICES

The farm focuses exclusively on the production of Abalone (*Haliotis midae*). The sizes of abalone for sale do vary slightly. However, producers generally focus on the larger size categories, as the abalone size influences profits.

Abalone farming is a specialized activity that requires specific skills. Most of the skills required are built from hands-on actual farming, and experience in the industry.

The AFE farm is run by an experienced management team that understands the industry. This team has grown the farm to its current levels of profitability and is constantly finding new ways of increasing profitability.

OPERATIONAL REVIEW

A conscious decision was made during 2006 to grow the abalone for a longer period of time to meet the demand for larger cocktail size abalone. The farm has an agreement with one of the larger abalone farms in the country, to supply them with stock.

It is quite clear that the decision to grow the stock for longer has had a marked positive effect on the profitability of the farm for the financial year ending in August 2006. It has been the most profitable year since the start of the abalone farming project in 1994.

STRATEGY FOR 2007

The abalone production industry has tremendous potential given the growing international demand for the product and stable dollar prices. Combined with this is the fact that local natural resources of abalone are protected and cannot be fished. Given China's rising demand for the product there is no sign of market saturation in sight.

We intend to grow the farm from its current production capacity by increasing spat production and by buying in additional spat. In addition, the additional spat will be grown out to the larger size to achieve the increased capacity of the farm.

Our strategy will be to :

- continue our supply agreement with a large abalone farm
- look at buying in stock with the intention of growing the abalone farm into an even more profitable and sizable business. To do this, we intend to gain additional land to expand the current farm substantially; and
- pay special attention to the feeding, hygiene, flow rates and stocking densities of our abalone. Our success is determined by how well we balance these metrics.



DIVISION

Biotechnology

BIOTECHNOLOGY

AFRICAN BIOTECHNOLOGICAL AND MEDICAL INNOVATION INVESTMENTS (PTY) LTD (ABMI)

ABMI is a wholly owned subsidiary of Sekunjalo and houses our investment in Biotechnology, which we have identified as a high growth sector. ABMI holds 49,9 % of Bioclones, the leading South African biotechnology company involved in the development, manufacture and marketing of modern biotechnology products for human pharmaceutical use. This investment fits in perfectly with the Sekunjalo strategy of investing in technology and innovation driven sectors.

BIOCLONES (PTY) LTD

Bioclones manufactures and markets recombinant human erythropoietin in South Africa, the world's largest biotechnology product based on sales value (US\$ 12,4 billion).

One manufacturing facility, in which the recombinant human erythropoietin is manufactured by mammalian cell culture, is located in Centurion Technopark and a second newer facility, built to comply with US Food and Drug Administration requirements is located in Goodwood, Cape Town.

A development unit, the Human Dendritic Cell Group is located at the School of Pathology, University of Pretoria and an Immunology Group is located in the Department of Medicine, University of Cape Town.

Bioclones has 22 worldwide patents which attracts significant value in addition to the intellectual property in a product portfolio that currently enjoys global revenues of US\$12 billion. Bioclones has made significant strides in the international scientific biotechnology community with three of its products being rated in the top ten by a prominent international publication.

MARKET POSITION

To date Bioclones is the sole South African company that provides erythropoietin (Repotin) to the South African state health department.

Bioclones has a strong pipeline of patent protected technologies focused principally on the enhancement of cellular immune response in humans. Chronic viral diseases, such as HIV, HBV and HCV are

the result of failure of cellular immune response. The same applies to spreading cancers and infectious diseases such as tuberculosis. A better understanding and rational manipulation of the cellular immune response will result in improved therapies for the control of these conditions.

PROSPECTS

The modern biotechnology industry is widely regarded as the growth industry of the millennium and has generated revenues of US \$60 billion in 2006. The product markets are global and Bioclones is making preparations to enter the global markets with two of the largest recombinant products by sale value. Bioclones has recently acquired the exclusive rights to cell lines which will enable the manufacture and sale of these products world wide excluding North America and Japan.

This affords a South African company an opportunity to join the global biotechnology industry. This is an opportunity which Bioclones is eager to grasp and to translate into sizeable dollar revenues. Major European and multinational corporations are the usual recipients of such agreements.

Africa is rife with infectious diseases for which modern biotechnology affords cost effective approaches to treatment. Africans in Africa need to launch and lead the biotechnology driven assault on these diseases.

In a post year end announcement, Biopad, a biotechnology regional innovation centre, established by the Department of Science and Technology (DST) announced an investment of US\$ 5,3 m which will enable Bioclones subsidiary, Ribotech Pty Ltd to manufacture locally advanced recombinant biotechnology products for world markets. Through this initiative, a Swiss based company, Solidago AG, that develops and licences strains of micro-organisms and cell lines, concluded a licensing and technology transfer agreement with Bioclones. This agreement will enable Bioclones to become a player in the world biotechnology sector.

STRATEGY FOR 2007

The capital invested in Bioclones to date will be realised through an intended listing in the next twelve to eighteen months. This corporate action is presently being evaluated.

Growth in 2007 will require significant focus on our sales performance within South Africa. This will be made possible with the increased visibility of the marketed products to new and existing customers by a dedicated sales team.

Exposure to international markets will be fueled by strategic partnerships and joint ventures.

Ryland Fisher
CEO

DIVISION

Media Holdings



SEKUNJALO MEDIA HOLDINGS (PTY) LTD

Sekunjalo Media Holdings (Pty) Ltd was established in March 2006. Ryland Fisher, who has more than 25 years of experience in the media industry (including working as the Editor of the Cape Times) was appointed as its CEO. Sekunjalo Media's mission is to make media solutions more accessible and affordable.

During the initial six-month period Ryland Fisher and his team have assessed several opportunities. They have fifteen transactions currently in the pipeline, three of which have already been approved by Sekunjalo's Investment Committee. As a result, these opportunities are now entering the due diligence stage.

As mentioned in the Deputy CEO's report, we are pleased to announce, in a post year end transaction, Sekunjalo Media Holdings acquired controlling stakes in ESP Afrika (Pty) Ltd and South Atlantic Jazz Festival, the organisers of prestigious Cape Town International Jazz Festival (CTIJF).

The strategic objective of Sekunjalo Media Holdings is to create value for shareholders. We aim to attract the top talent in the media industry and provide media solutions for under-served and untapped markets through competitive pricing. Significantly, we strive to act as an agent for transformation in the media industry.

Sekunjalo Media Holdings aims to build a media solutions business, while simultaneously pursuing strategic investment opportunities.

The media business will initially focus on publishing and communications, and will eventually venture into broadcast and new media.

Publishing will include magazine and book publishing businesses, while communications will include events management companies.

Sekunjalo Media Holdings' initial acquisition focus will be on profitable companies with a positive cash flow and low gearing.



ARTIST: FAREED ROSSIER

Mathuding Ramatlhodi
Executive Director



DIVISION

Enterprise Development

Sekunjalo as a leading black investment holding company is committed to broad based black economic empowerment (B-BBEE) and Small and Medium Enterprises (SMEs).

Sekunjalo Enterprise Development ("SED") has been established to enable those who have been previously disadvantaged to enter the mainstream economy. Through its activities SED aims to assist in the development of small and medium enterprises ("SMEs") leading to a transformation of the South African economy. At all times the core objectives will be that these SME's are profitable, yielding acceptable returns for all partners and realising job creation potential.

At Sekunjalo we are looking for opportunities to eradicate poverty through profits.

SERVICE OFFERING BY ENTERPRISE DEVELOPMENT TO SME'S

From the strong foundation of a trusted and well known brand, SED offers to SME's assistance in developing and growing their businesses. A comprehensive range of business development needs are made available through Sekunjalo or through service providers with whom we network.

These services and facilities include capital investment, coaching and mentoring, formal business skills and business consulting.

OPERATIONAL REVIEW

Sekunjalo and our subsidiaries have engaged in the following Enterprise Development Initiatives:

Business Place, Ekapa

Sekunjalo is a corporate partner of The Business Place in Cape Town (Ekapa). The Business Place is a national network of services, networking

organisations and community-based organisations (CBO's) clustered under one roof, with a friendly, accessible referral networking and information centre at its core. It provides a range of relevant services to aspirant and existing small and micro entrepreneurs, including assistance with business plans, free Internet access, legal and financial advice as well as business training workshops.

The Business Place has measured its positive impact and demonstrated success in creating employment and nurturing aspirant and existing small and micro entrepreneurs. Dr Iqbal Survé, the Chairman and CEO of Sekunjalo is the Chairman of the Business Place.

Empowerment for Fishing Companies

During the year under review, Premier Fishing has provided loan capital to numerous SME fishing companies. Training workshops in financial and business management were facilitated in the Western Cape and Port Nolloth.

STRATEGY FOR 2007

Having identified our focus for business development we will be actively pursuing opportunities to partner with targeted enterprises. Further resources are being made available by Sekunjalo to increase the capacity within SED and other group companies. SED will be working with group companies to ensure maximisation of potential for enterprise development within the group.

Outside of the group SED has selected tourism, construction and agriculture as three business sectors we will be targeting.

We are looking forward to making a valuable contribution to the transformation of the economy in South Africa by unlocking opportunities for the previously disadvantaged. We are passionate about seeing poverty alleviation through profits and restoring dignity to individuals.



ARTIST: SOLOMON SIKO

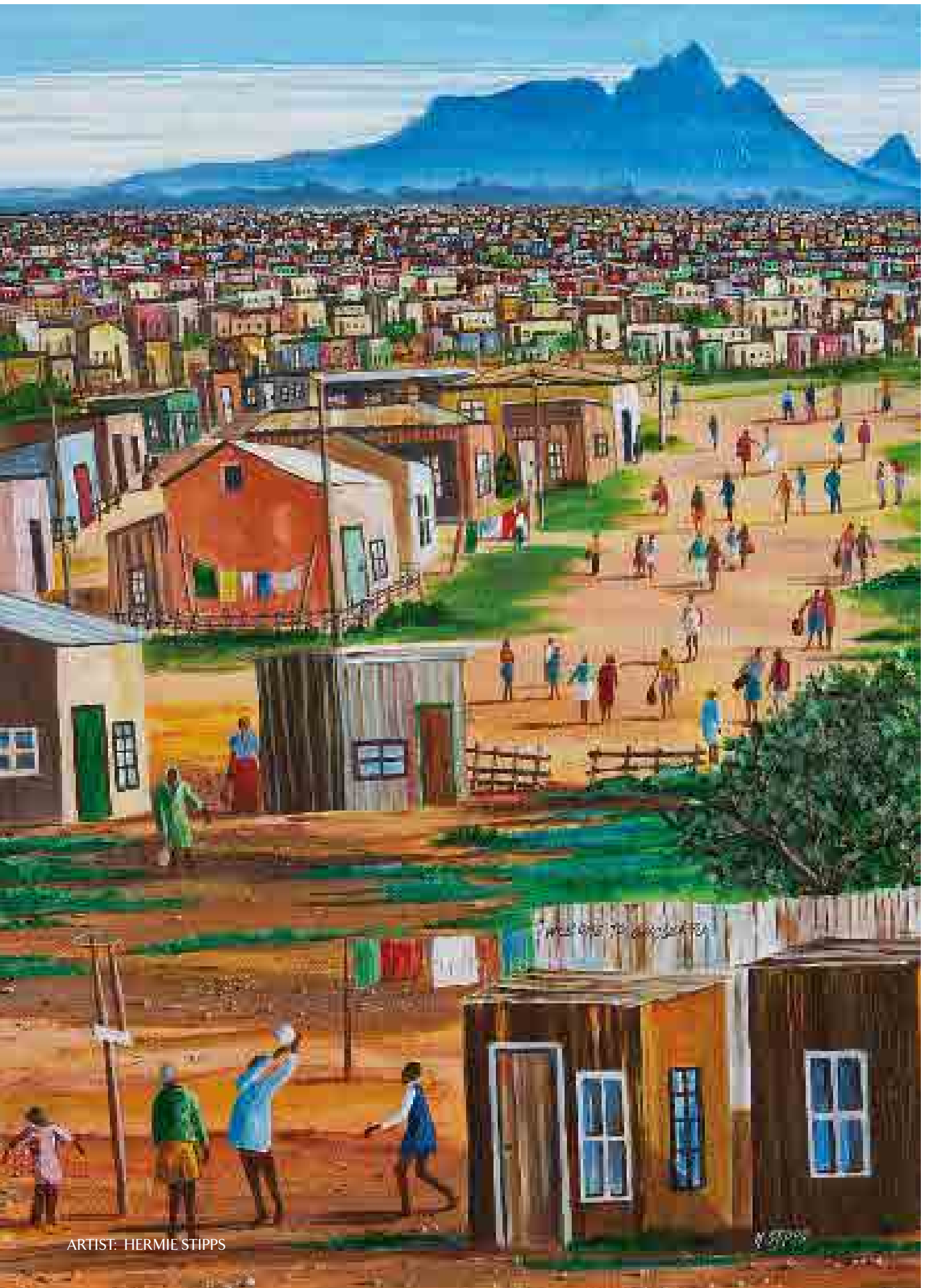
SECTION



Corporate Citizenship Report

“African art is a heritage which belongs to all mankind, a heritage which we must carry for our survival, because if we lose contact with our heritage, we risk destroying humanity. It’s a heritage of trial and error. We have to try to continue this beautiful humanity. If certain things do not succeed, we try other ways until we find a way to get a continual renaissance, rebirth”.

Ernest Mancoba (1904-2002)



ARTIST: HERMIE STIPPS



Corporate Citizenship Report

Good corporate citizenship is critical to the success of any enterprise. At Sekunjalo, this belief forms the core of our business philosophy and practices. By being a responsible corporate citizen, we actively make a valuable contribution to the sustainable economic and social development of our society.

We believe that South Africa's socially and economically divided history places an obligation upon businesses to actively contribute to the progress of South Africa – and this means not regarding development as being the sole responsibility of Government and civil society. This obligation begins within the organisation, with regard to the business environment, in which each employee understands that their Division needs to make a meaningful contribution – not only to the company, but to the greater community as well.

The Group subscribes to a sustainable approach when it comes to doing business. We also take environmental considerations into account when making financial decisions. Our subsidiary, Premier Fishing, supports and upholds sustainable fishing practices to preserve the fishing resources in South Africa for future generations.

The transformation of the business environment is a goal that is correct from a moral and business perspective. Sekunjalo has been rooted in a transformational view of business since the first day it started doing business. The *Draft Codes of Good Practice*, while not yet finalised, will provide a common framework for the business community; a benchmark against which business can measure themselves in the area of transformation and empowerment.

SKILLS DEVELOPMENT

The training and development of employees within the Group is an important strategic objective. It is also aligned with a strategic

objective of Government, which has identified skills development as a top priority. The *Skills Development Act* has provided a useful framework and guidance for the further education and training of the Group's employees.

Furthermore, the Group believes in creating a work environment that will allow its people to develop their potential and to benefit from being part of a progressive and dynamic organisation.

As an example, in 2006 Premier Fishing received a special award from the FoodBev Seta for excellence in supporting the National Skills Development Strategy through its extensive support of learnerships for workers and unemployed members of the community.

PROCUREMENT

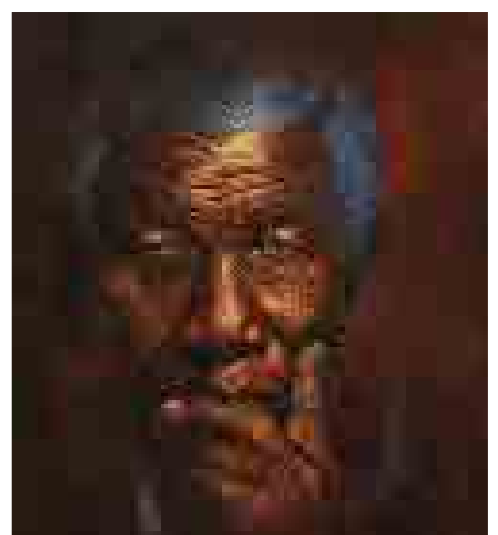
The objective of B-BBEE procurement is to assist in the promotion of black businesses, with a specific focus on SMMEs. We try to ensure that these businesses have access to the Group's extensive supply chain, and that procurement is consistent with governmental strategies on B-BBEE.

CORPORATE SOCIAL INVESTMENT (CSI)

Sekunjalo Investments has an active CSI programme that is run through the Sekunjalo Development Foundation. The foundation's areas of focus include Education, Arts and Sports Development. We have chosen areas that have the potential to impact on societal development, and play a significant role in nurturing young people who represent the future. Some initiatives of the Sekunjalo Investment Group are included below.



ARTIST: SOLOMON SIKO



ARTIST: GRANT OXCHE



Sekunjalo EduJazz Concert
Sekunjalo EduJazz Band



The MTM Health Professionals Bursary Trust Ceremony
 From left to right; *Hulisane Manyoha and Minister Manto Tshabalala- Msimang*

THE MTM HEALTH PROFESSIONALS BURSARY TRUST

Dr. Survé is Chairman of this Bursary Trust. Launched in 2001, the Trust provides bursaries to previously disadvantaged tertiary level students enrolled in the Health Sciences, specifically MBChB, Bsc, Physiotherapy, BSC Occupational Therapy and BA Logopaedics (Speech therapy). Students at all nine tertiary institutions offering health sciences have benefited from this award. The eleven students that benefited from the bursary initiative during 2006 took the total number of bursary recipients to 50. Sekunjalo also administers the bursary trust. In doing this, we work closely with university administration, academics and students who receive bursaries.

THE SEKUNJALO EDUJAZZ CONCERT

This annual event is now in its fifth year and combines two focus areas of Sekunjalo's CSI programme, namely arts and education. School bands and established musicians share a music platform, and the proceeds go towards bursaries for students at the poorer primary and high schools in the Western Cape.

The substantial growth of this event is shown by the fact that pupils from fifteen schools benefited from the launch concert. During 2006, pupils at 62 schools will have benefited from this project. The scope of this event has also extended in that a workshop conducted by established musicians for school-going musicians was held at a number of schools.

HEALTH SYSTEM TECHNOLOGIES (HST) GOLF DAY

This event was launched in 2004 by HST, a Sekunjalo subsidiary. Public hospitals in the Western Cape, such as Groote Schuur (Paediatric Ward), GF Jooste and Brooklyn Chest (TB hospital) have all been recipients of the generous proceeds raised at this annual Golf Day, which is now a firmly established event.

JACQUES KALLIS SCHOLARSHIP FOUNDATION

Sekunjalo Capital, a Sekunjalo subsidiary partnered with Jacques Kallis to launch the Jaques Kallis Scholarship Foundation in 2005 to support young boys with sporting potential. Four schools, namely Wynberg Boys High, Maritzburg College, Pretoria Boys High and

Selbourne College are participating in this initiative, with six students initially selected in 2006.

In addition to being a sponsor, Sekunjalo Capital and other Sekunjalo subsidiaries participated in the 2006 Jacques Kallis Golf Day. The Scholarship initiative will run until at least 2010.

SUPPORT FOR ARTISTS

Sekunjalo's Corporate Office was re-established during 2005/2006. In line with our support for the arts, a decision was taken to actively seek out the paintings of lesser-known South African artists to decorate our offices. We did this to provide them with a platform to expose their artwork, while also showing our support for them.

As a result of the exposure at our Corporate Office, other firms have also subsequently bought paintings from some of these artists. These initiatives make it entirely possible that these and other artists will achieve the recognition they deserve during their lifetime, in the country of their birth.

Photographs of a selection of their works are featured in this Annual Report.

The Sekunjalo Group has also made a significant number of ad-hoc donations to various organisations and causes. Some of the organisations that benefited from this include St. Luke's Hospice; The Mew Way Women's Craft project, Yenzani Shelter and the KZN Institute of the Blind. We believe that these groups are doing very necessary work in their respective communities, and support them gladly.

CONCLUSION

Sekunjalo is determined to pursue the goal of being a responsible corporate citizen. We have achieved a great deal in the last few years, but believe that there is much more that we can do.

Amilcar Cabral, a former leader in Guinea-Bissau, said *"Tell no lies, claim no easy victories"*. By actively working to become a responsible citizen in the corporate world, we will ensure that Sekunjalo can leave a legacy to be proud of.



Corporate Governance Report

1. CORPORATE GOVERNANCE VISION

The Board of Sekunjalo remains committed to the principles of effective corporate governance, integrity, transparency and application of the highest ethical standards in doing business. The Directors endorse the principles of *The Code of Corporate Practices and Conduct* contained in the *King Report on Corporate Governance* (2002). In supporting the Code, the Directors recognise the need to conduct the Group's businesses with integrity and in accordance with *South African Statements of Generally Accepted Accounting Practice* and best international practices.

2. BOARD OF DIRECTORS

The Sekunjalo Board of Directors consists of four Non-executive Directors and five Executive Directors who determine the standards and policies to ensure that the highest quality of corporate governance is maintained within the Group. The Non-executive Directors on the Board assist with their independent experience in debating and solving issues, which the Board discusses.

The Non-executive Directors are completely independent of management or any relationship that could significantly affect their independent decisions and advice. Three members have been appointed to the Board during the last financial year. Mohammed Yusuf Kajee has rejoined and Norman Theodore Noland and Salim Young were newly appointed.

Norman Noland has taken up the position of Deputy Chief Executive Officer and Mohammed Yusuf Kajee has taken up the position of Chief Operating Officer. In addition to this, Mihe Goamab, The First was appointed as a Non-executive Director after the end of the financial year. Dr Wallace Mgoqi resigned as Chairman and Director to pursue his interests outside of Sekunjalo. Muzi Nkosi resigned to pursue further business interests, and Kevin Charles Patel resigned from the Board to focus on his position as Chief Executive Officer of Premier Fishing SA (Pty) Ltd, a subsidiary of Sekunjalo Investments Limited.

According to the company's articles of association, all Directors are subject to retirement by rotation and re-election by shareholders at least once every three years.

The Board has a policy that allows for the clear Division of responsibilities at board level to ensure a balance of power and authority. This means that no one individual has unlimited powers when it comes to decision-making.

The Board meets at least four times a year to review the financial and operational performance of the Group and to consider

issues that may have a significant impact on the Group. Senior managers of the company may attend Board meetings by invitation.

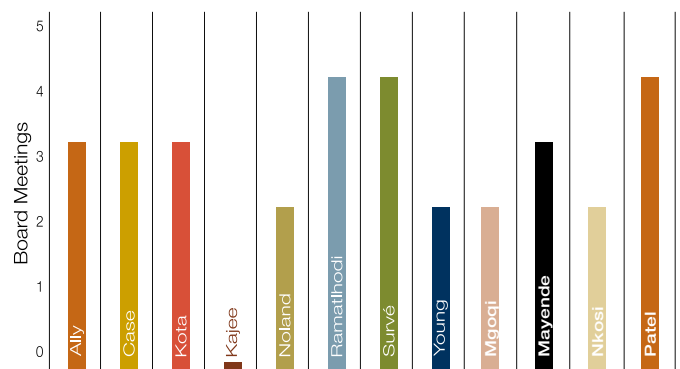
The Directors of the Board have to advise the Financial Director or the Company Secretary, should they wish to buy or sell any shares in the company. The Directors are not allowed to make use of internal company information when deciding whether or not to buy or sell shares.

The Board has full and unrestricted access to all company information, records, documents and property, and monitors the non-financial aspects relevant to the business of the company.

The Board recognises its responsibility to report and communicate all matters of significance to all our stakeholders and to ensure effective communication between our internal and external stakeholders.

The Board encourages attendance at Annual General Meetings (AGMs) of its Directors and chairpersons of its committees. We appraise the performance of the Chief Executive Officer on an annual basis through our committees.

DIRECTORS' ATTENDANCE AT BOARD MEETINGS



*Mo Kajee appointed 17 August 2006

**Wallace Mgoqi resigned with effect from 31 August 2006

***Muzi Nkosi resigned with effect from 12 June 2006

****Kevin Patel resigned with effect from 12 June 2006

● Ally ● Case ● Kota ● Kajee* ● Noland ● Ramathodi
● Survé ● Young ● Mgoqi** ● Mayende ● Nkosi*** ● Patel****

3. THE CHAIRMAN

The Chairman ensures that the Board is functioning efficiently and provides guidance and leadership for the Group. The Sekunjalo Board elects the Chairman.

The Board has complied with the *JSE Securities Exchange South Africa's (JSE) Listings Requirements*, in that the roles of Chairman and Chief Executive Officer are separated. However, due to the resignation of Advocate Wallace Mgoqi, the role of Chairman and Chief Executive Officer is one for a temporary period of time. This will be resolved at the next Annual General Meeting of the company which will take place on 13 February 2007.

4. CHIEF EXECUTIVE OFFICER

The Chief Executive Officer, Dr Iqbal Survé, is responsible for the leadership and strategic direction of the Group. He also serves as Chairman of most of the Subsidiary Boards and as Chairman of the subsidiary Executive Committees.

5. DEPUTY CHIEF EXECUTIVE OFFICER

The Deputy CEO is Norman Noland, who is responsible for the day-to-day operation of the business.

6. BOARD COMMITTEES

The Board has established a number of committees to assist it in performing its duties, and to fulfil its effective decision-making processes. Specific responsibilities have been formally delegated to the sub-committees, with defined regulations and terms of reference. We have appointed audit, remuneration, investment and transformation committees as detailed below.

6.1. AUDIT COMMITTEE

The Group's audit committee is chaired by Ms Mathuding Julia Ramathodi, and includes Ms Dianne Case and Mr Mogamat Hishaam Ally. The audit committee meets at least three times a year. The audit committee acts as the link between the external auditors and the Board. This committee's responsibilities include ensuring that internal controls are in place and that management is continuously improving these controls. The committee is also responsible for reporting to the Board on the final Group financial results.

The main objectives of the committee include the following:

- Assisting the Board of Directors in fulfilling their responsibilities by ensuring that the system of internal controls, accounting practices, management information systems, financial reporting systems and auditing processes are functioning effectively;
- To facilitate effective communication between the Board of Directors, senior management and the external auditors;
- To establish the credibility, objectivity and reliability of published financial reports and ensuring that the financial statements comply with *South African Statements of Generally Accepted Accounting Practice*. By doing this, the committee can provide an objective independent forum for the resolution of significant accounting and reporting related matters;
- To promote the overall effectiveness of corporate governance
- To evaluate the independence and effectiveness of the external auditors

- To monitor the ethical conduct of the company, its executive and senior officials. The external auditors can communicate with the chairman of the audit committee and all of its members throughout the year. The chairman of the committee is also available at the AGM to answer questions about the committee's activities.

6.2. REMUNERATION COMMITTEE

Dr Survé has taken over as Chairman from Dr Wallace Mgoqi from 31 August 2006. However, he is recused when discussions arise that relate to the Chairman's/CEO's remuneration. Therefore, the Remuneration committee does not consist entirely of Non-Executives and members of the committee include Mr Salim Young, Ms Zoliswa Albertina Kota and Ms Dianne Case.

Each subsidiary company has its own remuneration committee, which consists of Non-executives, and a Non-executive Director chairs this committee.

The remuneration committee meets at least once a year, and determines the fees to be paid to Non-executive Directors in consultation with a senior director of the external auditor. Consideration is given to the relative contribution of each Non-executive Director and their participation in the activities of the Board and its committees.

6.3. INVESTMENT COMMITTEE

The members of the investment committee include Dr Mohamed Iqbal Survé, Mogamat Hishaam Ally, Norman Noland, Mathuding Ramathodi and Gilingwe Mayende.

The investment committee has been established to evaluate opportunities that present themselves to the Board, and advises the Board on such investment opportunities. However, the Board is responsible for the final decision on all such investments.

6.4. TRANSFORMATION COMMITTEE

The members of the committee include Dr. Mohamed Iqbal Survé and Ms Zoliswa Albertina Kota. The Transformation Committee has been established to lead transformation within the Group.

7. ANNUAL FINANCIAL STATEMENTS

The Directors are required by the Companies Act to maintain adequate accounting records, and are responsible for the preparation of the annual financial statements. These fairly represent the financial state of affairs of the company. The Group has complied with *South African Statements of Generally Accepted Accounting Practice*.

Statements are based on appropriate accounting policies as set out in the notes to the financial statements, and are supported by reasonable and prudent judgments and estimate support documentation.

The external auditors are responsible for providing an independent assessment of internal controls and reporting on whether the financial statements are fairly presented, and whether they conform to *South African Statements of Generally Accepted Accounting Practice*. The external auditors offer reasonable, but not absolute, assurance on the accuracy of financial statements, but Sekunjalo's management is responsible for the preparation of the financial statements.

External auditors consult with the audit committee to ensure an efficient and accurate auditing process. The audit committee also sets the principles for recommending the use of external auditors for non-auditing services. The external auditors provide no significant non-auditing services.

The Directors believe that the financial statements fairly present the financial position of the Group at the end of the financial year. They also reflect the result of the operations and cash flow information for the year under review.

8. RISK MANAGEMENT

The Deputy Chief Executive Officer is responsible and accountable to the Board for all Group operations. The subsidiary and Group management accounts are prepared on a monthly basis and compare actual results against approved budgets.

The Board is responsible and accountable for ensuring that adequate procedures and processes are in place to identify, assess, manage and monitor key business risks.

The Directors of the Group's companies are responsible for ensuring that the Group maintains accounts and implements effective systems of control. Management is responsible for the implementation and maintenance of these controls, based on established procedures and implementation by trained, skilled individuals. Key to this is an appropriate distinction of duties.

9. EMPLOYMENT EQUITY AND SKILLS DEVELOPMENT

The Group has been successful in providing equal employment opportunities and in promoting internal candidates. The Group complies with the *Employment Equity Act* and proactively strives to develop its people.

The Group subscribes to affirmative action measures to address any employment disadvantages experienced by historically disadvantaged groups and individuals.

The training and development of employees within the subsidiary companies is an important strategic objective of the Group. As such, the *Skills Development Act* has provided a useful framework and guide for the further education and training of the Group's employees. Additionally, the Group also believes in creating a working environment that will allow its people to develop their abilities, and to benefit from being part of a progressive and dynamic organisation.

Sekunjalo has played an active role in the advancement of previously disadvantaged persons, a fact that is reflected in the company workforce. The majority of our managers are from historically disadvantaged communities, and the majority of our employees are historically disadvantaged individuals.

10. HEALTH AND SAFETY

Sekunjalo rigorously applies health and safety regulations in the quest for an accident-free working environment. We have actively created greater awareness of risk exposure in these

areas, and controls have been increased to proactively reduce our stakeholders' vulnerability to environmental, health and safety hazards.

Strategies and plans are in place to manage and minimise the potential impact of HIV/Aids and the consequential loss of skills and productivity.

Sekunjalo has implemented an appropriate and comprehensive HIV/ Aids strategy through its subsidiaries. This strategy includes, where possible and appropriate, the provision of antiretroviral treatment. The Group further emphasises the need for education and the inclusion of working representatives in terms of its HIV/Aids policy.

11. CORPORATE CODE OF ETHICS

The Group subscribes to the highest levels of professionalism and integrity in conducting its businesses and dealing with all stakeholders. All employees are expected to share our commitment to high moral, ethical and legal standards.

All Directors and employees are aware of the high code of ethics that is maintained throughout the Group. The Group subscribes to a code of ethical and moral behaviour that requires total transparency for all stakeholders. Sekunjalo prizes fairness and honesty and is intolerant of theft and dishonesty.

12. DEALING IN GROUP SHARES

Directors and officers of the company are not permitted to trade in the shares during closed periods, which commence at the end of the half-year financial year-end and the full-year financial year-end. Directors are updated according to any changes in terms of the *JSE Listings Requirements*.

All dealings in company shares by the Directors are reported on SENS within 24 hours of the trade having been made.

13. SUSTAINABILITY REPORTING

The Group has as a key strategic objective the creation of a sustainable environment. In this regard, the policies, procedures and systems of the company have been put in place so that it is able to meet its commitments to the various stakeholders in an ethical, socially responsible and environmentally friendly manner.

Sekunjalo acknowledges its responsibility to all employees and the public for compliance with environmental standards. We have also established policies, identified standards and determined regulatory requirements. We have also identified monitoring and measuring programmes to further increase our environmental accountability.

The Group is committed to environmental sustainability and renewal – especially when it comes to fishing resources. In this regard, Premier Fishing works closely with the relevant authorities to safeguard the various fish species. Additionally, this subsidiary company pays careful attention to the environmental impact of its operations.

The Board has affirmed the practice with regard to procurement by its subsidiaries from black economic empowerment companies.

The Board has put in place policies to ensure that the entire Group's subsidiaries act in an environmentally friendly manner that takes into account the existence of the communities in which the subsidiary operations are located.

The Board is firmly committed to the development of intellectual and human capital. In line with this, the performance assessment of senior managers includes an assessment of how they have developed the human capital of the organisation. The Board focuses on the development of historically disadvantaged individuals in particular.

14. COMMUNICATION

The Group subscribes to a policy of full, accurate and consistent communication in respect to all its affairs. The Board seeks to present a balanced and understandable assessment of the company's position when reporting to stakeholders – at all times.

The Chairman / Chief Executive Officer, Deputy CEO and Financial Director regularly communicate with major shareholders,

institutional investors, analysts and the media. We encourage shareholders to attend the annual general meeting which provides shareholders with an opportunity to raise concerns, ideas and participate in discussions at the AGM. We publish our financial results on SENS and shareholders receive a copy of our Annual Report.

The Annual Report deals adequately with disclosures relating to financial statements, auditors' responsibility, accounting records, internal controls, risk management, accounting policies, adherence to accounting standards, going concern issues, as well as our adherence to established codes of governance.

The Group acknowledges the role of the media, especially that of financial journalists, and the Group endeavours to assist these role players as much as possible.

15. COMPANY SECRETARY

All directors have access to the advice and services of the Company Secretary who provides guidance to the board as a whole and to individual directors with regards to Corporate Governance and how they should discharge their responsibilities in the best interests of the company.