

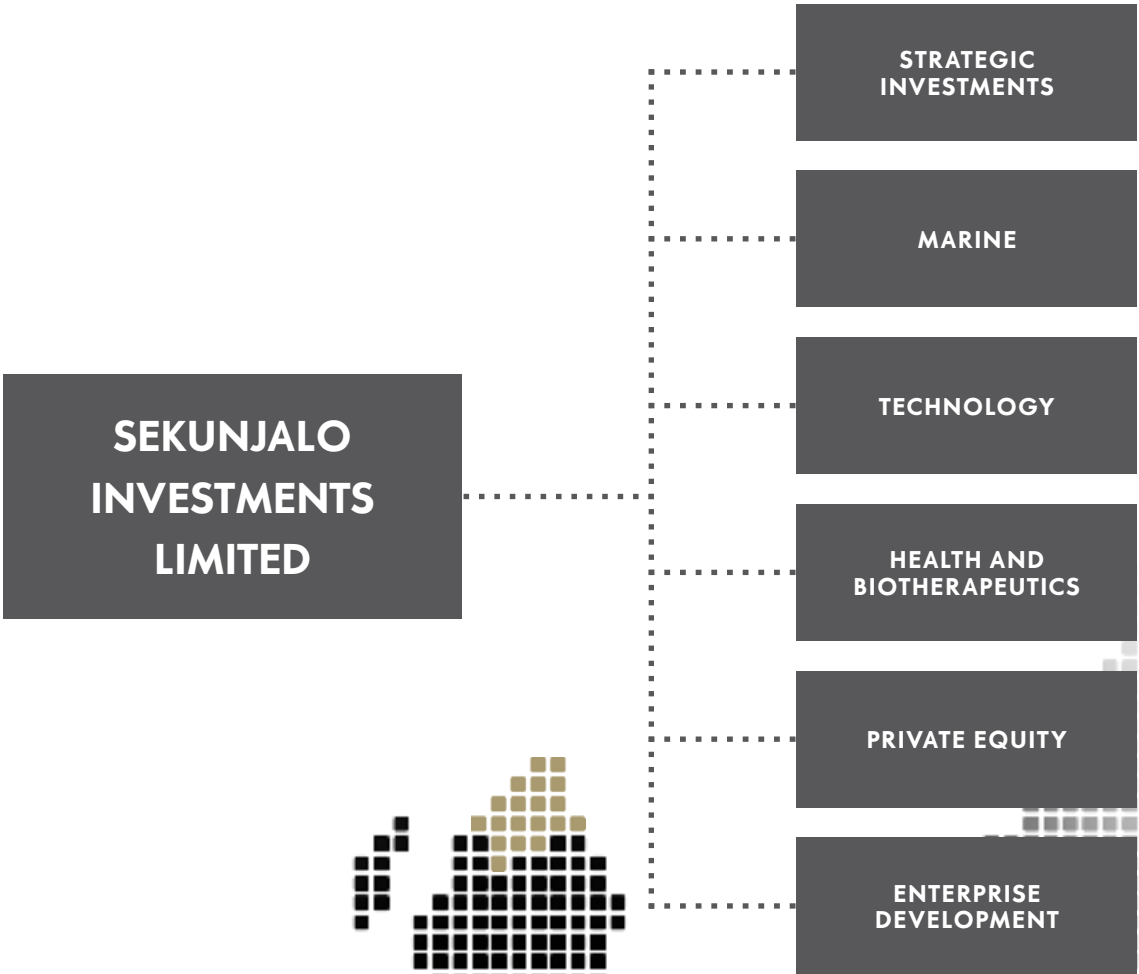
ANNUAL REPORT 2010

SEKUNJALO
Africa, now is the time.

SEKUNJALO INVESTMENTS LIMITED ANNUAL REPORT 2010



GROUP STRUCTURE



CONTENTS

	Page
Financial highlights	2
Five-year review	3
Vision and mission	4
Board of directors	6
Executive chairman's report	8
Chief executive officer's report	12
Group structure	18
Corporate governance report	20
Sustainability report	29
Annual financial statements	37
Supplementary schedule	110
Shareholder information	111
Dates of importance to shareholders	112
Administration	112
Notice of annual general meeting	113
Form of proxy	117

FINANCIAL HIGHLIGHTS

	2010	2009	2008	2007	2006
	R'000	R'000	R'000	R'000	R'000
Revenue	436 948	399 481	601 534	449 516	422 418
Profit/(loss) before tax	23 085	(44 223)	(1 177)	174 106	86 812
Profit/(loss) after tax (including portion attributable to non-controlling interests)	8 790	(58 772)	5 633	112 416	71 905
Headline earnings	12 898	7 571	19 088	152 688	65 172
Net asset value – Group	403 202	392 297	449 590	591 070	412 692
Net asset value – Company	639 344	629 268	632 850	1 031 492	903 538
Total assets – Group	727 638	723 457	898 985	953 774	731 371
Total assets – Company	807 103	774 845	740 413	1 181 104	1 014 364
Earnings per share (cents)	1.67	(12.05)	1.32	28.67	20.94
Headline earnings per share (cents)	2.64	1.55	3.94	38.20	20.60
Net asset value per share – Group (cents)	82.22	80.57	93.18	125.97	114.42
Net asset value per share – Company (cents)	130.65	128.20	129.33	219.84	250.51

FIVE-YEAR REVIEW

STATEMENT OF FINANCIAL POSITION

	2010	2009	2008	2007	2006
	R'000	R'000	R'000	R'000	R'000
Assets	727 638	723 457	898 985	953 774	731 371
Property, plant and equipment	138 193	143 614	195 535	201 374	190 440
Intangible and biological assets	107 654	121 206	185 645	143 948	122 571
Investments and loans	314 518	246 990	159 565	361 081	202 173
Deferred tax assets	24 956	31 332	35 165	14 607	24 462
Current assets	173 027	161 929	286 451	192 331	191 725
Assets of disposal groups classified as held for sale	3 336	18 386	53 964	40 433	–
Equity	403 202	392 297	449 590	591 070	412 692
Equity attributable to equity holders of the parent	402 335	394 239	455 948	561 329	364 049
Non-controlling interest	867	(1 942)	(6 359)	29 741	48 643
Liabilities	324 436	331 160	449 396	362 704	318 679
Non-current financial liabilities	55 960	58 923	53 467	46 486	54 947
Deferred tax liabilities	97 239	93 044	87 190	106 911	68 382
Current liabilities	165 561	165 971	261 763	178 203	192 633
Post-employment medical costs	1 080	794	1 017	2 072	1 970
Operating lease liability	1 198	687	293	348	747
Liabilities of disposal groups classified as held for sale	5 676	11 741	45 666	28 684	–
Net asset value					
Group	403 202	392 297	449 590	591 070	412 692
Company	639 344	629 268	632 849	1 031 492	903 538
Net asset value per share					
Group	82.22	80.57	93.18	125.97	114.42
Company	130.65	128.20	129.33	219.84	250.51

STATEMENT OF COMPREHENSIVE INCOME

	2010	2009	2008	2007	2006
	R'000	R'000	R'000	R'000	R'000
Revenue	436 948	399 481	601 534	449 516	422 418
(Loss)/profit before depreciation and amortisation (EBITDA)	(2 618)	(5 863)	35 085	191 077	101 996
Profit/(loss) before taxation	23 085	(46 244)	(1 177)	174 106	86 812
Taxation	(12 825)	(13 928)	3 352	(61 690)	(14 907)
Profit/(loss) for the year from continuing operations	10 260	(60 172)	2 175	112 416	71 905
(Loss)/profit for the year from discontinued operations	(1 470)	(668)	3 458	–	–
Profit/(loss) for the year	8 790	(58 772)	5 633	112 416	71 905
Attributable to:					
Equity holders of the company	8 176	(58 941)	6 415	114 620	66 259
Minority interests	614	169	(782)	(2 204)	5 646
Headline earnings	12 898	7 571	19 088	152 688	65 172
	cents	cents	cents	cents	cents
Earnings per share	1.67	(12.05)	1.32	28.67	20.94
Headline earnings per share	2.64	1.55	3.93	38.20	20.60
Diluted earnings per share	1.67	(12.05)	1.32	27.52	18.21

VISION AND MISSION

CORPORATE PROFILE

Sekunjalo Investments Limited (“Sekunjalo” or “the Company”) is a majority black-owned and black-controlled investment holding Company situated in Southern Africa with international partners. The Group holds strategic investments as well as investments in Marine, Technology, Health and Biotherapeutics, Private Equity and Enterprise Development supporting Broad Based Black Economic Empowerment (B-BBEE) and Small, Medium and Micro Enterprises (SMMEs).

Sekunjalo appoints the boards and management of all its subsidiary companies. It currently indirectly employs over 2 000 employees and over 10 000 people benefit from its investments and associated companies, predominantly in Southern Africa. Sekunjalo is a significant exporter and generates a large portion of income in foreign currency.

Sekunjalo has a growing international reputation as a founder Company of the World Economic Forum (“WEF”) New Champions and Community Global Growth Company (“CGGC”) and an Advisory Board Member of the Community of Global Growth Companies.

Sekunjalo has strong B-BBEE credentials and has been ranked as the country’s top most Empowerment Company in 2010 by the Financial Mail. The Financial Mail/Empowerdex awards have also authoritatively ranked the Company in 2006 as the Top Empowerment Company and in 2004 and 2005 as one of the Top Empowerment Companies (2nd and 7th respectively) out of the Top 200 companies listed on the Johannesburg Stock Exchange. Sekunjalo also won the award in its sector in 2004, 2005, 2006 and 2010.

It is the empowerment partner of choice to many large and small businesses and enjoys solid partnerships and strategic investments with multinationals such as Siemens, Microsoft, Cognos, IBM, Julphar, GlaxoSmithKline, British Telecoms and Saab South Africa.

As a 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 HDIs and previously marginalised communities. The Sekunjalo Group has received numerous awards for its business performance and its achievement of real economic transformation for marginalised South Africans.

The Group’s commitment to transformation, including employment equity, skills and enterprise development, as well as corporate social investment, makes it a role model for B-BBEE.

MISSION STATEMENT

Sekunjalo is an investment holding Company that seeks to empower individuals and communities through profitable investments. It provides affordable products and services to achieve this goal.

“Empowering people through profits” is a key foundation of Sekunjalo’s mission statement. The Company recognises 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.

TRANSFORMATION

For Sekunjalo, transformation is beyond the need for B-BBEE but is inclusive of transformation of the culture, ethics and values of the organisation.

Sekunjalo was established when opportunities were slowly 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, the Company's ethos was a transformational one. The majority of the founding members had been social activists. They 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 made possible.

The B-BBEE Codes of Good Practice, promulgated in 2007, emphasised the need to extend empowerment to a broader base of South Africans. They provided guidelines and a balanced scorecard to measure the transformation of a business entity from an empowerment perspective. Sekunjalo championed transformation within the Group and has since been recognised for its contribution to this process.

INVESTMENT PHILOSOPHY

Sekunjalo's investment philosophy is to follow sound business principles and practices in its quest to create wealth for all of its stakeholders in a sustainable way. The Company identifies and promotes entrepreneurs with potential and flair in its prospective business ventures.

A cornerstone of Sekunjalo's philosophy is the upliftment of previously marginalised groups by creating employment, emphasising development and transferring skills. Its investment philosophy is value-driven and it is always aware of the need to maintain and strengthen corporate governance.

Sekunjalo also teaches its 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.

Sekunjalo's business model has resulted in it acquiring control of the majority of its investments. This enables it to add value through its extensive networks, whilst promoting an entrepreneurial culture within its management structure and staff groups.

In selected investments which are identified as strategic, Sekunjalo will acquire strategic non-controlling stakes, provided that the Company is able to add value and to influence the business process to create wealth and achieve transformation.

BOARD OF DIRECTORS



From left: Dr Iqbal Survé, Khalid Abdulla, Chantelle Ah Sing, Cherie Hendricks, Rev. Dr Vukile Mehana, Salim Young
Absent: Mihe Gaomab, The First

EXECUTIVE DIRECTORS

EXECUTIVE CHAIRMAN

DR M IQBAL SURVÉ (47)
MBChB, BSc (Med) (Hons) Sports Med. (UCT), Fellow of the American College of Sports Medicine (FACSM), MBA (UCT); SEP (Harvard)

Appointed: 20 May 1996
Nationality: South African
Dr Survé is a medical doctor, philanthropist and global business leader. He serves on the board of multinationals such as Siemens Ltd, Nokia Siemens Networks and British Telecoms. He is Vice Chairman of Saab Defence South Africa (Pty) and the Pioneer Food Group.

He is also the chairman of the largest shareholder of Sekunjalo, namely Sekunjalo Investment Holdings (Pty) Ltd. He is chairman of all the major group subsidiary companies of the Sekunjalo Group. Dr Survé is chairman of UCT's Graduate School of Business and a Governor of the UCT Foundation Board of Governors.

He is also the recipient of many business awards, including Sakeleier van die Jaar (*Die Kaapse Sakekamer* and *Die Burger*), the Impumelelo Top Businessman of the Year Award and the *Cape Times* Editors Award for Business Excellence.

Dr Survé has been appointed to and participated in many prestigious Presidential, Ministerial and Public Institutions and Advisory boards. Dr Survé is a Fellow of the Africa Leadership Initiative, a Fellow of the HRH the Prince of Wales Business & Environment Programme as well as being appointed by President Bill Clinton to the Board of Governance on the Clinton Global Initiative. He is a participant member of the World Economic Forum and Davos attendee, Chairman of the Saudi South Africa Business Council and a Council Member of the South Africa-US Business Council/Forum.

Major directorships: Siemens Ltd, Nokia Siemens Networks (Pty) Ltd ("NSN"), Pioneer Food Group Ltd,

Chairman UCT Graduate School of Business Advisory Board, Modjadji African Empowerment Consortium Ltd, Umkhankaso Ikapa Investments Ltd, Siyolo Energy and African Resources (Pty) Ltd, Sekunjalo Investment Holdings (Pty) Ltd, Premier Fishing SA (Pty) Ltd, Bioclones (Pty) Ltd, British Telecoms South Africa (BT), Saab South Africa (Pty) Ltd.

CHIEF EXECUTIVE OFFICER

KHALID ABDULLA (45)
Master of Business Administration – MBA (UCT), BCompt (Hons), CTA (Unisa), Project Management (UCT), Member of Institute of Accounting and Commerce – MIAC

Appointed: 29 August 2007
Nationality: South African
Mr Abdulla has been appointed as the chief executive officer of Sekunjalo Investments Ltd and has been with the Group since 1999. He has been with the Group for more than 11 years having started as CEO of a health

care subsidiary and also successfully serving as CEO of the IT and Capital businesses.

Mr Abdulla has been appointed to and participates on various boards and NGOs. He has 25 years varied commercial experience directly related to healthcare, information technology, financial services and fishing.

He was the recipient of the Black Business Executive Circle (BBEC)/Absa Bank Kaelo Awards in April 2010. "Kaelo" is a Tswana word meaning to give direction or guidance.

Major directorships: British Telecoms South Africa (BT), Saab South Africa (Pty) Ltd, Health System Technologies (Pty) Ltd, Sekunjalo Medical Logistics (Pty) Ltd, espAfrika (Pty) Ltd, Amethst (Pty) Ltd, Sekunjalo Technology Solutions Group (Pty) Ltd, Fios (Pty) Ltd, Sekunjalo Capital (Pty) Ltd, Sekunjalo Financial Services (Pty) Ltd, Premier Fishing SA (Pty) Ltd and Bioclones (Pty) Ltd.

CHIEF FINANCIAL OFFICER

CHANTELLE AH SING (36)

Appointed:

19 November 2009

Nationality: South African
Miss Ah Sing is the chief financial officer of Sekunjalo Investments Limited. She joined the associate company within the Sekunjalo Group in 2007 in the role of financial director at Bioclones (Pty) Ltd and later at Sekunjalo Health Care Limited. She has obtained her extensive experience in manufacturing industries during her tenure with Deloitte & Touche in Port Elizabeth and expanded her

experience to the service and FMCG industry as accountant and financial manager respectively in Cape Town.

Major directorships:

Sekunjalo Health Care Limited, Sekpharma (Pty) Ltd, Wynberg Pharmaceuticals (Pty) Ltd, Bioclones (Pty) Ltd and Ribotech (Pty) Ltd.

CORPORATE AFFAIRS AND SUSTAINABILITY DIRECTOR

CHERIE FELICITY HENDRICKS (47)

Appointed: 18 March 2009

Nationality: South African
Miss Hendricks is the corporate affairs and sustainability director responsible for corporate affairs which includes sustainability, regulatory compliance, corporate social investment and group communication. She has more than 11 years' experience in the Sekunjalo Group and currently sits on the boards of the Group's major investments

and links the Group's subsidiaries with the Group corporate office.

Major directorships:

Bioclones (Pty) Ltd, Fios (Pty) Ltd, Health System Technologies (Pty) Ltd, Premier Fishing SA (Pty) Ltd, Ribotech (Pty) Ltd, Sekunjalo Capital (Pty) Ltd, Sekunjalo Corporate Services (Pty) Ltd, Sekunjalo Financial Services (Pty) Ltd, Sekunjalo Health Care Ltd, Sekunjalo Technology Solutions Group (Pty) Ltd, South Atlantic Jazz Festival (Pty) Ltd, espAfrica (Pty) Ltd.

NON-EXECUTIVE DIRECTORS

MIHE GAOMAB, THE FIRST (47)

Appointed:

13 September 2006

Nationality: Namibian

Mr Gaomab is an international businessman with major business interests in Namibia and South Africa. He is the executive chairman of Falcon Resource Holdings (Pty) Ltd, chairman of Namibia Atlantic Shipping Corporation (Pty) Ltd and African Renaissance Mining Company (Pty) Ltd.

Major directorships: Falcon Resource Holdings (Pty) Ltd (Executive Chairman), Namibia Atlantic Shipping Corporation (Pty) Ltd (Chairman), Symphony Resources (Pty) Ltd and African Renaissance Mining Company (Pty) Ltd.

REV. DR VUKILE CHARLES MEHANA (57)

BTh (Rhodes University), AMP (INSEAD Business School, France), Certificate on Public Enterprises (National University of Singapore), MBA (De Montfort University, UK),

DPhil (University of Johannesburg), ordained Minister of the Methodist Church of Southern Africa

Appointed: 08 August 2007

Nationality: South African
Rev. Dr Mehana is the Chairman of the LR Management Group (Pty) Ltd and also sits on the Boards of various Companies. He is an active leader in Non-profit Organisations. He is the Chairman of the Ex-political Prisoners Trust, the National Chaplaincy of the African National Congress and is the Chief Scout of the South African Scout Association.

Major directorships: LR Management Group (Pty) Ltd (Chairman), Mendo Holdings (Pty) Ltd (Non-executive Chairman), Jakavula Investments (Pty) Ltd, Makana Investment Corporation (Pty) Ltd (Non-executive Director representing the Ex-Political Prisoners Trust), Council Member of the National Home Builders Registration Council (NHBRC),

Modjadji African Empowerment Consortium Ltd, Umkhankaso Ikapa Investments Ltd and Sek TSG (Pty) Ltd.

SALIM YOUNG (52)

BProc LLB (UWC), LLM (Tulane University, USA)

Appointed:

12 December 2005

Nationality: South African
Mr Young is an experienced corporate lawyer and is a former director of Mallinicks Inc – now Webber Wentzel – where he started his legal career. He is currently an executive director on the board of British American Tobacco South Africa situated in Stellenbosch and maintains board positions in a number of other companies where he chairs or sits as a member of various subcommittees. Mr Young holds a master's degree in international commercial law.

Major directorships:

British American Tobacco SA (Pty) Ltd, British American Tobacco Holdings (Pty) Ltd, International Tobacco Company Ltd, Webber Wentzel Attorneys incorporating Mallinicks, Absa Bank (Western Cape Regional Board), Unipalm Investments Ltd.



It is an exceptional honour and privilege to reflect and report on Sekunjalo Investments Limited's performance in its 11th year as a JSE-listed company. The year 2010 has been a momentous year for South Africa and Africa through our successful hosting of the 2010 FIFA World Cup™. The courageous performance of our national soccer team Bafana Bafana, who showed their true potential and more importantly united South Africans and allowed us to momentarily forget our colourful and challenging past. We as Africans have every reason to be proud of this achievement of hosting the world's greatest sporting event.

At our ten-year celebration last year Sekunjalo gave notice of its intention to expand rapidly into the African continent and saw the emergence of our new logo "Africa, now is the time". The capital markets of Europe and North America are no longer considered the safe havens for investments, and emerging markets such as South Africa are now considered to be of the safest places to invest right now. This is an incredible turnaround for those of us who remember the negative sentiment towards emerging markets in general and Africa in particular over the last decade. Whilst the future of our continent continues to have its challenges (including strengthened currencies due to the capital flows) there is no doubt that our hosting of the 2010 FIFA World Cup™ with great success will boost the pride and morale of all Africans and will serve as a reminder of what we are truly capable of. As former President and Nobel Peace Laureate Nelson Mandela once said, "After climbing a great hill one only finds that there are many more hills to climb." For Africa the climb has just begun.

Sekunjalo too has climbed this great hill and achieved success as a company in its 11th year of being listed on the JSE Limited ("JSE"). I recall the time when Sekunjalo listed in May 1999 and there were more than 40 black companies that were listed on the JSE. Today there are to all intents and purposes only a handful of companies that can say they are majority black owned, controlled and managed. Sekunjalo is consistently recognised as the top ranked black economic empowerment company on the JSE by the authoritative Financial Mail and Empowerdex annual rankings. Sekunjalo for the second time is the number one company of the Financial Mail Top 200 Empowerment Companies for 2010. This follows Sekunjalo as having been consistently in the top 10 and number 1 in its sector for almost every year since the inception of the awards. Whilst awards are significant they only tell half the story in that they validate the business model and show our consistent approach to areas such as black economic empowerment, corporate social

investment, enterprise development and employment equity. The other half of the story is that Sekunjalo has truly given its stakeholders, such as its employees and partners, pride through their involvement and association with the Group. The awards are also a privilege for Sekunjalo to be recognised by all the major companies in South Africa. Naturally these awards would be meaningless if we were not to recognise the passion and commitment of Sekunjalo's management team and all of the employees (both black and white) in achieving this major accomplishment again. Without their commitment, passion and dedication this would not be possible at all. South Africa needs a greater involvement of black people in the economy and it would be wonderful to see a greater part of the JSE owned by historically disadvantaged people. Whilst we take pride in our achievement as the top ranked BEE company in South Africa we would take even greater pride to see a greater number of black businesses succeeding.

2010 was also the year that Sekunjalo enhanced its stature and involvement in the international business community. In 2010 Sekunjalo, an inaugural member of the Community of Global Growth Companies (CGGC) of the World Economic Forum (WEF), was invited to become a select partner to the World Economic Forum CGGC, otherwise called the New Champions. Sekunjalo's membership of this highly prestigious WEF global business community has allowed it to become a truly global company, especially impacting the African environment. Sekunjalo's membership of the WEF has also allowed the company to reward its top performers with participation in the WEF summits in China, Africa and Davos, Switzerland. The involvement of our executives at these summits has significantly enhanced their understanding of a globalised business world. I am particularly pleased as chairman to see that the Sekunjalo executives have grown through this engagement and how they have implemented the learnings from the WEF meetings into their business practices.

EXECUTIVE CHAIRMAN'S REPORT

Sekunjalo's philosophy of creating sustainable value for all our stakeholders requires that we continue to operate, manage and report the economic, environmental and social aspects of our activities in an integrated and harmonious manner. Sustainability is an intricate web of long-term values, practices, attitudes and relationships. At Sekunjalo we measure our performance sustainability through our social and environmental achievements on the one hand and, on the other hand, investing in new innovative ventures that will contribute to a more sustainable world environment in the years to come.

Sekunjalo prides itself on its commitment to innovation, diversified portfolios, aggressive expansion, strong leadership and a clear vision for the future. The board of Sekunjalo, management and our employees are without a doubt committed to our African origins and values while we are expanding into new markets outside the continent.

Sekunjalo's commitment towards sustainability and climate change has resulted in the participation in the Siemens Global Sustainability Advisory Board as well as in the WEF Group on Sustainability and Innovation. In both instances Sekunjalo is the only African company to be represented on these highly prestigious boards in support of green business.

The time is now to invest in the African continent. Whilst Africa requires investment, it also needs to create jobs and opportunities for entrepreneurs who will allow Africans to escape the poverty trap. It is in this area that I am particularly proud of the Group's commitment to job creation and enterprise development. We have always maintained at Sekunjalo that real dignity can only be achieved by people once they are able to support themselves and their families. Sekunjalo's approach to its investments has been consistently to invest for the long term and for the creation of jobs. Whilst many companies see job creation as the

prerogative of government, we subscribe to the view that the business community has an important contribution to make in the creation of jobs to reduce poverty on the African continent. Sekunjalo's influence and employment through its investments has seen the Group create many new jobs even in a difficult economic environment. The extent of the Group's influence on and contribution to the wider South African economy can be seen in our involvement in sustainable job creation in rural areas such as Gansbaai, Saldanha and Humansdorp where we currently employ hundreds of people who in turn support thousands of families.

I wish to congratulate Mr Khalid Abdulla and his executive team for their outstanding performance in management of the Group and its diverse portfolio of investments. I would be amiss were I not to specially acknowledge the superb corporate affairs and sustainability director Cherie Hendricks and the chief financial officer Chantelle Ah Sing of Sekunjalo. They have provided the Group with sound management and a strong platform for the future. My sincere gratitude and appreciation to the Sekunjalo board of directors, the Group executives and all the management and staff within the Group.

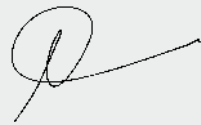
My sincere thanks to our investment partners who remain committed to the success of our Group and, finally, warm congratulations to the award winners of the annual Sekunjalo employee and executive awards. Sekunjalo is entering an exciting and successful phase in its evolution from a top ranked South African BEE company to an African company that can take pride on the global stage.

South Africa is on a challenging journey that started on the day Nelson Mandela was released from prison and took his first step into freedom. It is a journey that will continue to be full of doubts and hopes, successes and failures. It will not be easy, but it is achievable.

Sekunjalo will be climbing the hills with our Government, our stakeholders, shareholders, managers and each and every staff member, to win another victory cup: a prosperous future. This is a victory which will remain with the country long after the 2010 FIFA World Cup™ is over and handed to the next host country.

And finally, in a world that measures its success on material values we sometimes forget that the real meaning of wealth and prosperity lies elsewhere in the human spirit, imagination of all and the sparkling mind of many, but most importantly it lies in our belief

that it is possible to create a future which is inclusive of all our hopes and beliefs and which will deliver true wealth in the form of peace, happiness and human dignity to all, especially to the people of Africa who are truly deserving of this right to dignity, wealth and prosperity.



Dr Iqbal Survé
Executive Chairman



It is with great pleasure that I report to shareholders on the investments for Sekunjalo Investments Limited (Sekunjalo) for the year ending August 2010.

Sekunjalo's interests include strategic investments, marine, technology, health and biotherapeutics, private equity and enterprise development.

It has been a difficult period for most listed companies since the global financial crisis put world markets and economies into a dangerous spiral in late 2008. Corporates locally and abroad have been severely tested.

It would be no exaggeration to say that the financial year under review was probably one of Sekunjalo's most significant years in its history.

It is with a good deal of pride that I can say Sekunjalo – which remains one of the few black controlled investment entities on the JSE, has come through this tumultuous period with our fundamental values and founding principles not only intact, but also enhanced.

Above all, our corporate credibility as an empowerment partner of choice has been underlined by Sekunjalo's landmark BEE deal with Saab SA, a respected multinational that plies its trade across numerous business spheres.

Indeed the Company has been through a rigorous restructuring programme, which may along with the prevailing economic climate have somewhat masked Sekunjalo's real value and true potential.

This year, I am glad to say, Sekunjalo can highlight a number of very pleasing achievements that are testimony to management's hard work in restructuring the business. These achievements also point to a sustainable upswing in operational performance for Sekunjalo.

These include:

- As an investment holding company our main objective is growing asset value. Net asset value (NAV) has increased to 82.22c/share from 80.57c/share and to 67.18c/share from 63.63c/share on a tangible NAV basis. This followed an increase in our asset base to R807m from R774m.
- Decreasing operational expenses by R30m in the year to end August 2010, realising benefits and efficiencies that we believe will be sustainable. With Group revenues growing 9% Sekunjalo was able to increase its gross trading margin to 28% compared to 23% the year before. This was a direct result of focused cost reductions and becoming more efficient in our production processes. We also maintained a strong focus on cash management throughout the financial year.
- Sekunjalo posted a R23m pre-tax profit compared with a R44m loss in the previous financial year.
- Our core operations have stabilised after the recession and most notably a major swing in profits from our largest investment, Premier

Fishing and swing back to profits by our information technology cluster.

- Sekunjalo's long-term borrowings from financial institutions decreased from R53m to R33m, and our gearing is only 18%, which leaves plenty of scope for acquisitions and future growth.
- Considering 25% of the Group's revenue is export based and having renegotiated prices with export clients we are mitigating the effects of a strong rand to some extent.
- Our multinational empowerment deals with British Telecom and Saab SA are also beginning to show their potential. We have consequently increased the investment value of these unlisted private company investments by 61% from R95m to R153m.

One of the Company's main competitive advantages which also played crucial roles in its strategic investments, is its strong focus on people and stewardship, which adds to the underlying value of the business.

The Group was founded on the principle of developing skills, becoming an employer of choice and creating employment and the Group has never wavered from building long-term value regardless of market conditions and profitability.

REVIEW OF INVESTMENTS

STRATEGIC INVESTMENTS

Sekunjalo's strategic investments lie in empowerment ties with two major multinational corporations, British Telecoms and Saab SA.

The Saab deal, which was acquired during the year under review, is a feather in our cap. The deal highlights Sekunjalo's credibility as an influential value-adding empowerment company, and highlights the Company's ability to balance the delicate matter of people and profits.

Sekunjalo secured a 25% voting right and board representation and a 5% economic interest in Saab SA, the Swedish multinational as it expands into South Africa and Africa. This is a significant deal as South Africa is currently Saab's biggest market outside of Sweden. Based on the value

that Sekunjalo adds to Saab's local company, Sekunjalo could potentially increase its economic stake to 25% in forthcoming years.

Ultimately, Sekunjalo clinched the Saab deal because both companies share similar values with respect to developing people, communities and stakeholder value.

The timing of the Saab deal is crucial as it confirms Sekunjalo's position as the partner of choice for companies looking to expand into Africa. This is significant as the re-balancing of economic power after the financial crisis has put Africa on the map as the next major potential market (with more than a billion consumers).

Increased investment in Africa means that infrastructure and technology investments will need to be ramped up, and Sekunjalo is perfectly positioned to capitalise on this.

MARINE

Premier Fishing, the largest black owned and controlled fishing company in South Africa, was a star performer in the year under review.

As the sector continues to struggle, Premier Fishing managed a most commendable 18% growth in revenue to R226m (from R192m in 2009) notwithstanding the prevailing recession that pervaded the company's main international markets. Around 60% of Premier Fishing's revenues are generated from export business.

While top line growth was pleasing, I am even more heartened to report that operating profits came in at a solid R13.1m – a huge turnaround from the previous year's losses of R61.9m.

The improvement in operating profit performance came courtesy of good catches and excellent selling prices as well as sound operational efficiencies evident in the growth in GP from 23% to 28%. The reduction in the company's cost base has contributed vastly to the improvement in operating performance.

Operational efficiencies and cost-cutting measures for the South Coast Lobster division were implemented at the start of the season to

counter the effects of the economic downturn. These measures paid off handsomely.

The West Coast Lobster division performed well thanks to the stability in the key Far East markets.

While good catches and excellent selling prices contributed to the good performance of the lobster operations, the strengthening of the rand will remain a challenge.

In the past financial year Premier Fishing managed to offset the impact of the strong rand on its core lobster operations by actively negotiating better selling prices and cost containment.

Aquaculture is also making strong progress. Recently the company acquired another six hectares of land adjacent to the existing Gansbaai abalone farm.

The additional land would increase the Gansbaai farm's annual abalone production to approximately 300 tons. The biggest spin-off of this investment is that Premier Fishing will be able to offer new jobs to between 80 to 100 members of the local community. Our existing operation already employs about 90 people.

Sekunjalo is very excited about the overall prospects for Premier Fishing. With a much reduced cost base, the company is now well positioned for the years ahead in terms of both organic growth and growth by acquisition.

TECHNOLOGY

Sekunjalo TSG, a wholly owned subsidiary, is an information and communication technology niche market enterprise holding company. Sekunjalo TSG provides innovative and effective information communication technology ("ICT") business solutions and services to government and corporate customers. Sekunjalo TSG's underlying businesses are leaders in their respective niche markets with long-standing international partnerships with leading technology suppliers. The companies have high-quality customers and are managing to achieve consistent organic growth and is also looking to grow by acquisition.

Turnover for the IT division to external customers increased by 13% with profits generated at R7.6m compared with R16.9m last year. The reduction is due to the cancelled Gauteng Department of Health (“GDOH”) contract and previous sale of a subsidiary. Staff share schemes have been put in place to ensure the services of key staff in FIOS and Saratoga Software are retained. Consequently Sekunjalo has reduced its beneficial ownership in these companies in order to improve the sustainable growth prospects of the underlying businesses.

Health System Technologies (HST) is a leading provider of hospital information and laboratory information systems for South African public sector health care organisations. Key customers include the provincial government of the Western Cape and the National Health Laboratory Services. The company has also developed its own billing and accounts receivable software, which is suitable as a part of the IT solutions needed for the implementation of the future National Health Insurance (NHI) scheme in South Africa. HST is very well positioned for the NHI as the company currently provides administration systems to a large proportion of the country’s state hospitals, in Gauteng and the Western Cape.

Amethst is an associate company of Sekunjalo TSG owned in equal shares with AME Africa and was established to implement the Siemens Soarian MedSuite hospital information system and the Tiani Spirit patient electronic health register system in the Gauteng Department of Health’s hospitals and clinics. This business, however, experienced a significant setback during the financial year under review as the contract was cancelled due to non-payment by the Gauteng Department of Health. Discussions with the Department are ongoing in an attempt to resurrect the contract.

Revenues from Amethst during the year under review, were negligible but management believes that the prospects for growth in revenue and profits during the next financial year are good.

HEALTH

Sekunjalo Health Care Ltd (SHC) continues to adapt proactively to an ever changing and challenging market, which has been driven by mergers between major pharmaceutical companies on one side and government regulation to provide affordable health care on the other side.

Despite difficult trading conditions, strategy initiatives implemented in the current year have set a foundation for a turnaround. The operating loss was reduced markedly from R24.3m in 2009 to R8m in the financial year under review testimony to SHC’s improved processes.

There are also a number of initiatives that will drive revenues in the new financial year.

In the period under review, we have concluded further distribution agreements for products relevant to the infection control sector, as well as patenting our own branded mineral supplements to increase our product offering.

The launch of SHC’s over-the-counter drugs, planned for March 2010, was unfortunately delayed due to regulatory and technical adjustments. It is now scheduled to come into effect in December, followed shortly by our patented and locally manufactured mineral supplement range in the second quarter of 2011.

The formation of Sekunjalo Health and Medical Commodities has proved successful with two state tenders being awarded in the financial year under review. These two tenders will form the basis for this company’s growth.

BIOTHERAPEUTICS

During the past financial year Sekunjalo’s biotechnology associate, Bioclones, changed its name to Genius Biotherapeutics (“Genius”). The company is Africa’s largest medical biotechnology company with strategic interests in Biogenerics and novel compounds.

Genius has made significant strides in 2010 with its Repotin division, having grown sales and

increased output significantly. Ribotech, a Genius subsidiary and holder of the G-CSF technology, has rapidly embarked on the refurbishment of its manufacturing facility with a state-of-the-art layout.

Genius also holds global patents for personalised medicine and vaccines. Both technologies are in advanced stages of development with the next stages of development being clinical trials.

ENTERPRISE DEVELOPMENT – MEDIA

Sekunjalo media and events company, espAfrika, endured a difficult year as all attention was focused on the 2010 FIFA World Cup™. This meant corporate companies and sponsors diverted their focus and attention to this event.

In July 2010 espAfrika staged the Fan Festival at the Bellville Velodrome on behalf of the City. This was a great success and we were able to earn a management fee as well as further cement our relationship with the City as a service provider of choice.

The biggest impact on espAfrika was due to the Cape Town International Jazz Festival receiving a sharp drop in sponsorship revenue. It was not possible to cut down on the outlay of the Festival as contracts and commitments were already in place. Considering the Festival is a premier event in Cape Town it would not have been wise to downgrade the ethos of the Festival as this could have an adverse effect in future years.

On the positive side, espAfrika saw an encouraging uptake on ticket sales both to the corporate and the general public. The company saw an increase of 15% in ticket sales based on the previous year and this mitigated some of the risks for espAfrika.

The Cape Town International Jazz Festival held in April 2010 contributed more than R475m to the Western Cape economy, and the national GDP benefited to the value of R785m.

The outlook going forward is positive as espAfrika anticipates that the annual sponsorship income lost this financial year to the 2010 FIFA World

Cup™ will be available for the 2011 Cape Town International Jazz Festival.

The Luanda International Jazz Festival held in Angola in July 2010 was a success. Next year the festival is moving to the new Luanda convention centre. This will allow for more attendees and the new budget for the event is expected to further increase from US\$3m to US\$4m, from which a management fee will be earned.

There are a number of new annual projects planned for the next financial year among them the jazz festival in Mozambique as well as the soft launch of a jazz festival in Botswana (scheduled as an annual event over the Easter weekend).

espAfrika was also invited by Montecasino to stage an event at its establishment during the new financial year, and the company has been working with the Nelson Mandela Bay Municipality to organise a music festival in Port Elizabeth.

espAfrika has taken the lead in expanding its African footprint to Luanda, Gaborone and Mozambique in the next year.

PROSPECTS

We are in the midst of a global economic shift, which will culminate in the world's major investors taking a closer look at emerging markets and Africa specifically. Through its skills base, world-class financial system, natural resources and infrastructure, South Africa is the obvious launch pad for multinationals looking to expand into Africa.

Aside from encouraging prospects from our core operational investments in Marine and the technology cluster, we have a strong base to launch into Africa with our strategic ventures with British Telecoms and Saab. We will also seek out new partners that are keen to expand into Africa.

As an investment company our primary aim is to increase the value of our investments. As a good corporate citizen, the key is creating jobs and building communities. Projections show that we

will create between 100 to 300 jobs, mainly in our marine businesses in the forthcoming year, which will directly benefit those communities.

I believe that Sekunjalo is well set to bolster its net asset value in the year ahead through organic growth, acquisitions and strategic initiatives.

The Group will focus on three main priorities going forward:

- Actively pursuing strategic partnerships in which Sekunjalo is able to influence business and add value with a long term vision of positioning the Group as a partner of choice in South Africa and Africa.
- Expanding the marine business through acquisitions and leveraging strong margins
- Expanding and providing innovative offerings in IT and biotherapeutics – both having strong growth potential in South Africa and Africa.

RISKS

Global recovery prospects remain uncertain as unemployment in developing economies remain stubbornly high and there is very little consensus about the timing and scale of a sustainable recovery. As we saw during the previous global recession, South Africa as a fully integrated economy is not immune to economic swings. Furthermore, South Africa finds itself in a peculiar position where quantitative easing measures, coupled with low yields and poor economic prospects in advanced markets, have led to the marked appreciation of the rand through the carry trade. Our operational turnaround bears testimony to the many lessons learnt during the previous recession and we remain vigilant going forward.

APPRECIATION

As the incumbent chief executive officer, I would like to thank the board of directors, and the executive chairman in particular, for the confidence demonstrated in me and for the opportunity to lead this dynamic company. Their commitment has ensured the continued success of the Group.

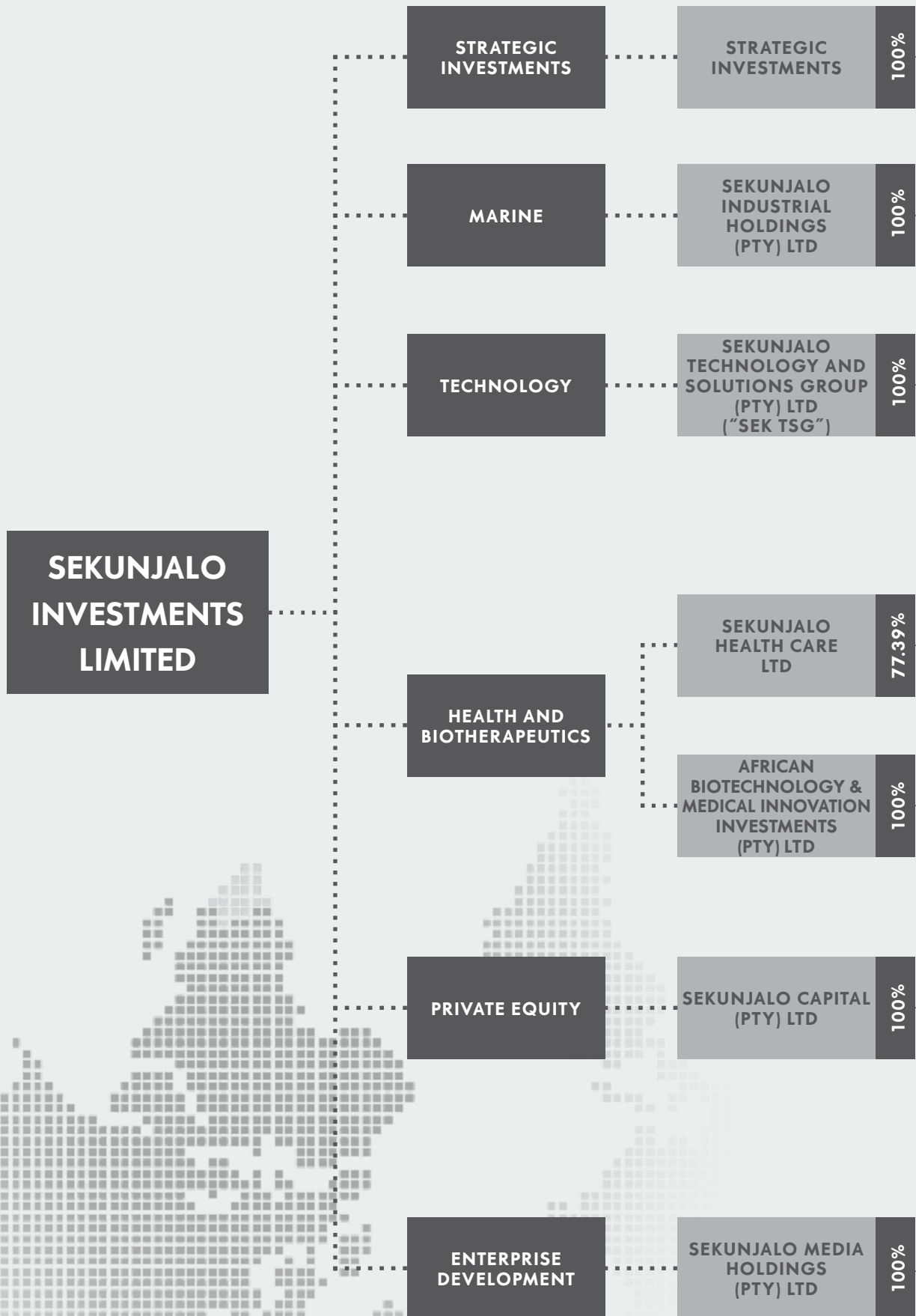
I would also like to extend my appreciation to the hardworking executives of Sekunjalo and its underlying subsidiaries for their loyalty and commitment during a very trying time for the local and international economies.

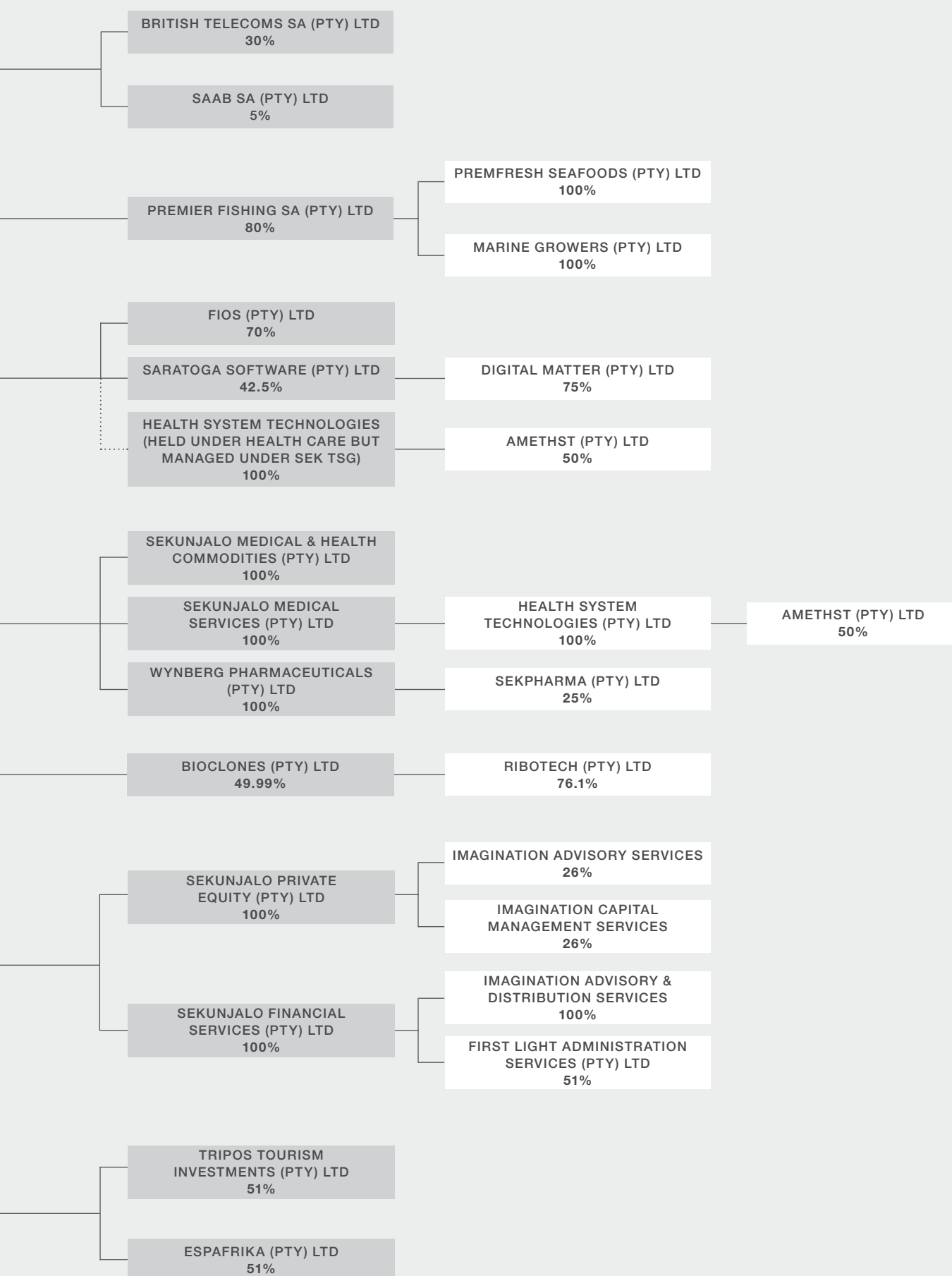
In addition, my appreciation goes to all our staff for their unselfish commitment and effort in meeting the business challenges of the past year, often resulting in them going beyond the call of duty.



Khalid Abdulla
Chief Executive Officer

GROUP STRUCTURE





Sekunjalo Investments Limited (“Sekunjalo”) is incorporated in South Africa under the provisions of the Companies Act, 1973, as amended (“Companies Act”). It is listed on the JSE Limited (“JSE”) and complies fully with the spirit and form of the continuing obligations of the Listings Requirements of the JSE.

The board of Sekunjalo remains committed to and endorses the principles of the Code of Corporate Practices and Conduct as set out in the King II Report. The board is currently phasing in King III which will be fully incorporated by the 2012 financial year end. Corporate governance ensures that the manner in which directors manage and control the Company, treat stakeholders and interact with the environment is done with respect, integrity, transparency and responsibility.

In supporting the Code, the directors recognise the need to conduct the Group’s businesses with integrity and in accordance with International Financial Reporting Standards (IFRS) and international best practice.

BOARD OF DIRECTORS

The Company is led and controlled by the board of directors. Collectively, the board believes that the current mix of knowledge, skill and experience meets the present requirements to lead the Company effectively.

The board comprises three non-executive directors and four 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 are considered to have the necessary skill and experience to bring balanced and independent judgement to bear on the Group business. Whilst all directors have equal responsibility for managing the Group’s affairs, it is the role of the executive chairman, chief executive officer and the executive management team to run the business within the parameters prescribed by the Board and to produce clear, accurate and timely reports, thus enabling the Board to make informed decisions.

Appointments to the board are formal and transparent and a matter for the board as a whole. The board appointed Chantelle Ah Sing in November 2009 as the chief financial officer.

The board believes that as long as non-executive directors remain completely independent of management or any relationship that could significantly affect their decisions, advice and they are of the right calibre and integrity, they can perform the required function of looking after the Company’s interests.

Through the contributions of all directors, Sekunjalo has established a suitable balance of power and a solid framework for the examination, calculation and management of risk.

According to the Company’s articles of association, all directors are subject to retirement by rotation and re-election by shareholders on an annual basis.

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 Group may attend board meetings by invitation.

Directors are required to seek the authority of the Chairman prior to dealing in shares of Sekunjalo. Accordingly, directors are not permitted to make use of internal Company information when deciding to deal in the Company’s 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 Group.

The board recognises its responsibility to report and communicate all matters of significance to all of its 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. It appraises the performance of the chief executive officer on an annual basis through its committees.

DIRECTORS' ATTENDANCE AT BOARD MEETINGS

Director	Board attendance
Dr MI Survé – executive chairman	4
K Abdulla	3
C Ah Sing	3
CF Hendricks	4
S Young	3
Rev. Dr VC Mehana	4
M Gaomab, The First	2

THE CHAIRMAN

The executive chairman, Dr MI Survé, ensures that the board is functioning efficiently and provides guidance and leadership for the Group. The Sekunjalo board elects the chairman.

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 subcommittees, with defined regulations and terms of reference.

The board has appointed audit and risk, human capital, investment, transformation and nomination committees as detailed below.

COMMITTEES

	Audit and risk committee	Human capital committee	Investment committee	Transformation committee	Nomination committee
Composition	Two non-executive directors	Two non-executive directors	Two executive directors and one non-executive director	One non-executive director and one executive director	Two non-executive directors
Committee members	S Young (chairman) M Gaomab	S Young (chairman) Rev. Dr Mehana	Dr MI Survé (chairman) Rev. Dr Mehana K Abdulla	Rev. Dr Mehana (chairman) C Hendricks	S Young (chairman) Rev. Dr Mehana
Frequency of meetings	Three a year	Twice a year	Monthly	Twice a year	Annually
Board approved Charter	Yes	Yes	Yes	Yes	Yes
Invitees	Meetings are attended by the internal and external auditors and members of the management team	Meetings are attended by members of the management team	Meetings are attended by members of the management team		
Other	The auditors have unlimited access to the audit committee ensuring independence is not compromised in any way.				

Audit committee

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 International Financial Reporting Standards (IFRS). 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 Group, 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 annual general meeting to answer questions about the committee's activities.

Report of the audit committee

The main purpose of the audit committee is to ensure the integrity of the financial statements and oversee the effectiveness of the internal financial controls and the external and internal audit functions.

The audit committee comprises two non-executive directors who act independently and have been appointed by the board. The chairman of the committee is Mr S Young who is a board member and attends the annual general meeting of the Company. The company secretary is the secretary of this committee. The committee met three times during the year under review with full attendance by the members. Attendance of the external

auditors PKF (Cpt), directors and management is by invitation.

The audit committee has formally adopted an Audit Policy Document which has been presented to the board. The Policy document deals with duties, membership and authority. The committee has formal rules governing the services provided by the external auditors in terms of systems and processes. The committee considered and determined the terms of engagement and fees of the external auditors.

The external and internal auditors have unrestricted access to the audit committee and attend all audit committee meetings by invitation. Detailed reports are presented by both the internal and external auditors and the chairman reports on the findings at the board meetings.

The Group has internal controls and systems designed to provide assurance as to the reliability and integrity of the financial statements. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve the Group business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss and to adequately safeguard, verify and maintain accountability for its assets.

In accordance with section 270a(1)(f) of the Companies Act 61 of 1973, as amended, the Committee reports as follows:

- The scope, independence and objectivity of the external auditors were reviewed.
- The audit firm PKF (Cpt) Inc, and audit partner are, in the committee's opinion, independent of the Company, and have been proposed to the shareholders for approval to be the Group's auditors for the 2011 financial year.
- On an ongoing basis, the committee reviews and approves the fees proposed by the external auditors.
- The appointment of the external auditor complies with the Companies Act, as amended, and with all other legislation relating to the appointment of external auditors.
- The nature and extent of non-audit services provided by the external auditors have been reviewed to ensure that the fees for such services do not become so significant as to call into question their independence.
- The nature and extent of future non-audit services have been defined and pre-approved.

- Obtaining assurance from the external auditors that adequate accounting records are being maintained.
- Approving the internal audit charter and internal audit manual and evaluate the independence, effectiveness and performance of the internal auditors and compliance with its charter.
- Recommending to the board the interim and preliminary announcements of results and reports to shareholders and the annual financial statements.
- Considering concerns regarding accounting practices or internal audit matters.
- The appropriateness of the expertise and experience of the financial management team was reviewed and reported to be adequate.
- Review the compliance with legal, regulatory, codes and other standards and continually monitor the implementation of the legal compliance processes.

Internal audit

The prime objective of the internal audit function is to examine and evaluate whether the Company and its subsidiaries' framework of risk management, control and governance processes is adequate and functioning properly.

The system of internal control is designed to ensure that the significant risks are appropriately managed and provide reasonable assurance that:

- Operations are efficient and effective;
- Company assets and information are safeguarded;
- Operations are efficient and effective; and
- Compliance with applicable laws and regulations.

Key findings are reported to the chief executive and the audit committee. A progress report on the key findings is presented to the audit committee until all matters have been resolved satisfactorily. This enables the committee to ensure that action has been taken to address the areas of concern.

External audit

PKF (Cpt) Inc. provides audit opinions in accordance with the Companies Act as well as the JSE Limited Listings Requirements as well as provides stakeholders with an independent opinion as to whether the financial statements fairly represent the financial position, results of operations and cash flow information of the Group in conformity with International Financial Reporting Standards.

The external audit provides value added services by assisting management to achieve their objectives through the identification of needs and the provision of the required solutions and services. The audit includes:

- Evaluating the appropriateness of the accounting policies;
- Examining on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- Assessing the reasonableness of significant estimates; and
- Considering the appropriateness of the overall financial statement presentation.

The external auditor liaises with the internal auditor and attends the audit committee meetings by invitation. The external auditor attends the annual general meeting of the Company to respond to any questions relevant to the audit of the financial statements.

Expertise and experience of the Chief Financial Officer and the finance function

In terms of the JSE Limited Listings Requirements, the audit committee is satisfied that the chief financial officer has the appropriate experience and expertise to meet the responsibilities of the position.

The audit committee has considered and is satisfied that the finance department has the appropriate expertise and is adequately resourced.

Risk management

The board is responsible for governing the risk management processes in the Group in accordance with corporate governance requirements. Currently all risks are identified, assessed and managed under each business unit due to the diversity of industries in which the Group participates. A comprehensive risk management forum will be implemented for the 2011 financial year with the following objectives:

- Providing the board with assurance that significant business risks are systematically identified, assessed and reduced to acceptable levels in line with the board's risk appetite.
- Assessing whether the risk management process will ensure that emerging risks are identified and new business opportunities have been considered from a risk perspective.

The risk management forum responsibilities will include:

- Assignment of responsibilities and accountabilities.
- The development of a risk management framework and process.
- Identification of the top risks that impact on the business objectives of each business unit.
- Integration of risk management activities within the Group.
- Assist in highlighting the areas of risk and reduce control weaknesses.
- Document the risk profile in the risk register.

Significant Group risks

- The vulnerability of the fishing industry's exposure to strong rand / US dollar exchange rate.
- Competitor's action will erode our competitive position and impact each business unit.
- A slump in market price in the marine sector
- Some businesses in the Group are dependent on a small number of principals and/or suppliers and their success is linked to their ongoing financial stability and competitiveness of products/services.
- Exposure to significant large customers and their dependence on the customer financial viability.
- The operational performance of certain businesses in the Group is dependent on the demands of customers and these relationships must be carefully managed.
- The risk that the underlying Group activities may create a negative reputation on our Company ethos.
- The effects of economic downturn on our business, customers, suppliers and the risk that funding constraints will delay recovery in the economy.
- The ever changing nature of laws and regulations across various industries will continuously challenge the Group to remain fully compliant with all laws and regulation exposed by the Group activities.
- Non-availability of management of skills in its employees will create challenges for skill retention, development and succession planning.

Information management

The board is responsible for Information Technology ("IT") governance. IT governance framework is developed by the managed service division of the Sekunjalo TSG Group in

accordance with best practices and Control Objectives for Information and Related Technology (COBIT).

Management of each business unit is accountable for the implementation of an IT governance framework. Risk management forum will align its risk management with IT governance to ensure that all disaster recovery measures are undertaken.

Remuneration committee

The Remuneration Committee's main purpose is to ensure that the Company's remuneration practices and policies are aligned with good corporate governance. The main aim of the committee is to assist the board in fulfilling its responsibilities in establishing formal and transparent policies, guiding principles of a standardised approach in the application of remuneration practices within all the business units and functions.

The remuneration committee comprises two independent non-executive directors who act independently and have been appointed by the board. The chairman of the committee is Mr S Young who is a board member and who attends the annual general meeting of the Company. The committee met twice during the year under review with full attendance by members. Attendance of executive directors and management is by invitation.

The remuneration committee determines the fees to be paid to the non-executive directors, but its primary focus is on executive remuneration and benefits. Consideration is given to the relative contribution of each non-executive director and their participation in the activities of the board and its committees.

The remuneration committee's responsibilities are to:

- Approve the Remuneration and Benefits Policy to be adopted by the Company;
- Approve the Reward Philosophy and Strategy to be adopted by the Company;
- Determine the remuneration packages of the executive directors of the Company;
- Determine the remuneration packages for senior executives of the Company;
- Recommend to the board, the fees to be paid to non-executive directors for their services on the board and its committees;

- Disclose the directors' remuneration and to ensure it is transparent, accurate and complete; and
- Approve the executive and senior management incentive policy to be adopted by the Company.

Remuneration objectives and strategy

The strategic objectives of the remuneration committee are to ensure that appropriate remuneration and incentive policies are adopted which:

- Support the attainment of the Sekunjalo Investments Group business strategies.
- Attract, retain and motivate key and talented people.
- Compete in the market place to be an employer of choice.
- Reward individual, team and business performance and encourage superior performance.
- Support the key values of the Sekunjalo Investments Group.

Executive remuneration

The remuneration of executives is determined on a cost to company basis and is subject to an annual review by the remuneration committee. Provident Fund and health care provision form part of the overall cost to company packages.

Executive Directors service contracts

The directors do not have fixed term contracts but have permanent employment agreements with the Company.

Non-executive remuneration

The non-executive directors receive fees for serving on the board and board committees. The fees for the non-executive directors are recommended by the remuneration committee to the board for approval. The board recommends the fees to shareholders for approval at the annual general meeting of the Group.

The remuneration of the executive directors is set out in the table below:

2010

Executive	MI Survé	K Abdulla	C Ah Sing	CF Hendricks	Total
Salary	1 800	1 344	400	384	3 928
Bonus	–	400	18	90	508
Bonus in respect of prior years	–	400	–	–	400
Other benefits	19	324	45	104	492
	1 819	2 468	463	578	5 328

2009

Executive	MI Survé	MY Kajee	K Abdulla	VC Mehana	CF Hendricks	Total
Salary	1 020	1 042	1 012	348	311	3 733
Expense allowance	–	110	84	60	–	254
Provident fund	–	198	144	72	43	457
Other benefits	11	314	12	5	34	376
	1 031	1 664	1 252	485	388	4 852

The remuneration of the non-executives is set out in the table below:

2010

Non-executive	S Young	M Gaomab	VC Mehana	JP vd Merwe	Total
Directors' fees	80	80	80	–	240

2009

Non-executive	S Young	M Gaomab	ZA Kota	JP vd Merwe	Total
Directors' fees	80	80	60	40	260

Internal policies

Sekunjalo's vision "to be a leading black empowerment company through our brands" positions the organisation in a global context dominated by a variety of issues, technology changes, globalisation, rapid change, dynamic markets and sustainability legislation. These issues impact the overall business strategy of the Sekunjalo Group while focusing on: organic growth, acquisitions, geographic expansion; new categories, margin improvement and transformation. The Company has a number of policies in place, some of them have been implemented and others are in the process of being implemented:

- Audit & Risk Committee Constitution
- BEE Incentive*
- Code of Ethics
- Competition Law Compliance*
- Code of Conduct
- Decision-making framework
- Duties of Directors
- Executive Remuneration
- Guaranteed Pay Guidelines*
- Human Capital Committee Constitution
- Insider Trading
- Long-term Incentive*
- Nomination Committee Constitution
- Non-executive Directors' Fees
- Performance Bonus – Short-term incentive*
- Remuneration Policy
- Reward Philosophy & Strategy*
- Short-term Incentive*
(*Still to be implemented)

Investment committee

The main purpose of the investment committee is to evaluate opportunities that present themselves to the Group and to advise the board on such investment opportunities in a transparent procedure and to ensure sufficient consideration has been afforded for such an opportunity. However, the board is responsible for the final decision on all such investments.

The investment committee comprises one non-executive director who acts independently and two executive directors appointed by the board. The chairman of the committee is Dr MI Survé and the members are Rev. Dr V Mehana and Mr K Abdulla. The committee met monthly during the year under review with full attendance by the members. Attendance of the directors, management and the corporate finance division is by invitation.

During the year under review, the investment committee met on various opportunities one of which was with Saab SA (Pty) Ltd which was successfully concluded.

Transformation committee

The purpose of the transformation committee is to lead transformation within the Group and to ensure that there are appropriate policies and procedures in place to address transformation by levelling the playing fields both socially and economically for a broader participation of all South Africans.

The transformation committee comprises one non-executive director who acts independently and one executive director appointed by the board. The chairman of the committee is Rev. Dr V Mehana and the executive member is Miss C Hendricks. Attendance of the directors and management is by invitation.

The committee's duties include:

- Approving the appointment of the verification agency;
- Providing the scorecard targets for timeous submission to the agency;
- Approving the employment equity plan to be submitted to Department of Labour;
- Reviewing the equity ownership of the Group; and
- Reviewing the skills development and employment equity plan of the Group and making recommendations.

Nomination committee

The nomination committee is constituted as a committee of the Board of Directors. The duties and responsibilities of the members of the committee are in addition to those as members of the Board. The deliberations of the committee do not reduce the individual and collective responsibilities of board members in regard to their fiduciary duties and responsibilities, and they continue to exercise due care and judgement in accordance with their statutory obligations.

The nomination committee comprises two non-executive directors who act independently and have been appointed by the board. The chairman of the committee is Mr S Young and the member is Rev. Dr V Mehana. Attendance of the directors and management is by invitation.

The role of the committee is to assist the Board to ensure, on an annual basis that:

- The Board has the appropriate composition in terms of structure, size, composition and independence for it to execute its duties effectively.
- Directors are appointed through a formal process.
- Induction and ongoing training and development of Directors take place.
- Formal succession plans for the Board, chief executive officer, managing director and senior management appointments are in place.

The committee must perform all the functions necessary to fulfil its role as stated above and including the following:

- Ensure the establishment of a formal process for the appointment of directors including:
 - Identification of suitable members of the Board;
 - Performance of reference and background checks of candidates prior to nomination; and
 - Formalising the appointment of directors through an agreement between the Company and the director.
- Oversee the development of a formal induction programme for new directors.
- Ensure that inexperienced directors are developed through a mentorship programme.
- Oversee the development and implementation of continuing professional development programmes for directors.
- Ensure that directors receive regular briefings on changes in risks, laws and the environment in which the Company operates.
- Consider the performance of directors and take steps to remove directors who do not make an appropriate contribution.
- Find and recommend to the Board a replacement for the chief executive when that becomes necessary.
- Ensure that formal succession plans for the Board and chief executive appointments are developed and implemented.
- Evaluate the performance of the chairperson and of the Board as whole.
- Report, in the annual report, the list of directors' current details, composition of Board committees, number of meetings held; and attendance at meetings.
- Make recommendations for the reappointment of directors with regard to retirements due to rotation.

The committee chairman reports back to the board on activities of the committee.

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 IFRS.

Statements are based on appropriate accounting policies, as set out in the notes to the financial statements and are supported by reasonable and prudent judgements, as well as 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 IFRS.

The external auditors offer reasonable, but not absolute, assurance on the accuracy of financial statements, 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.

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 its 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.

DEALING IN GROUP SHARES

Directors and officers of the Company are not permitted to trade in the shares of the Company during closed periods, which commence at the end of the financial half-year and financial year-end and during periods when cautionary announcements are made. The Group company secretary disseminates written notices to all directors and senior management throughout the Group informing them that dealing in Sekunjalo shares during the closed periods may not be undertaken.

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 48 hours of the trade having been made.

COMMUNICATION

The Group subscribes to a policy of full, accurate and consistent communication with regard to all its affairs. At all times, the board seeks to present a balanced and understandable assessment of the Group's position when reporting to stakeholders.

The executive chairman and chief executive officer regularly communicate with major shareholders, institutional investors, analysts and the media.

It encourages shareholders to attend the annual general meeting (AGM), which provides shareholders with an opportunity to raise concerns, ideas and to participate in discussions at the AGM. The Group publishes its financial results on SENS and shareholders receive a copy of the 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 the Group's adherence to established codes of governance.

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

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 regard to corporate governance and how they should discharge their responsibilities in the best interests of the Group.

SUSTAINABILITY REPORT

The Group has a key strategic objective to create sustainable value for all our stakeholders and to integrate sustainable development into strategy, management and reporting with the objective of reducing the negative impact on the environment. The responsibility and accountability for sustainable development rests with the Board and chief executive officer and the daily responsibility is delegated to divisional management.

Sekunjalo acknowledges its responsibility to all employees and the public for compliance with environmental standards. It has also established policies, identified standards and determined regulatory requirements. The Group has identified monitoring and measuring programmes to further increase its 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 and 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 policies in place 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.

ECONOMIC SUSTAINABILITY

VALUE ADDED STATEMENT

A measure of the value created by the Group is the amount of value added by its diverse activities to the cost of raw materials, products and services purchased.

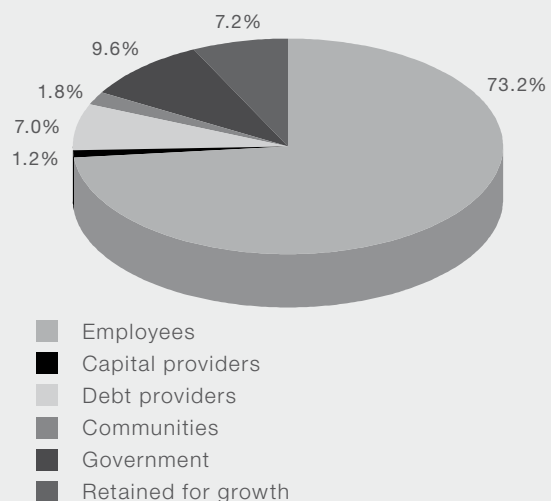
This statement shows the total value created and how it was distributed.

	2010
	R'000
Cash value generated from revenue	457 836
Less cost of materials and services	(305 376)
Value added	152 460
Finance income	6 079
Wealth created	158 539

Distributed as follows:	%	
Employees	73.2	116 062
Capital providers	1.2	1 869
Debt providers	7.0	11 156
Communities	1.8	2 877
Government	9.6	15 187
Retained for growth	7.2	11 388
Wealth distribution	100.0	158 539

Employee statistics	
Number of employees at year end	593
	R'000
Turnover per employee	772
Value added per employee	257
Wealth created per employee	267

VALUE DISTRIBUTION (%)



ENVIRONMENTAL SUSTAINABILITY

Sekunjalo recognises the need for the implementation of an environmental management system which will assist us to track and manage environment related aspects of our operations such as energy, water, waste and carbon emissions.

Premier Fishing has already integrated the value of sustainability in the management of their operations in a careful and considered way to ensure the continued existence of their core business. In essence the ocean's resources are the 'lifeblood' of their business and they work with all stakeholders in the fishing industry to promote sustainable management and usage of all the available natural resources.

Premier Fishing abides by the annual total allowable catch (TAC) as prescribed by Marine Coastal Management (MCM) and endeavours to promote this principle and the application thereof in a fair and balanced way to all quota holders. Scientific evidence is used to support its business decisions and harvesting methods and this research is made available by the MCM together with various technical consultants and universities.

The marine ecosystem is a highly complicated and sophisticated food chain. To understand these complexities Premier Fishing utilises professional and technical means of harvesting targeted species, with minimal disturbances to the rest of the ecosystem. Premier Fishing harvests are limited within the scope of the allocated quota as guided by the MCM.

The waste water and offal from the fishmeal production process is utilised to manufacture our Seagro product. Essentially it is a by-product which has been processed and standardised as an organic fertilizer which is then marketed to the agricultural, horticultural and gardening industries. We do not use any whole fish nor do we harvest endangered fish species for the purpose of manufacturing Seagro fish emulsion. By employing advanced processing techniques, we have managed to utilise 99% of the waste produced during the production of fishmeal and other fish products for Seagro fish emulsion. Innovative techniques ensure that we maximise every part of the harvested fish.

Our goal is to ensure the availability of the marine resources for future generations through the maximisation of technological advanced fishing methods and processing equipment within all our fishing sectors.

Sekunjalo owns an abalone farm in Gansbaai where we employ 80 people from the local community, supporting a few hundred families. Sekunjalo recently acquired an additional piece of land adjacent to our farm, which will allow us to employ another 100 people in the next few months. Job opportunities in communities such as Gansbaai are scarce. The cultivated abalone farming industry has proved beyond doubt the sustainable nature of employment and the positive socio-economic impact it has in local communities. In addition to direct work opportunities, there are a number of indirect employment opportunities in the manufacturing and industrial sectors that will also benefit from this type of growth.

Current environmental initiatives:

- Employees are encouraged to save electricity, employ double sided printing and dispose of paper in the recycle bins provided.
- The use of recycled and recyclable disposable packaging and paper.
- Installation of multifunction printing devices to reduce energy and consumables usage.
- Certified waste management services are employed to ensure that all hazardous and non-hazardous waste is disposed of at legitimate sites.

HUMAN CAPITAL

SKILLS DEVELOPMENT

The Group 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.

Our employees have benefited through extensive skills development, wellness and employment equity programmes and the Group has fully complied with the Employment Equity Act.

The aim during the year under review was to build internal capacity through the adoption of relevant recruitment, upliftment, development, job involvement, training and promotion programmes for employees, with and beyond the Group's employment equity and workplace skills plan.

Close attention was paid by management and labour representatives to meeting the challenges of accelerated employee growth and development, as set out in the Department of Labour's National Skills Development strategy.

In terms of the Skills Development Act, incentives are offered to employers who systematically train and develop their personnel.

The Group's employees play a vital and exciting role in achieving its vision and Sekunjalo ensures that it nurtures, understands and values its employees with the same care and coherence that it fosters for its stakeholders.

Throughout the organisation, Sekunjalo encourages the pride that its teams feel in working for this business and is proud and grateful for the passion they put into serving the Group's stakeholders.

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

The Group encourages individuals wishing to study further and has an active policy in place.

PERFORMANCE REVIEW

The managers in the Group perform formal reviews of their direct reports as set out in their key performance areas and rating such employee accordingly. Targets are set for the ensuing period. This review forms part of the training report and skills development plan. The performance rating of the employee will determine the salary increase during the annual salary review process.

The Human Resources department plays a vital role in the business philosophy of the Group. It acknowledges external trends that could impact its staff and practices.

HEADCOUNT

The headcount in the Group as at the end of August 2010 reflects 593 permanent employees.

HUMAN CAPITAL DEVELOPMENT

The Group is committed to recruiting employees from the local communities in which it operates. The employees are the foundation of the Group's

success. The Group has implemented a bursary programme that encourages growth and further education for all staff through various learnership initiatives and development programmes. The employees in the Group are actively involved with the University of the Western Cape, the University of Cape Town, the University of Cape Town's Graduate School of Business and Stellenbosch University and various other tertiary institutions.

The Group complies with the Skills Development Act whereby the relevant reports are submitted timeously to the Sector Education and Training Authority (SETA). An average of R1.7m was spent on training during the period under review.

HUMAN RIGHTS

The Group adheres to all labour legislation in South Africa including the Constitution, Labour Relations, Employment Equity, Occupational Health and Safety, Skills Development and Levies and the Basic Conditions of Employment Act. The Group rule is that:

- Employees are educated on human rights;
- No child labour is permitted;
- No forced and compulsory labour is permitted; and
- Zero tolerance towards fraud, corruption and related activities.

There were no human rights violations for the period under review.

INDUSTRIAL RELATIONS

The Group has formal policies and procedures in place in line with the Labour Relations Act 66 of 1995.

Subsidiary companies in the Group engage with various unions: Food & Allied Workers Union and the Trawler and Line Fishermen's Union. The Group has an excellent relationship with the unions with whom it is involved and this was reaffirmed with the annual wage negotiations.

EMPLOYMENT EQUITY

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 equal opportunity and embraces diversity in all of its operations. It supports women in management and inspires and aims to retain female managers.

SUSTAINABILITY REPORT

The Group further subscribes to affirmative action measures to address any employment disadvantages experienced by historically disadvantaged groups and individuals. The training and development of employees within 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.

Direct employees by employment category and gender:

Category	Male	Female	Total
Board	5	2	7
Executive	17	2	19
Senior Management	18	20	38
Middle management	4	2	6
Skilled upper	106	68	174
Semi-skilled/ apprentices/ trainees	26	37	63
Labour/unskilled	274	12	286
Total	450	143	593

HEALTH AND SAFETY

Sekunjalo rigorously applies health and safety regulations in its quest for an accident-free work environment. The Group has actively created greater awareness of risk exposure in these areas, and controls have been increased to proactively reduce its 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 throughout 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.

PROCUREMENT

The objective of B-BBEE procurement is to assist in the promotion of black businesses, with a specific focus on small, medium and micro enterprises ("SMMEs"). The Group strives to ensure that these businesses have access to its extensive supply chain and that procurement is consistent with governmental strategies on B-BBEE.

BLACK ECONOMIC EMPOWERMENT (BEE)

Sekunjalo has been rated as per the Department of Trade and Industry's Codes of Good Practice gazetted in February 2007 as a **Level 1 Contributor**. In obtaining the BEE Status, Qualifying Small Enterprise Principles of Statement 000 of Code 000 Paragraph 5.2 was used on the information provided to PKF BEE Solutions, an independent option based verification agency.

		Element Weighting	Score
Direct empowerment	Ownership	25	25.62
	Management	25	26.78
HR Department	Employment equity	25	27.00
	Skills development	25	N/A
Indirect empowerment	Preferential procurement	25	N/A
	Enterprise development	25	25.00
	Socio-economic development	25	N/A
		Total score	104.40

More than 50% black owned	Yes
More than 30% black owned – women	No

Broad-based BEE Status	Level 1 Contributor
Broad-based BEE procurement recognition level	168.75%
Value-adding supplier	Yes

The scorecard rating is for Sekunjalo Investments Ltd and does not include subsidiaries.

.....

Sekunjalo was also ranked as South Africa's Top Empowerment Company 2010 by the authoritative Financial Mail/Empowerdex Survey. The results were compiled after collecting data from companies listed on the main board of the JSE. The survey was aimed at providing the public with an overview of the empowerment status of JSE-listed companies in order to raise awareness of Broad-Based Black Economic Empowerment (B-BBEE).

REGULATORY INSTITUTIONS

The Group complies with the following Regulatory Institutions:

- Department of Health
- Medicines Control Council
- South African Pharmacy Council
- Marine and Coastal Management
- National Regulator for Compulsory Specifications
- South African Bureau of Standards
- South African Maritime Safety Authority
- European Union

ACCREDITATION

- Hazard Analysis and Critical Control Points (HACCP)
- Food Drug Administration (USA)
- Good Manufacturing Practice

SOCIAL SUSTAINABILITY

The Sekunjalo Group subscribes to a sustainable approach when it comes to doing business.

For Sekunjalo, corporate citizenship goes beyond legislative compliance. It recognises the rights and responsibilities of businesses within a broader societal context and reinforces the mission of Sekunjalo to implement a social contract between business, government and civil society.

Sekunjalo is well aware of the critical role that business has to play in the upliftment and development of the previously disadvantaged majority. A task of this magnitude will, for a substantial period of time, be beyond the scope of State resources alone.

It is for this reason we need to give back to the community in which Sekunjalo operates. The Group is committed to investing in the upliftment of society and in playing a pivotal role in improving the quality of life among the disadvantaged communities through its corporate citizenship initiatives.

The Group also continually strives to meet and exceed the benchmarks set by the B-BBEE Codes of Good Practice and in light of this its initiatives include corporate social investment in different areas and fields. These include skills development, enterprise development, procurement and ensuring that employment equity structures and programmes are in place within the Group.

Sekunjalo has an active corporate social investment (CSI) programme managed by the Sekunjalo Development Foundation. We have selected focus areas that have an impact on individual and societal development and play a significant role in nurturing young people who represent the future. This strategy is shaped by an increasing need to ensure effective stakeholder relations and the socio-economic needs of the communities in which the Company conducts its business. Certain subsidiaries are also engaged in CSI projects. The major focus areas of our CSI programme are:

- Arts and culture
- Education
- Sports development
- Enterprise development
- Special projects
- Social development

ARTS AND CULTURE

The Sekunjalo Edujazz Concert

The Sekunjalo Edujazz Concert is proud to celebrate its 10th year this year. The Sekunjalo Edujazz Concert has two primary objectives. The most important objective is to raise funds for educational bursaries for disadvantaged students at disadvantaged primary and high schools in the Western Cape. The other major objective is to promote the rich culture of jazz music in Cape Town, by staging a well-known group or artist alongside up-and-coming young artists from either primary or high schools. It also supports and promotes the development of young black musicians in our communities by providing them with a platform to showcase their talents to the public.

This event has become synonymous with Sekunjalo Investments Limited as a BEE corporate, concerned with the promotion of both education and the arts, specifically amongst previously disadvantaged communities. The money raised at the concert during the past financial year benefited more than 75 primary and

high schools in the Western Cape in the form of bursaries, as well as a jazz workshop which was held in November 2010.

Cape Town International Jazz Festival

The Cape Town International Jazz Festival, known as Africa's Grandest Gathering, is the 4th largest festival of its kind globally. The year under review saw the 11th annual festival being held, attracting in excess of 35 000 visitors, with more than 40 international and local artists participating in the event.

Preceding the festival, espAfrika is involved in a series of workshops targeted at previously disadvantaged individuals as follows: School workshops, arts journalism, music business, master classes, gigs for kids and the pre-festival free community concert. They also have mentoring programmes and internships across all departments including Media & Marketing, Project Management, Talent, Production, Logistics and Public Relations.

Delft Big Band – Youth Music Development Programme

This programme was originally commissioned by the Department of Social Development and is now run solely by Ian Smith Music Productions. The programme is instrumental in identifying and teaching the youth of Delft to play musical instruments. When the programme started two years ago, none of the students had either picked up or played a musical instrument. The programme has grown tremendously and now over 120 students participate in the programme which includes an academic mentorship programme, a dance programme, and the training of facilitators for life skills.

The Delft Big Band showcased their talent at the 2010 Cape Town International Jazz Festival.

Support for artists

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. These initiatives make it possible that these and other artists will achieve the recognition they deserve during their lifetime, in the country of their birth.

EDUCATION

The Dr Iqbal Survé Bursary Trust (Education)

This bursary initiated by the executive chairman of Sekunjalo gives the opportunity for further tuition at universities, technikons and specialised academies to many of South Africa's young men and women who aspire to become qualified professionals within various sectors. The bursary is directed at the poorest students who, without the support of the bursary, would lack the funds and resources to fulfil their dreams. The bursary fulfils the country's dire need for more professionals and to improve the accessibility of better education for a broader base of South Africans. The bursary includes the promotion of high school and tertiary education in the country.

RDP Education Trust

Sekunjalo linked with the RDP Education Trust which was created to break the cycle of poverty in impoverished rural areas, giving youth access to primary and secondary educational institutions. To date over 3 000 young people have benefited from the Trust and preference is given to those studying in the fields that underpin rural development objectives, e.g. science, engineering, community development, information technology, health, tourism as well as urban and regional planning. The Trust also offers support to principals, teachers and community individuals who show initiative and passion for the rural child.

Premier Fishing Bursary Trust

This bursary trust assists employees to further educate their dependants wanting to study at a tertiary institution. The bursary also includes dependants in Grades 11 and 12 wanting to qualify for future higher education by assisting them with additional lessons.

Premier Fishing Learnership Programme

The learnership programme covers all staff in the advancement of skills and training in society and the contribution to the socio-economic conditions of society.

The World Children's Prize for the Rights of the Child

The World Children's Prize for the Rights of the Child (WCPRC), based on the United Nations Convention on Children's Rights, is the world's largest education activity aimed at building a culture of human and child rights, democracy, environmental stewardship and global friendships.

The WCPRC strengthens the voices of children and young people and promotes their “humanitarian growth” into global citizens and helps them to demand respect for the right of the child.

More than 23 million children in 53 000 schools in 101 countries are the informal owners of the WCPRC. Many of the children learn through the WCPRC Programme for the first time that they have rights and are empowered to demand that these rights are respected. The WCPRC is open to all schools and organisations around the world.

SPORTS DEVELOPMENT

Western Cape Sport Academy (WECSA)

The provincial academies of sport invited Sekunjalo’s executive chairman to serve as chairman of WECSA. Sekunjalo provides WECSA with support through meeting facilities and through its sponsorship of the SA Games.

The major aim of WECSA is to enhance the level of performance of talented athletes as well as to empower their supporting staff (coaches, administrators and technical officials). Through this process WECSA plays an important role in the development of talented athletes with potential from the disadvantaged backgrounds, resulting also in more representative athletes and teams as well as supporting staff at a national level.

Sekunjalo/Health System Technologies (HST) Golf Day

This event was launched by HST in 2004. Public hospitals in the Western Cape, such as Groote Schuur (paediatric ward), GF Jooste, Brooklyn Chest Hospital, Mowbray Maternity, Somerset Hospital, Victoria Hospital and DP Marais SANTA Hospital have all been recipients of the generous proceeds raised at this annual Golf Day, which is now a firmly established annual event.

The proceeds of last year’s golf day went to Victoria Hospital. Victoria Hospital’s Dr Cupido and his team utilised the funds to build and sustain a palliative care unit. Palliative care concentrates on the improvement of quality of life for those unfortunate people with debilitation or terminal illnesses. With more pressing priorities in the Public Healthcare system, patients are typically left with little or no palliative care. The DP Marais SANTA Hospital benefited from this year’s annual golf day. The hospital is one of the

few facilities that cater for TB patients in the Western Cape.

Jacques Kallis Scholarship Programme

Sekunjalo partnered with the Jacques Kallis Foundation, which helps top emerging talent to realise their potential through the Jacques Kallis Scholarship Programme.

Selected learners are provided with scholarships to attend one of four nominated schools, namely Wynberg Boys’ High, Maritzburg College, Pretoria Boys’ High and Selbourne College, with twelve students currently on the programme.

Saldanha Bay Rugby Club

The Saldanha Bay Rugby Club situated in the heart of the West Coast is open to all members of the community. The club has a strong focus on sport development for the youth of the community. Sekunjalo assisted with sponsorship of their gymnasium in their club house as this will allow the players to condition themselves to be competitive in the sport of rugby.

ENTERPRISE DEVELOPMENT

The Business Place, eKapa

The Business Place (TBP), eKapa, is a joint initiative between the City of Cape Town, the Provincial Government of the Western Cape, a bank and Sekunjalo. TBP eKapa and is one of several TBPs in Southern Africa.

TBP eKapa, situated in central Cape Town, is a network of services, networking organisations and community-based organisations (CBOs) clustered under one roof, with friendly and knowledgeable staff, which have accessible referral networking and an information centre at its core.

TBP eKapa provides a range of relevant services to aspirant and existing SMMEs and creates an inspirational enabling environment that stimulates creativity, innovation and opportunity in order to unleash individual potential. TBP eKapa has a strong focus on the youth.

National Business Initiative (NBI)

National Business Initiative works with companies to grow the economy of our country, society and a healthy environment in South Africa. NBI also acts as a catalyst of the private and public sectors to contribute to political and economic stability and enhancing our country’s competitiveness as a key to sustainability and development.

Sekunjalo's funds are allocated against the Education Quality Improvement Partnerships Programme (EQUIP) which is implemented in 86 schools in the Western Cape, Gauteng, Mpumalanga, the Northern Cape, Limpopo and the North West province. Since inception of the programme, 500 schools in eight of the nine provinces, benefiting more than 550 000 learners, 15 000 teachers and support staff, 5 000 principals, deputy principals and heads of departments and 4 500 school governing body members.

The programme assists schools in taking responsibility for their own development towards self-reliance and the delivery of quality teaching and learning. It also supports government in the implementation of its education quality improvement programmes and policies.

Inyathelo

Inyathelo – The South African Institute for Advancement promotes philanthropy and a culture of social investment, voluntarism and self-reliance. They build a culture of “giving” in a strong and stable society and democracy in South Africa. Their work includes: building sustainable organisations and institutions; creating and sharing new advancement knowledge and practice; promoting a culture of social investment, voluntarism and self-reliance; developing valued and trusting partnerships.

SPECIAL PROJECTS

Greenland Learning Journey on Climate Change

Greenland Learning Journey on Climate Change supports “How to stop the ice melting”. The Tällberg Foundation, based in Sweden and the Active Philanthropy, based in Germany organised the intensive journey on how to stop the ice melting in Greenland. It not only studies climate change in action but also focuses with clarity and passion on what needs to be done. The Tällberg Foundation helps participants think through complex problems creating time for reflection and discussions with peers to identify and commit to actions within one's personal field.

Ahmed Kathrada Foundation

The Ahmed Kathrada Foundation promotes the values, rights and principles enshrined in the Freedom Charter and the Constitution of the Republic of South Africa. The Foundation collects, records and displays historical artefacts and contemporary material.

Western Province Athletics Club

Sponsorship for participation at the Western Province Athletics Club for the senior citizens cross-country race.

SOCIAL DEVELOPMENT

Direct support for NGOs and community groupings

The Group acknowledges its responsibility to the social upliftment of the communities within which it operates. Through the continuation and expansion of its social responsibility programmes, Sekunjalo provides donations or other support to various individuals, NGOs, community projects and education causes. The Group has committed itself to contributing to the alleviation of hunger, poverty, illiteracy, unemployment, crime and all those ills which negatively affect the moral fibre of South African society.

Proudly Manenberg

Proudly Manenberg, a grassroots non-governmental organisation has mobilised the young leaders to turn the township around starting with the youth and the education system. The organisation advocates taking responsibility for community problems. The Proudly Manenberg campaign has employed hundreds of residents to garden, clean, host youth programs and implement public safety measures. Proudly Manenberg is run entirely on a voluntary basis and funds are limited.

OTHER

The Sekunjalo Group has also made a significant number of ad hoc donations to various organisations and causes. Some of these organisations that benefited from this include: St George's Cathedral, Western Cape Development Fund, Herschel Girls School and the Profans Charity. We believe that these groups are doing very necessary work in their respective communities and support them gladly.

ANNUAL FINANCIAL STATEMENTS

The reports and statements set out below comprise the annual financial statements presented to the shareholders.

	Page
Report of the independent auditors	38
Directors' responsibilities and approval	39
Directors' interest in contracts	40
Report of the company secretary	40
Directors' report	41
Statement of financial position	43
Statement of comprehensive income	44
Statement of changes in equity	45
Statement of cash flows	47
Accounting policies	48
Notes to the annual financial statements	65

REPORT OF THE INDEPENDENT AUDITORS

TO THE SHAREHOLDERS OF SEKUNJALO INVESTMENTS LIMITED

We have audited the accompanying annual financial statements of Sekunjalo Investments Limited Group and Company, which comprise the directors' report, the statement of financial position as at 31 August 2010, the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 41 to 109.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa, 1973, as amended. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of annual financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these annual financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the annual financial statements are free from material misstatement.

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

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

OPINION

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of the Group and Company as of 31 August 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa, 1973, as amended.



PKF (Cpt) Inc.
Registered Auditors
Chartered Accountants (SA)
Registration number: 2000/016512/21
B van der Walt

16 November 2010

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required by the Companies Act of South Africa, 1973, as amended, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Group and Company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

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

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

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

The directors have reviewed the Group's cash flow forecast for the year to 3 November 2011 and, in the light of this review and the current financial position, they are satisfied that the Group has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Group's annual financial statements. The annual financial statements have been examined by the Group's external auditors and their report is presented on page 38.

The annual financial statements set out on pages 41 to 109, which have been prepared on the going concern basis, were approved by the Board of Directors on 3 November 2010 and were signed on its behalf by:



Dr MI Survé



K Abdulla

DIRECTORS' INTEREST IN CONTRACTS

During the period under review, no director had any material interest in any contract of significance with Sekunjalo Investments Limited, any of its subsidiaries, associates or joint ventures that would give rise to a conflict of interest in the ordinary course of business. Related party transactions with the directors are disclosed in note 36 of the annual financial statements.

REPORT OF THE COMPANY SECRETARY

I confirm that the company has lodged with the Registrar of Companies all such returns required of a public company in terms of the Companies Act of South Africa, 1973, as amended, and that such returns are true, correct and up to date in all significant respects.



Miss Cherie Hendricks
Company Secretary
16 November 2010

DIRECTORS' REPORT

The directors submit their report for the year ended 31 August 2010.

1. REVIEW OF ACTIVITIES

MAIN BUSINESS AND OPERATIONS

Sekunjalo Investments Limited is a black-controlled investment holding company, which holds controlling interests in six sectors and promotes Broad-Based Black Economic Empowerment and sound corporate practices. It has many operational subsidiaries, as well as investments in associates and joint ventures.

The operating results and state of affairs of the Group and Company are fully set out in the attached financial statements. Refer to note 44 – Group Segmental Report for a detailed breakdown of the proportion of net income or loss attributable to the various divisions in the Group.

The operating results and state of affairs of the Group and Company are fully set out in the attached annual financial statements and do not in our opinion require any further comment.

2. EVENTS AFTER THE REPORTING DATE

There were no material events after the reporting date.

3. AUTHORISED AND ISSUED SHARE CAPITAL

There were no changes in the authorised or issued share capital of the Company during the year under review.

4. BORROWING LIMITATIONS

In terms of the articles of association of the Company, the directors may exercise all the powers of the Company to borrow money, as they consider appropriate.

5. DIRECTORS

The directors of the Company during the year and to the date of this report are as follows:

Name	Changes
Dr MI Survé	
K Abdulla	
M Gaomab, The First	
S Young	
Rev Dr VC Mehana	
CF Hendricks	
C Ah Sing	Appointed 19 November 2009

6. SECRETARY

The secretary of the Company is Cherie Hendricks of:

Business address: Quay 7, East Pier
V&A Waterfront
Cape Town
8001

Postal address: PO Box 181
Cape Town
South Africa
8001

7. AUDITORS

PKF (Cpt) Inc. will continue in office in accordance with section 270(2) of the Companies Act of South Africa.

8. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

There were no acquisitions during the year. There were part disposals of FIOS (Pty) Ltd and Saratoga Software (Pty) Ltd during the year. These part disposals did not result in a loss of control. Refer to note 5 Investments in Subsidiaries.

DIRECTORS' REPORT

9. DIRECTORS' INTEREST IN SHARE CAPITAL

There have been no changes in the directors' interest in share capital between 01 September 2010 and the date of this report. None of the Company's directors bought or sold "A" or "B" class ordinary shares in this period.

AS AT 31 AUGUST 2010

"A" class ordinary shares – unlisted

	Direct Beneficial	Direct Non-beneficial	Indirect Beneficial	Indirect Non-beneficial	Total Percentage
Dr MI Survé	–	–	–	2 000 000	100%
Total	–	–	–	2 000 000	100%

"B" class ordinary shares – listed

	Direct Beneficial	Direct Non-beneficial	Indirect Beneficial	Indirect Non-beneficial	Total Percentage
Dr MI Survé	–	–	–	167 158 152	34.16%
K Abdulla	26 899 816	–	–	–	5.50%
Total	26 899 816	–	–	167 158 152	39.66%

AS AT 31 AUGUST 2009

"A" class ordinary shares – unlisted

	Direct Beneficial	Direct Non-beneficial	Indirect Beneficial	Indirect Non-beneficial	Total Percentage
Dr MI Survé	–	–	–	2 000 000	100%
Total	–	–	–	2 000 000	100%

"B" class ordinary shares – listed

	Direct Beneficial	Direct Non-beneficial	Indirect Beneficial	Indirect Non-beneficial	Total Percentage
Dr MI Survé	–	–	–	165 158 152	33.75%
K Abdulla	25 425 572	–	–	–	5.20%
Total	25 425 572	–	–	165 158 152	38.95%

10. VOTING RIGHTS

"A" class ordinary shares each carry 500 votes per share, and "B" class ordinary shares each carry one vote per share.

11. DIVIDENDS

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

12. SPECIAL RESOLUTIONS

The statutory information relating to special resolutions passed by subsidiaries is available from the registered office of the Company. The only special resolutions were passed at the Annual General Meeting on 8 February 2010.

STATEMENT OF FINANCIAL POSITION AT 31 AUGUST 2010

	Notes	GROUP		COMPANY	
		2010 R'000	2009 R'000	2010 R'000	2009 R'000
Assets					
Non-current assets					
Property, plant and equipment	2	138 193	143 614	38	194
Goodwill	3	51 548	57 642	-	-
Intangible assets	4	22 060	25 244	13	15
Investments in subsidiaries	5	-	-	623 386	619 986
Investment in associate	6	138 179	144 776	-	-
Investments in joint ventures	7	50	50	-	-
Loans to group companies	8	-	-	144 511	148 635
Loan to associate	9	17 900	-	-	-
Other financial assets	10	157 171	101 558	33 073	2 253
Deferred tax	11	24 956	31 332	5 312	2 795
Operating lease asset	12	1 218	606	-	-
		551 275	504 822	806 333	773 878
Current assets					
Inventories	13	15 703	21 634	-	-
Biological assets	14	34 046	38 320	-	-
Other financial assets	10	2 886	22 066	150	-
Current tax receivable		864	451	-	-
Trade and other receivables	15	67 451	66 723	620	967
Cash and cash equivalents	16	52 077	51 055	-	-
		173 027	200 249	770	967
Assets of disposal groups and non-current assets held for sale	17	3 336	18 386	-	-
Total assets		727 638	723 457	807 103	774 845
Equity and liabilities					
Equity					
Equity attributable to equity holders of parent					
Share capital and share premium	18	403 177	402 977	403 177	403 177
Reserves	19	121 194	121 194	-	-
(Accumulated loss)/retained income		(122 036)	(129 932)	236 167	226 091
		402 335	394 239	639 344	629 268
Non-controlling interest		867	(1 942)	-	-
		403 202	392 297	639 344	629 268
Liabilities					
Non-current liabilities					
Loans from group companies	8	-	1 016	65 226	63 789
Other financial liabilities	20	53 454	57 019	254	279
Finance lease obligation	21	228	888	-	-
Operating lease liability	12	1 198	687	-	-
Post-employment medical costs	22	1 080	794	-	-
Deferred tax	11	97 239	93 044	61 646	56 794
		153 199	153 448	127 126	120 862
Current liabilities					
Loans from group companies	8	-	-	-	3 009
Trade and other payables	23	61 778	59 371	6 869	792
Other financial liabilities	20	27 237	17 035	17 128	-
Current tax payable		8 387	21 618	-	2 458
Finance lease obligation	21	623	789	-	68
Provisions	24	26 138	23 571	9 863	9 980
Bank overdraft	16	41 398	43 587	6 773	8 408
		165 561	165 971	40 633	24 715
Liabilities of disposal groups	17	5 676	11 741	-	-
Total liabilities		324 436	331 160	167 759	145 577
Total equity and liabilities		727 638	723 457	807 103	774 845
Net asset value per share (cents)		82.22	80.57	130.65	128.20
Tangible net asset value per share (cents)		67.18	63.63	130.65	128.20

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 AUGUST 2010

	Notes	GROUP		COMPANY	
		2010 R'000	2009 R'000	2010 R'000	2009 R'000
Continuing operations					
Revenue	25	436 948	399 481	7 767	5 000
Cost of sales		(315 923)	(307 210)	–	–
Gross profit		121 025	92 271	7 767	5 000
Other income		16 043	31 574	385	62
Operating expenses		(150 620)	(150 376)	(24 311)	(19 248)
Impairments		(9 111)	(67 576)	(16 389)	(43 745)
Investment revenue	26	6 079	5 613	16 201	24 927
Fair-value adjustments		57 421	67 710	34 660	48 200
Loss from equity accounted investments		(6 596)	(5 224)	–	–
Finance costs	27	(11 156)	(18 215)	(8 352)	(11 653)
Profit/(loss) before taxation	28	23 085	(44 223)	9 961	3 543
Taxation	29	(12 825)	(13 881)	115	(7 124)
Profit/(loss) from continuing operations		10 260	(58 104)	10 076	(3 581)
Loss from discontinued operations	17	(1 470)	(668)	–	–
Profit/(loss) for the year		8 790	(58 772)	10 076	(3 581)
Other comprehensive income		–	–	–	–
Total comprehensive income/(loss)		8 790	(58 772)	10 076	(3 581)
Total comprehensive income/(loss) attributable to:					
Equity holders of the parent		8 176	(58 941)	10 076	(3 581)
Non-controlling interest		614	169	–	–
		8 790	(58 772)	10 076	(3 581)
Basic and diluted earnings per ordinary share (cents)					
	32	1.67	(12.05)		
– Continuing operations		1.97	(11.91)		
– Discontinued operations		(0.30)	(0.14)		
Basic and diluted headline earnings per ordinary share (cents)					
	32	2.64	1.55		
– Continuing operations		2.94	1.68		
– Discontinued operations		(0.30)	(0.13)		
Weighted average number of ordinary shares in issue ('000)					
		489 339	489 073		
Fully diluted weighted average number of ordinary shares in issue ('000)					
		489 339	489 073		

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 AUGUST 2010

	Share capital R'000	Share premium R'000	Total share capital R'000	Reserves R'000	Accumulated loss R'000	Total attributable to equity holders of the Group R'000	Non- controlling interest R'000	Total equity R'000
GROUP								
Balance at 1 September 2008	30	403 147	403 177	121 194	(68 422)	455 949	(6 359)	449 590
Total comprehensive loss for the year	-	-	-	-	(58 941)	(58 941)	169	(58 772)
Issue of preference shares in subsidiary	-	-	-	-	-	-	634	634
Treasury shares	-	(200)	(200)	-	-	(200)	-	(200)
Dividends	-	-	-	-	-	-	(679)	(679)
Business combinations	-	-	-	-	(2 569)	(2 569)	4 293	1 724
Total changes	-	(200)	(200)	-	(61 510)	(61 710)	4 417	(57 293)
Balance at 1 September 2009	30	402 947	402 977	121 194	(129 932)	394 239	(1 942)	392 297
Total comprehensive income for the year	-	-	-	-	8 176	8 176	614	8 790
Issue of preference shares in subsidiary	-	-	-	-	-	-	1 000	1 000
Treasury shares	-	200	200	-	-	200	-	200
Dividends	-	-	-	-	-	-	(1 869)	(1 869)
Business combinations – control not lost	-	-	-	-	(280)	(280)	3 064	2 784
Total changes	-	200	200	-	7 896	8 096	2 809	10 905
Balance at 31 August 2010	30	403 147	403 177	121 194	(122 036)	402 335	867	403 202
Note(s)	18	18	18	19				

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 AUGUST 2010

	Share capital R'000	Share premium R'000	Total share capital R'000	Retained income R'000	Total equity R'000
COMPANY					
Balance at 1 September 2008	30	403 147	403 177	229 672	632 849
Total comprehensive loss for the year	-	-	-	(3 581)	(3 581)
Total changes	-	-	-	(3 581)	(3 581)
Balance at 1 September 2009	30	403 147	403 177	226 091	629 268
Total comprehensive income for the year	-	-	-	10 076	10 076
Total changes	-	-	-	10 076	10 076
Balance at 31 August 2010	30	403 147	403 177	236 167	639 344
Note	18	18	18		

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2010

	Notes	GROUP		COMPANY	
		2010 R'000	2009 R'000	2010 R'000	2009 R'000
Cash flows from operating activities					
Cash receipts from customers		441 792	378 465	8 113	7 363
Cash paid to suppliers and employees		(425 477)	(364 340)	(18 811)	(22 027)
Cash generated from/(used in) operations	33	16 315	14 125	(10 698)	(14 664)
Investment revenue		6 079	5 796	16 201	24 864
Dividends received		–	63	219	63
Finance costs		(11 156)	(18 844)	(8 352)	(11 653)
Tax (paid)/received		(14 025)	1 125	(7)	–
Dividends paid		(1 869)	(679)	–	–
Net cash (to)/from operating activities		(4 656)	1 586	(2 637)	(1 390)
Cash flows from investing activities					
Purchase of property, plant and equipment	2	(12 138)	(19 994)	(1)	(285)
Proceeds from sale of property, plant and equipment	2	21 734	3 107	49	–
Purchase of other intangible assets	4	(988)	(9)	–	–
Expenditure on software development	4	–	(205)	–	–
Acquisition of businesses	34	–	738	–	–
Sale of businesses	35	–	(14 479)	–	–
Loans advanced to associate company		(18 916)	–	–	–
Repayment of loans from group companies		–	–	(12 202)	32 599
Increase in other financial assets		(424)	–	(897)	(4 416)
Decrease in other financial assets		17 140	8 143	288	(39 746)
Acquisition of joint venture		–	(50)	–	–
Net cash from/(to) investing activities		6 408	(22 749)	(12 763)	(11 848)
Cash flows from financing activities					
Increase in other financial liabilities		8 228	24 335	–	–
Repayment/(proceeds) of other financial liabilities		(24 528)	–	17 103	(2 018)
Proceeds from shareholder's loan		16 326	–	–	–
Finance lease payments		(825)	(421)	(68)	(69)
Net cash (to)/from financing activities		(799)	23 914	17 035	(2 087)
Total cash movement for the year		953	2 751	1 635	(15 325)
Cash at the beginning of the year		7 468	4 717	(8 408)	6 917
Cash and cash equivalents transferred to disposal group held for sale		2 256	–	–	–
Total cash at end of the year	16	10 677	7 468	(6 773)	(8 408)

ACCOUNTING POLICIES

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), the AC 500 series of interpretations, the South African Companies Act, 1973, as amended and the Listings Requirements of the JSE Limited. The financial statements have been prepared on the historical cost basis except where otherwise stated, and incorporate the principal accounting policies set out below.

The accounting policies are consistent with those applied in the previous year, except for the adoption of IFRS 8, Operating Segments, and IAS 1 (revised). These standards have only impacted the disclosure and not on the previously reported results.

1.1 UNDERLYING CONCEPTS

The financial statements are prepared on the going concern basis, which assumes that the Group will continue in operation for the foreseeable future.

The financial statements are prepared using accrual accounting whereby the effects of transactions and other events are recognised when they occur, rather than when the cash is received or paid.

Assets and liabilities and income and expenses are not offset unless specifically permitted by an accounting standard. Financial assets and financial liabilities are only offset when there is a legally enforceable right to offset, and the intention is either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Accounting policies are the specific principles, bases, conventions, rules and practices applied in preparing and presenting financial statements. Changes in accounting policies are accounted for in accordance with the transitional provisions in the standard. If no such guidance is given, they are applied retrospectively. If, after making every reasonable effort to do so, it is impracticable to apply the change retrospectively, it is applied prospectively from the beginning of the earliest period practicable.

Changes in accounting estimates are adjustments to assets or liabilities or the amounts of periodic consumption of assets that result from new information or new developments. Such changes are recognised in profit or loss in the period they occur.

1.2 CONSOLIDATION

Basis of consolidation

The consolidated annual financial statements incorporate the annual financial statements of the Company and all entities, including special purpose entities, which are controlled by the Company.

Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries are included in the consolidated annual financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the annual financial statements of subsidiaries to bring their accounting policies in line with those of the Group.

All intergroup transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the Group's interest therein, and are recognised within equity.

Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

Transactions which result in changes in ownership levels, where the Group has control of the subsidiary both before and after the transaction are regarded as equity transactions and are recognised directly in the statement of changes in equity.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the parent.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured at fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest.

Business combinations

The Group accounts for business combinations using the acquisition method of accounting. The cost of the business combination is measured as the aggregate of the fair values of assets given, liabilities incurred or assumed and equity instruments issued. Costs directly attributable to business combinations are expensed as incurred, except the costs to issue debt which are amortised as part of the effective interest and costs to issue equity which are included in equity.

Contingent consideration is included in the cost of the combination at fair value as at the date of acquisition. Subsequent changes to the assets, liabilities or equity which arise as a result of the contingent consideration are not affected against goodwill, unless they are valid measurement period adjustments.

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

Contingent liabilities are only included in the identifiable assets and liabilities of the acquiree where there is a present obligation at acquisition date.

On acquisition, the Group assesses the classification of the acquiree's assets and liabilities and reclassifies them where the classification is inappropriate for Group purposes. This excludes lease agreements and insurance contracts, whose classification remains as per their inception date.

Non-controlling interest arising from a business combination is measured either at their share of the fair value of the assets and liabilities of the acquiree or at fair value. The treatment is not an accounting policy choice but is selected for each individual business combination, and disclosed in note 43 for business combinations.

In cases where the Group held a non-controlling shareholding in the acquiree prior to obtaining control, that interest is measured to fair value as at acquisition date. The measurement to fair value is included in profit or loss for the year. Where the existing shareholding was classified as an available-for-sale financial asset, the cumulative fair-value adjustments recognised previously to other comprehensive income and accumulated in equity are recognised in profit or loss as a reclassification adjustment.

Goodwill is determined as the consideration paid, plus the fair value of any shareholding held prior to obtaining control, plus non-controlling interest less the fair value of the identifiable assets and liabilities of the acquiree.

Goodwill is not amortised but is tested on an annual basis for impairment. If goodwill is assessed to be impaired, that impairment is not subsequently reversed.

The excess of the cost of the investment over the Group's share of the net fair value of an associate's identifiable assets, liabilities and contingent liabilities over the cost of the business combination is immediately recognised in profit or loss.

On disposal of a subsidiary, associate or joint venture to which the goodwill was allocated on acquisition, the amount attributable to such goodwill is included in the determination of the profit or loss for the period in which the relevant investment is disposed.

Internally generated goodwill is not recognised as an asset.

ACCOUNTING POLICIES

Investment in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

An investment in associate is accounted for using the equity method, except when the investment is classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost adjusted for post-acquisition changes in the Group's share of net assets of the associate, less any impairment losses.

Losses in an associate in excess of the Group's interest in that associate are recognised only to the extent that the Group has incurred a legal or constructive obligation to make payments on behalf of the associate.

Any goodwill on acquisition of an associate is included in the carrying amount of the investment; however, a gain on acquisition is recognised immediately in profit or loss.

Profits or losses on transactions between the group and an associate are eliminated to the extent of the group's interest therein.

When the Group reduces its level of significant influence or loses significant influence, the Group proportionately reclassifies the related items which were previously accumulated in equity through other comprehensive income to profit or loss as a reclassification adjustment. In such cases, if an investment remains, that investment is measured to fair value, with the fair-value adjustment being recognised in profit or loss as part of the gain or loss on disposal.

Interests in joint ventures

A joint venture is a contractual agreement whereby the group and other parties undertake an economic activity that is subject to joint control, that is when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control.

Jointly controlled entities

An interest in a jointly controlled entity is accounted for using the equity method, except when the investment is classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, interests in jointly controlled entities are carried in the consolidated statement of financial position at cost adjusted for post-acquisition changes in the Group's share of net assets of the jointly controlled entity, less any impairment losses. Profits or losses on transactions between the Group and a joint venture are eliminated to the extent of the Group's interest therein.

When the group loses joint control, the group proportionately reclassifies the related items which were previously accumulated in equity through other comprehensive income to profit or loss as a reclassification adjustment. In such cases, if an investment remains, that investment is measured to fair value, with the fair-value adjustment being recognised in profit or loss as part of the gain or loss on disposal.

Jointly controlled operations

In respect of its interests in jointly controlled operations, the group recognises in its annual financial statements:

- the assets that it controls and the liabilities that it incurs; and
- the expenses that it incurs and its share of the income that it earns from the sale of goods or services by the joint venture.

1.3 INVESTMENTS IN SUBSIDIARIES

Group annual financial statements

The Group annual financial statements include those of the holding company, subsidiaries and joint ventures.

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

Separate financial statements

In the Company's separate annual financial statements, investments in subsidiaries are carried at fair value through profit or loss.

Investments in subsidiaries are initially recognised at fair value which is equivalent to the cost. The cost of an investment in a subsidiary is the aggregate of the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Company.

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

Non-controlling interest in the net assets of consolidated subsidiaries are identified separately from the parent's ownership interests in them. Non-controlling interests in the net assets consist of:

- the amount of those non-controlling interests at the date of the original combination calculated in accordance with IFRS 3; and
- the non-controlling interests' share of changes in equity since the date of the combination.

Where potential voting rights exist, the proportions of profit or loss and changes in equity allocated to the parent and minority interests are determined on the basis of present ownership interests and do not reflect the possible exercise or conversion of potential voting rights.

1.4 SIGNIFICANT JUDGEMENTS

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

Trade receivables and loans and receivables

The group assesses its trade receivables and loans and receivables for impairment at each statement of financial position date. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the Group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Property, plant and equipment

The Group assesses the useful lives, depreciation rates and residual value of these assets at each reporting date. These estimates take cognisance of current market and trading conditions for the Group's specific assets. In addition, the useful life estimates take into account the risk of obsolescence due to advances in technology.

Intangible assets

The Group assesses the useful lives, amortisation rates and residual values at each reporting date. This judgement is based on the market and trading conditions for the Group, management's expectations and strategy for the use of the intangible, as well as by performance indicators, including sales growth rates and operating margins, of cash-generating units which use the intangible.

Biological assets

Abalone is stated at fair value less costs to sell. The fair value is determined using market values of each class of abalone size.

Post-employment medical costs

The Group uses the life expectancy of retired employees and annual increases in medical aid costs to determine the closing carrying value.

Allowance for slow moving, damaged and obsolete stock

Management has made estimates of the selling price and direct cost to sell on certain inventory items at year-end by reviewing subsequent selling prices.

ACCOUNTING POLICIES

Impairment testing

Assets are subject to regular impairment reviews as required. Impairments are measured at the difference between the cost (or amortised cost) of a particular asset and the recoverable amount which is the greater of the fair value less cost to sell and value in use of the asset. Impairments are recorded in the statement of comprehensive income in the period in which they occur. The Group's policy in relation to impairment testing in respect of goodwill is detailed below.

The recoverable amount of cash-generating units has been determined based on a value in use calculation. Key assumptions applied to determine the recoverable amount of the cash-generating units, using the value in use calculation relating to revenue growth rates, working capital requirements and capital expenditure. Cash flow projections were based on historical information and financial budgets approved by senior management covering a five-year period.

Assumptions applied for impairment testing

Risk free rate – R157 and R153 government bonds

Beta – 0.87

Discount rate – 11–14%

Normal taxation and deferred tax

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

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

Investment in subsidiaries

Valuation method

An entity discounted cash flow (DCF) valuation technique is used for unlisted investments. Price/earnings valuations are not as accurate and are thus only used as a secondary review.

Application of methodology

Free cash flow (FCF) forecasts are prepared year-by-year for a minimum period of three years and for high-growth companies year-by-year forecasts for a period of five to ten years are prepared, whereafter a terminal value will be calculated.

Terminal value growth rates

When calculating the terminal value growth rates in excess of the current inflation rate are not utilised. Real growth beyond ten years is not likely, and even if likely is difficult to forecast with any certainty.

Terminal values

When calculating the terminal value, care is taken regarding the level of net capital investment assumed. This is assumed to be lower than during the specific forecast period for high growth companies. For mature, stable companies net capital investment during the specific forecast period and beyond is assumed to be the same.

Discount rate

Free cash flows are discounted at the company's weighted average cost of capital (WACC), being the weighted cost of equity (as determined using the capital asset pricing model (CAPM)) and the weighted after-tax cost of debt and/or any other non-equity form of financing.

Risk free rate

The risk free rate utilised is the yield on ten-year government bonds. These yields were obtained from the financial press at the time of preparing the valuations. Where no ten-year SA bonds are in issue, the nearest long-term SA bond rate was used.

Beta

The equally-weighted average of the relevant industry betas is used.

The betas are calculated over a five-year period (where possible). This is assumed to provide a fair estimate of the Group's recent market risk.

Market risk premium

A market risk premium was utilised in all valuations.

Value of equity

The value of equity will be equal to the free cash flow value of the entity, less the statement of financial position values (at valuation date) of debt and any other form of financing, plus any cash on hand (per the statement of financial position) which is in excess of normal working capital requirements.

1.5 PROPERTY, PLANT AND EQUIPMENT

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

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

Property, plant and equipment is initially measured at cost.

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

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Property, plant and equipment are carried at cost, including transaction costs, less accumulated depreciation and any impairment losses. Depreciation is calculated on the straight-line method at a rate considered appropriate to reduce the carrying value of an item over its useful life to its estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Average useful life
Land	Indefinite
Buildings	5 – 40 years
Plant and machinery	1 – 36 years
Furniture and fixtures	2 – 20 years
Motor vehicles	1 – ten years
Office equipment	3 – 21 years
Computer equipment	1 – 8 years
Leasehold improvements	5 – 40 years
Vessels	3 – 32 years
Computer software	2 – 5 years
Pharmaceutical books	7 years

ACCOUNTING POLICIES

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

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

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

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

1.6 BIOLOGICAL ASSETS

Biological assets consist of abalone cultivated in an aquaculture farm and are measured at their fair value less estimated point-of-sale costs.

Any gains or losses arising from measurement on initial recognition or from a subsequent change in fair value less estimated point-of-sale costs is included in profit or loss for the period in which it arises.

1.7 INTANGIBLE ASSETS

An intangible asset is recognised when:

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

Intangible assets which are separately acquired are initially recognised at cost, being their purchase prices after adding any directly attributable costs of preparing the assets to be capable of operating in the manner intended by management.

Intangible assets with a finite useful life are stated at cost less accumulated amortisation and impairment losses.

Intangible assets with an indefinite useful life are not amortised, but are reviewed on an annual basis for indications that continue to support an indefinite useful life assessment.

Internally generated intangible assets are recognised for costs incurred in the development phase of an internal project.

Software development costs, which are generated internally, are initially measured at cost, being all directly attributable costs necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management, and are subsequently carried at cost after taking into account any accumulated amortisation and accumulated impairment losses, where applicable.

Costs incurred in the research phase are included in the calculation of profit or loss for the period in which they are incurred.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows.

The amortisation period, residual values and the amortisation method for intangible assets are reviewed at every year-end.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

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

Item	Useful life
Trademarks	15 – 20 years
Software development	10 years
Pharmaceutical dossiers	20 years
Royalty agreements	Indefinite

1.8 FINANCIAL INSTRUMENTS

Initial recognition and measurement

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

The Group's principal financial assets are various investments, loans receivable, trade and other receivables and bank and cash balances. The Group's principal financial liabilities are interest-bearing and non-interest-bearing loans payable, trade and other payables and bank overdrafts.

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

Derecognition of financial assets and financial liabilities

Financial assets or parts thereof are derecognised when:

- the right to receive the cash flows has expired;
- the right to receive the cash flows is retained, but an obligation to pay them to a third party under a "pass-through" arrangement is assumed; or
- the Group transfers the right to receive the cash flows, and also transfers either all the risks and rewards, or control over the asset.

Financial liabilities are derecognised when the obligation is discharged, cancelled or expired.

Loans and receivables

These financial assets are initially recognised at fair value plus direct transaction costs.

Subsequently these loans and receivables are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

On loans receivable an impairment loss is recognised in profit or loss when there is objective evidence that it is impaired. The impairment is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

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

Trade and other receivables

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

ACCOUNTING POLICIES

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

Trade and other payables

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

Cash and cash equivalents

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

Bank overdraft and borrowings

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

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

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term.

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

Investments are measured initially and subsequently at fair value. Gains and losses arising from changes in fair value are included in profit or loss for the period. The Group assesses these financial assets for impairment at every statement of financial position date.

Transaction costs are recognised in profit or loss. Dividend income is recognised in the statement of comprehensive income as part of other income when the Group's right to receive payment is established.

1.9 TAX

Current tax assets and liabilities

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

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

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- the initial recognition of goodwill; or
- the initial recognition of an asset or liability in a transaction which:
 - is not a business combination; and
 - at the time of the transaction, affects neither accounting profit nor taxable profit/(tax loss).

.....

A deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except to the extent that both of the following conditions are satisfied:

- the parent, investor or venturer is able to control the timing of the reversal of the temporary difference; and
- it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:

- is not a business combination; and
- at the time of the transaction, affects neither accounting profit nor taxable profit/(tax loss).

A deferred tax asset is recognised for all deductible temporary differences arising from investments in subsidiaries, associates and interests in joint ventures, to the extent that it is probable that:

- the temporary difference will reverse in the foreseeable future; and
- taxable profit will be available against which the temporary difference can be utilised.

A deferred tax asset is recognised for the carry forward of unused tax losses and unused secondary tax on companies (STC) credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

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

Tax expenses

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

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

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

1.10 LEASES

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership to the lessee. All other leases are classified as operating leases.

Finance leases – lessee

Items leased in terms of finance leases are recognised in the statement of financial position at amounts equal to the lower of the fair value of the leased items and the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

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

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

Leased assets are depreciated over the shorter of the lease term and the assets useful life.

Operating leases – lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

ACCOUNTING POLICIES

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

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

1.11 INVENTORIES

Inventories are measured at the lower of cost and net realisable value on the first-in-first-out basis.

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

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

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs. The reversal cannot increase the carrying amount of the inventory above the carrying amount had no write-down been recognised initially.

Obsolete, redundant and slow moving items are identified on a regular basis and are written down to their estimated net realisable values.

1.12 NON-CURRENT ASSETS HELD FOR SALE

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

Non-current assets held for sale (or disposal group) are measured at the lower of its carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale. An impairment loss is recognised in profit or loss for any initial and subsequent write-down of the assets or disposal group to fair value less costs to sell. A gain for any subsequent increase in fair value less costs to sell is recognised in profit or loss to the extent that it is not in excess of the cumulative impairment loss previously recognised.

In addition, in order to be classified as non-current assets held for sale, the following criteria must be met:

- the assets (or disposal group) must be actively marketed for sale at a price that is reasonable in relation to its current fair value;
- actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

1.13 IMPAIRMENT OF ASSETS

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

Irrespective of whether there is any indication of impairment, the Group also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

.....

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount which results in an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- first, to reduce the carrying amount of any goodwill allocated to the cash-generating unit and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

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

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

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

1.14 SHARE CAPITAL AND EQUITY

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

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

1.15 EMPLOYEE BENEFITS

Post-employment medical aid cost

The Group has a constructive obligation to pay the medical aid cost of certain retired employees. The entitlement of these benefits was based on the employees remaining in service up to retirement age and the completion of a minimum service period.

The present value of the liability incurred is calculated based on remaining contributions to the medical aid fund and are included in the calculation of profit or loss for the period in which the amounts are paid.

Contributions to the medical aid fund increases annually, based on current market trends.

ACCOUNTING POLICIES

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the Group's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Other employee benefits

Employee benefits in the form of annual leave entitlements are provided for when they accrue to employees with reference to services rendered up to statement of financial position date. The expense is recognised in the statement of comprehensive income of the period in which the employee renders the service.

The Group recognises a liability and an expense for bonuses. The Group recognises a provision where a contractual obligation or where past practices have created a constructive obligation. An accrual is maintained for there is an appropriate proportion of the expected bonuses which would become payable at the year-end.

1.16 PROVISIONS AND CONTINGENCIES

Provisions are recognised when:

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

Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation. The discount rate is the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The discount rate does not reflect risks for which future cash flow estimates have been adjusted.

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

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

1.17 REVENUE

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

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

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

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

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

Service revenue is recognised by reference to the stage of completion of the transaction at the end of the reporting period. Stage of completion is determined by services performed to date as a percentage of total services to be performed.

Contract revenue comprises:

- the initial amount of revenue agreed in the contract; and
- variations in contract work, claims and incentive payments:
 - to the extent that it is probable that they will result in revenue; and
 - they are capable of being reliably measured.

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

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

Royalties are recognised on the accrual basis in accordance with the substance of the relevant agreements.

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

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

1.18 COST OF SALES

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

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

1.19 BORROWING COSTS

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

1.20 TRANSLATION OF FOREIGN CURRENCIES

Foreign currency transactions

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

At the end of the reporting period:

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

ACCOUNTING POLICIES

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

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

Cash flows arising from transactions in a foreign currency are recorded in rand by applying to the foreign currency amount the exchange rate between the rand and the foreign currency at the date of the cash flow.

1.21 SEGMENTAL REPORTING

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

Segment results include revenue and expenses directly attributable to a segment and the relevant portion of enterprise revenue and expenses that can be allocated on a reasonable basis to a segment, whether from external transactions with other group segments. Segment results are determined before any adjustments for minority interests.

Segment assets and liabilities comprise the operating assets and liabilities that are directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segment assets are determined after deducting related allowances that are reported as direct offsets in the Group's statement of financial position. Capital expenditure represents the total costs incurred during the period to acquire segment assets that are expected to be used during more than one period, namely, property, plant and equipment, and intangible assets other than goodwill.

Business segments comprise:

- Industrials, being the Group's fishing interests;
- Health Care, being the Group's health-related manufacturing, wholesale and software development interests;
- Information Technology, being the Group's various information technology interests, and
- Financial Services, being the Group's various financial services interests.

1.22 EARNINGS PER SHARE

Earnings per share is calculated on the weighted average number of shares in issue, net of treasury shares, in respect of the year and is based on profit attributable to ordinary shareholders. Headline earnings per share is calculated in terms of the requirements set out in Circular 03/2009 issued by SAICA.

1.23 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS ISSUED THAT ARE NOT YET EFFECTIVE

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective.

Standard	Details of amendments	Annual periods beginning on or after
IFRS 1: First-time Adoption of International Financial Reporting Standards	<ul style="list-style-type: none"> Amendments relating to oil and gas assets and determining whether an arrangement contains a lease 	1 January 2010
IFRS 2: Share-based Payment	<ul style="list-style-type: none"> Accounting for Group cash-settled share-based payment transactions – clarity of the definition of the term “Group”. 	1 January 2010
IFRS 3: Business Combinations – Revised	<ul style="list-style-type: none"> The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the statement of comprehensive income. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree at fair value or at the non-controlling interest’s proportionate share of the acquiree’s net assets. All acquisition-related costs should be expensed. 	1 April 2010
IFRS 5: Non-current Assets Held for Sale and Discontinued Operations	<ul style="list-style-type: none"> Disclosures of non-current assets (or disposal groups) classified as held for sale or discontinued operations 	1 January 2010
IFRS 8: Operating Segments	<ul style="list-style-type: none"> Disclosure of information about segment assets 	1 January 2010
IFRS 9: Financial Instruments	<ul style="list-style-type: none"> New standards that forms the first part of a three-part project to replace IAS 39 Financial Instruments: Recognition and Measurement (effective for periods beginning 1 January 2013) IFRS 9 specifies how an entity should classify and measure financial assets, including some hybrid contracts. They require all financial assets to be: <ul style="list-style-type: none"> (a) classified on the basis of the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. (b) initially measured at fair value plus, in the case of a financial asset not at fair value through profit or loss, particular transaction costs. (c) subsequently measured at amortised cost or fair value. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of IAS 39. They apply a consistent approach to classifying financial assets and replace the numerous categories of financial assets in IAS 39, each of which had its own classification criteria. 	1 January 2013
IAS 1: Presentation of Financial Statements	<ul style="list-style-type: none"> Current/non-current classification of convertible instruments 	1 January 2010
IAS 7: Statement of Cash Flows	<ul style="list-style-type: none"> Classification of expenditures on unrecognised assets 	1 January 2010

ACCOUNTING POLICIES

1.23 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS ISSUED THAT ARE NOT YET EFFECTIVE (CONTINUED)

IAS 17: Leases	<ul style="list-style-type: none"> • Classification of leases of land and buildings 	1 January 2010
IAS 18: (Amendment) Revenue	<ul style="list-style-type: none"> • Determining whether an entity is acting as a principal or as an agent 	1 January 2010
IAS 24: Related Party Disclosure	<ul style="list-style-type: none"> • Simplification of the disclosure requirements for government-related entities • Clarification of the definition of related party 	1 January 2011
IAS 27: Consolidation and Separate Financial Statements – Revised	<ul style="list-style-type: none"> • The revised standard requires the effects of all transactions with non-controlling interests to be recorded in other comprehensive income if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. 	1 April 2010
IAS 32: Financial Instruments: Presentation	<ul style="list-style-type: none"> • Accounting for rights issues (including rights, options or warrants) that are denominated in a currency other than the functional currency of the Issuer 	1 February 2011
IAS 36: Impairment of Assets	<ul style="list-style-type: none"> • Unit of accounting for goodwill impairment test 	1 January 2010
IAS 39: Financial Instruments: Recognition and Measurement	<ul style="list-style-type: none"> • Treating loan prepayment penalties as closely related embedded derivatives • Scope exemption for business combination contracts • Cash flow hedge accounting 	1 January 2010

		Annual periods beginning on or after
Interpretations		
Requirements and their interaction.		1 January 2011
Amendments relating to the recognition as assets of some voluntary prepayments for minimum funding contributions		
IFRIC 19: Extinguishing Financial Liabilities with Equity Instruments		1 July 2010

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Group and Company.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. PROPERTY, PLANT AND EQUIPMENT

GROUP	2010			2009		
	Cost R'000	Accumulated depreciation and impairments R'000	Carrying value R'000	Cost R'000	Accumulated depreciation and impairments R'000	Carrying value R'000
Buildings	3 359	(635)	2 724	3 359	(528)	2 831
Computer equipment	6 373	(4 029)	2 344	4 776	(3 254)	1 522
Computer software	754	(627)	127	1 093	(846)	247
Furniture and fixtures	3 815	(2 559)	1 256	3 921	(2 414)	1 507
Land	840	–	840	840	–	840
Leasehold improvements	15 738	(8 192)	7 546	15 862	(7 411)	8 451
Motor vehicles	3 502	(2 608)	894	3 789	(2 339)	1 450
Office equipment	1 365	(958)	407	1 388	(815)	523
Pharmaceutical books	3	(2)	1	3	(1)	2
Plant and machinery	130 424	(76 011)	54 413	127 479	(69 529)	57 950
Vessels	104 657	(37 016)	67 641	98 311	(30 020)	68 291
Total	270 830	(132 637)	138 193	260 771	(117 157)	143 614

COMPANY	2010			2009		
	Cost R'000	Accumulated depreciation and impairments R'000	Carrying value R'000	Cost R'000	Accumulated depreciation and impairments R'000	Carrying value R'000
Computer equipment	51	(41)	10	100	(17)	83
Computer software	54	(26)	28	53	(11)	42
Motor vehicles	–	–	–	132	(63)	69
Total	105	(67)	38	285	(91)	194

Reconciliation of property, plant and equipment

GROUP 2010

	Opening balance	Additions	Disposals	Transfers	De- preciation	Closing balance
	R'000			R'000		
Buildings	2 831	–	–	–	(107)	2 724
Computer equipment	1 522	2 253	(68)	(89)	(1 274)	2 344
Computer software	247	59	–	(27)	(152)	127
Furniture and fixtures	1 507	255	(14)	(41)	(451)	1 256
Land	840	–	–	–	–	840
Leasehold improvements	8 451	185	–	–	(1 090)	7 546
Motor vehicles	1 450	44	(66)	–	(534)	894
Office equipment	523	38	–	–	(154)	407
Pharmaceutical books	2	–	–	–	(1)	1
Plant and machinery	57 950	2 958	–	–	(6 495)	54 413
Vessels	68 291	6 346	–	–	(6 996)	67 641
Total	143 614	12 138	(148)	(157)	(17 254)	138 193

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

2. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Reconciliation of property, plant and equipment

GROUP 2009

	Opening balance R'000	Additions R'000	Additions through business combi- nations R'000	Disposals R'000	Transfers to held for sale R'000	Assets under con- struction R'000	Depre- ciation R'000	Impairment loss R'000	Closing balance R'000
Buildings	16 652	3 000	-	-	(16 632)	-	(189)	-	2 831
Computer equipment	2 204	243	113	(55)	-	-	(983)	-	1 522
Computer software	430	188	27	(197)	-	-	(201)	-	247
Furniture and fixtures	1 978	163	-	(89)	-	-	(545)	-	1 507
Land	2 594	-	-	-	(1 754)	-	-	-	840
Leasehold improvements	9 159	305	-	(19)	-	-	(994)	-	8 451
Motor vehicles	1 840	513	-	(357)	-	-	(546)	-	1 450
Office equipment	697	100	12	(53)	-	-	(233)	-	523
Pharmaceutical books	-	3	-	-	-	-	(1)	-	2
Plant and machinery	89 687	11 452	6	(385)	-	(3 602)	(7 533)	(31 675)	57 950
Vessels	70 294	5 240	-	-	-	-	(7 243)	-	68 291
	195 535	21 207	158	(1 155)	(18 386)	(3 602)	(18 468)	(31 675)	143 614

COMPANY 2010

	Opening balance R'000	Additions R'000	Disposals R'000	Depre- ciation R'000	Closing balance R'000
Computer equipment	83	-	(49)	(24)	10
Computer software	42	1	-	(15)	28
Motor vehicles	69	-	-	(69)	-
	194	1	(49)	(108)	38

COMPANY 2009

	Opening balance R'000	Additions R'000	Depre- ciation R'000	Closing balance R'000
Computer equipment	-	100	(17)	83
Computer software	-	53	(11)	42
Motor vehicles	-	132	(63)	69
	-	285	(91)	194

2. PROPERTY PLANT AND EQUIPMENT (CONTINUED)

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
Pledged as security				
Refer to notes 16 and 20 for further details on security provided over the above assets.				
Capital commitments				
Refer to note 41 for details relating to capital commitments.				
Assets subject to finance lease (Net carrying amount)				
Computer equipment	76	34	-	-
Furniture and fixtures	520	-	-	-
Leasehold improvements	7 546	8 451	-	-
Motor vehicles	-	69	-	69
Office equipment	4	4	-	-
Plant and machinery	150	-	-	-
	8 296	8 558	-	69

Details

The land and buildings are located on 15 Mail Street, Epping, Cape Town and measure 463 square metres (Sectional title unit 753). The building is registered in the name of Sekunjalo Properties (Pty) Ltd under Title Deed ST25977/2008.

A register containing the information required by paragraph 22(3) of Schedule 4 of the Companies Act is available for inspection at the registered office of the Company.

Refer to note 31 for details of impairment testing.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

3. GOODWILL

GROUP	2010			2009		
	Cost	Accumulated	Carrying	Cost	Accumulated	Carrying
	R'000	impairments	value	R'000	impairments	value
	R'000	R'000	R'000	R'000	R'000	R'000
Goodwill	65 987	(14 439)	51 548	71 228	(13 586)	57 642

Reconciliation of goodwill – Group – 2010

	Opening	Impairment	Closing
	balance	loss	balance
	R'000	R'000	R'000
Goodwill	57 642	(6 094)	51 548

Reconciliation of goodwill – Group – 2009

	Opening	Additions	Disposals	Transfer to	Impairment	Closing
	balance	through	through	held for	loss	balance
	R'000	business	business	sale	R'000	R'000
	R'000	combi-	divesture	R'000	R'000	R'000
	R'000	nations	R'000	R'000	R'000	R'000
Goodwill	97 148	3 755	(31 344)	1 288	(13 205)	57 642

Goodwill acquired through business combinations has been allocated to individual cash-generating units for impairment testing as follows:

	GROUP		COMPANY	
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000
Sekunjalo Investments Group	38	38	-	-
Sekunjalo Technology Solutions Group	26 400	26 400	-	-
Sekunjalo Media Holdings Group	4 788	5 642	-	-
Sekunjalo Health Care Group	2 157	2 157	-	-
Sekunjalo Industrial Holdings Group	18 165	18 165	-	-
Sekunjalo Capital Group	-	5 240	-	-
	51 548	57 642	-	-
Acquisitions for the period				
Digital Matter (Pty) Ltd	-	3 484	-	-
Tripos Tourism Investments (Pty) Ltd	-	271	-	-
	-	3 755	-	-
Disposals for the period				
Zenith Group (Pty) Ltd	-	(5 957)	-	-
Synbi (Pty) Ltd	-	(25 387)	-	-
	-	(31 344)	-	-

Refer to note 31 for details of impairment testing.

4. INTANGIBLE ASSETS

GROUP	2010			2009		
	Cost R'000	Accumulated amortisation and impairments R'000	Carrying value R'000	Cost R'000	Accumulated amortisation and impairments R'000	Carrying value R'000
Trademarks	18 131	(17 567)	564	19 525	(18 970)	555
Software development	12 401	(7 905)	4 496	12 029	(7 421)	4 608
Pharmaceutical dossiers	34 000	(17 000)	17 000	34 000	(15 300)	18 700
Royalty agreements	2 166	(2 166)	–	2 166	(785)	1 381
Total	66 698	(44 638)	22 060	67 720	(42 476)	25 244

COMPANY	2010			2009		
	Cost R'000	Accumulated amortisation and impairments R'000	Carrying value R'000	Cost R'000	Accumulated amortisation and impairments R'000	Carrying value R'000
Trademarks	24	(11)	13	24	(9)	15

Reconciliation of intangible assets – Group – 2010

	Opening balance R'000	Additions R'000	Amor- tisation R'000	Impair- ment loss R'000	Closing balance R'000
Trademarks	555	16	(7)	–	564
Software development	4 608	972	(1 084)	–	4 496
Pharmaceutical dossiers	18 700	–	(1 700)	–	17 000
Royalty agreements	1 381	–	–	(1 381)	–
	25 244	988	(2 791)	(1 381)	22 060

Reconciliation of intangible assets – Group – 2009

	Opening balance R'000	Additions R'000	Disposals through business divestiture R'000	Amor- tisation R'000	Impairment loss R'000	Closing balance R'000
Trademarks	18 533	9	–	(487)	(17 500)	555
Software development	13 816	204	(7 619)	(1 365)	(428)	4 608
Pharmaceutical dossiers	20 400	–	–	(1 700)	–	18 700
Royalty agreements	2 166	–	–	–	(785)	1 381
	54 915	213	(7 619)	(3 552)	(18 713)	25 244

Reconciliation of intangible assets – Company – 2010

	Opening balance R'000	Amor- tisation R'000	Total R'000
Trademarks	15	(2)	13

Reconciliation of intangible assets – Company – 2009

	Opening balance R'000	Amor- tisation R'000	Total R'000
Trademarks	16	(1)	15

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

4. INTANGIBLE ASSETS (CONTINUED)

OTHER INFORMATION

Trademarks

- The “New Promex” brand which was purchased during 2008 financial year. The useful life of the brand had been assessed as being indefinite as it could not be determined when the economic benefits from this intangible would cease.
- South Atlantic Lobster and Sea Diamond abalone brands are well established in the USA and Far East respectively. These brands are held in the Sekunjalo Industrial Holdings Division.

All other patents and trademarks are internally generated.

Pharmaceutical dossiers

A register of the pharmaceutical dossiers is available for inspection at the registered office of Sekpharma (Pty) Ltd. All pharmaceutical dossiers have been acquired.

Software development

All software development has been internally generated.

Refer to note 31 for details on impairment testing.

The average remaining useful life of intangibles are listed below:

- The royalty agreement relates to the right to use a software platform. The software platform has an indefinite useful life.
- Software development has a remaining amortisation period of between one and ten years.
- Patents and trademarks have a remaining amortisation period of between one and ten years.
- Pharmaceutical dossiers have a remaining amortisation period of ten years.

5. INVESTMENTS IN SUBSIDIARIES

Company

The investments below have been designated as at fair value through profit and loss.

	2010 Voting power %	2009 Voting power %	2010 Holding %	2009 Holding %	2010 Carrying amount R'000	2009 Carrying amount R'000
Sekunjalo Industrial Holdings (Pty) Ltd	100.00	100.00	100.00	100.00	345 600	320 000
Sekunjalo Technology Solutions Group (Pty) Ltd	100.00	100.00	100.00	100.00	24 500	55 950
Sekunjalo Capital (Pty) Ltd	100.00	100.00	100.00	100.00	–	–
Sekunjalo Properties (Pty) Ltd	100.00	100.00	100.00	100.00	2 500	3 500
African Biotechnological and Medical Innovation Investments (Pty) Ltd	100.00	100.00	100.00	100.00	150 000	150 000
Sekunjalo Media Holdings (Pty) Ltd	100.00	100.00	100.00	100.00	2 286	8 286
Sekunjalo Health Care Ltd	77.39	77.39	77.39	77.39	–	–
Sekpharma (Pty) Ltd	94.00	94.00	75.00	75.00	21 500	26 250
Kilomax (Pty) Ltd	100.00	100.00	100.00	100.00	77 000	56 000
					623 386	619 986

5. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
Original cost of subsidiaries				
Sekunjalo Industrial Holdings (Pty) Ltd	-	-	216 000	216 000
Sekunjalo Technology Solutions Group (Pty) Ltd	-	-	-	-
Sekunjalo Capital (Pty) Ltd	-	-	-	-
Sekunjalo Properties (Pty) Ltd	-	-	-	-
African Biotechnological and Medical Innovation Investments (Pty) Ltd	-	-	-	-
Sekunjalo Media Holdings (Pty) Ltd	-	-	-	-
Sekunjalo Health Care Ltd	-	-	73 639	73 639
Sekpharma (Pty) Ltd	-	-	54 468	54 468
Kilomax (Pty) Ltd	-	-	1	1
	-	-	344 108	344 108

African Biotechnological and Medical Innovation Investments (Pty) Ltd holds the investment in associate – Bioclones (Pty) Ltd (refer to note 6). Kilomax (Pty) Ltd holds the investment in British Telecom Communication Services South Africa (Pty) Ltd (refer to note 10).

Subsidiaries with less than 50% voting powers held

Although the Company holds less than 50% of the voting powers in Saratoga Software (Pty) Ltd (through Sekunjalo Technology Solutions Group), the investment is considered a subsidiary because of additional voting powers granted to the parent company as set out in the shareholders' agreement.

Changes in ownership interest which did not result in loss of control

The following schedule represents the impact of changes in ownership interest of subsidiaries where control was retained, on the equity attributable to owners of the group:

Sale of 300 shares in Fios (Pty) Ltd to non-controlling interest, reducing the Group's interest from 100% to 70%.

Issue of 160 ordinary shares in Saratoga Software (Pty) Ltd to non-controlling interest, reducing the Group's interest from 50.15% to 42.5%.

Reconciliation of investments – 2010

	Fair value		
	Opening balance R'000	adjust- ments R'000	Closing balance R'000
Sekunjalo Industrial Holdings (Pty) Ltd	320 000	25 600	345 600
Sekunjalo Technology Solutions Group (Pty) Ltd	55 950	(31 450)	24 500
Kilomax (Pty) Ltd	56 000	21 000	77 000
Sekunjalo Properties (Pty) Ltd	3 500	(1 000)	2 500
African Biotechnological and Medical Innovation Investments (Pty) Ltd	150 000	-	150 000
Sekunjalo Media Holdings (Pty) Ltd	8 286	(6 000)	2 286
Sekpharma (Pty) Ltd	26 250	(4 750)	21 500
	619 986	3 400	623 386

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

5. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Reconciliation of investments – 2009

	Opening balance R'000	Fair value adjust- ments R'000	Closing balance R'000
Sekunjalo Industrial Holdings (Pty) Ltd	320 000	–	320 000
Sekunjalo Technology Solutions Group (Pty) Ltd	90 000	(34 050)	55 950
Kilomax (Pty) Ltd	–	56 000	56 000
Sekunjalo Properties (Pty) Ltd	3 500	–	3 500
African Biotechnological and Medical Innovation Investments (Pty) Ltd	150 000	–	150 000
Sekunjalo Media Holdings (Pty) Ltd	8 286	–	8 286
Sekpharma (Pty) Ltd	–	26 250	26 250
	571 786	48 200	619 986

The table below indicates the weighted average cost of capital used in the valuation of above investments. The valuation methodology is presented in the accounting policies.

Investments in subsidiaries	WACC
Sekunjalo Industrial Holdings (Pty) Ltd	15% – 20%
Sekunjalo Technology Solutions Group (Pty) Ltd	20% – 30%
Kilomax (Pty) Ltd	15% – 20%
Sekunjalo Properties (Pty) Ltd	10% – 14%
African Biotechnological and Medical Innovation Investments (Pty) Ltd	Refer to note 6
Sekunjalo Media Holdings (Pty) Ltd	12% – 16%
Sekpharma (Pty) Ltd	17% – 22%

The fair value of investments in subsidiaries have been determined as per the assumptions and estimates as disclosed in note 1.4.

Other

Subsidiaries whose financial position or results are not material are excluded.

Details of excluded subsidiaries are available from the company secretary. Refer to note 47 for the full list of subsidiaries.

Profits and losses of consolidated subsidiary companies attributable to the Company.

	COMPANY	
	2010 R'000	2009 R'000
Aggregate profits after tax	21 335	5 078
Aggregate losses after tax	(42 050)	(108 253)

6. INVESTMENT IN ASSOCIATE

Name of company	2010	2009	2010	2009
	Holding %	Holding %	Carrying amount R'000	Carrying amount R'000
Bioclones (Pty) Ltd	49.99	49.99	138 179	144 778

The carrying amounts of the associate is shown net of impairment losses and post acquisition profits/losses.

Fair value

The Group holds the investment in an associate at cost because of the complexity and uncertainty that arise when placing a fair value on the technologies held by Bioclones (Pty) Ltd ("Bioclones").

The Company holds 22 global patents in the areas of novel technologies, infectious disease and cancer treatment. Bioclones is in the process of identifying collaborative partners, over and above current university partners, to take these technologies forward to clinical trials and subsequent market launch. The directors believe the value of these technologies would increase the value of Bioclones significantly.

Bioclones has a biogeneric therapeutics division with Repotin (Erythropoietin) and Granulocyte-Colony Stimulating Factor (G-CSF) as its core biogenerics. Repotin is currently manufactured in Pretoria in Africa's only EPO cell culture facility. Bioclones' subsidiary, Ribotech (Pty) Ltd, has rapidly embarked on the refurbishment of its manufacturing facility.

The directors have disclosed additional information on the equity accounted investment in Bioclones in an unaudited supplementary schedule, set out on page 110 of the annual report. The supplementary schedule indicates the assumptions and factors that contribute to the overall intrinsic value of the investment.

The directors performed an IAS 36 impairment test on the carrying amount contained within these annual financial statements. A value in use calculation was performed to test the investment for impairment. Explicit cash flows were forecast over a ten-year period after which they are expected to reach a terminal growth rate. A period of longer than five years has been used due to the assets of Bioclones being of a development nature.

However, as the valuation was performed in terms of IAS 36, estimates of future cash flows used are of the asset in its current condition. They do not include estimated future cash inflows or outflows that are expected to arise from a future restructuring of the entity which is not yet committed, or improving or enhancing the asset's performance. Given recent trends in the biosimilars landscape and operational progress made, additional capital investment will result in the ability of Bioclones to generate greater future cash flows.

Summary of Group's interest in associate

	COMPANY	
	2010 R'000	2009 R'000
Total assets	36 688	41 788
Total liabilities	(34 251)	(25 742)
Revenue	1 379	987
Profit or loss	(13 264)	(10 449)

Investments with more than 20% holding not considered as significant influence

The Group holds a 30% equity interest in British Telecom Communication Services South Africa (Pty) Ltd. The investment is not accounted for as an associate as the Group does not have significant influence as stipulated in the shareholders' agreement.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

7. INVESTMENT IN JOINT VENTURES

Name of company	2010	2009	2010	2009
	Holding %	Holding %	Carrying amount R'000	Carrying amount R'000
Amethst (Pty) Ltd	50.00	50.00	50	50
Premier Select (Pty) Ltd	50.00	50.00	-	-
			50	50

	COMPANY	
	2010 R'000	2009 R'000

Fair value

The fair value of investments in joint venture is determined on the same basis as investments in subsidiaries. Refer to note 1.4 for details on assumptions and methods used to determine fair value.

Summary of Group's interest in joint ventures

Jointly controlled entities

Non-current assets	3 289	2 756
Non-current liabilities	199	200
Current assets	19 487	44 252
Current liabilities	(142 138)	(175 785)
Revenue	13 000	136 204
Operating expenses	(18 417)	(22 6011)
Net loss for the year	(27 898)	(126 573)

Premier Select is a joint venture in the fishing industry. This company was dormant at year-end.

Amethst (Pty) Ltd joint venture provides software licences and support to the Department of Health.

Jointly controlled operations

Non-current assets	316	195
Non-current liabilities	136	-
Current assets	530	752
Current liabilities	381	466
Revenue	15 454	17 047
Cost of sales	(11 522)	(11 343)
Other operating income	5	45
Operating expenses	(1 735)	(2 638)
Finance income	52	198
Net loss/(profit) for the year	(2 254)	3 309

The Bloudam joint venture is a jointly controlled operation in the west coast rock lobster fishing sector. The operation jointly controls a vessel with external rights holders.

The Eastern Cape Hake Long Line joint venture is a jointly controlled operation in the Eastern Cape Hake Long Line Fishing sector.

The Premier – BCP Hake joint venture is a jointly controlled operation in the hake fishing sector.

The Premier Seacat joint venture is a jointly controlled operation in the squid fishing sector. The operation jointly controls a vessel with external rights holders.

8. LOANS TO/(FROM) GROUP COMPANIES

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
Loans to/(from) group companies				
Loans from subsidiaries	-	-	(65 226)	(66 798)
	-	-	144 511	148 635
Loans to subsidiaries	-	-	250 725	240 096
Impairments of loans to subsidiaries	-	-	(106 214)	(91 461)
Loan from associates	-	(1 016)	-	-
Total	-	(1 016)	79 285	81 837
Non-current assets	-	-	144 511	148 635
Non-current liabilities	-	(1 016)	(65 226)	(63 789)
Current liabilities	-	-	-	(3 009)
	-	(1 016)	79 285	81 837
The above loans are all unsecured and have no fixed terms of repayment. Payment has been deferred for 12 months from the statement of financial position date for loans with carrying amounts as follows:				
- Loans from subsidiaries	-	-	(65 226)	(63 789)
- Loans to subsidiaries	-	-	250 725	240 096
	-	-	185 499	176 307
Credit quality of loans to group companies				
The above loans are advanced to group companies for either capital investment or working capital needs. All advances are in line with divisional budgets. The risk of default is therefore based on the success of divisional trading.				
Fair value of loans to and from group companies				
The carrying value of the above loans approximates fair value.				
Reconciliation of provision for impairment of loans to group companies				
Opening balance	-	-	91 461	102 184
Provision for impairment	-	-	14 753	43 745
Reversal of previously impaired loans	-	-	-	(54 468)
	-	-	106 214	91 461
Accumulated impairment per company				
Sekunjalo Health Care Ltd	-	-	66 364	56 939
Sekunjalo Capital (Pty) Ltd	-	-	37 526	34 522
Sekunjalo Corporate Services (Pty) Ltd	-	-	2 324	-
	-	-	106 214	91 461

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

8. LOANS TO/(FROM) GROUP COMPANIES (CONTINUED)

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
Loans are impaired to the extent to which the recoverability of the loan in a five-year period can not be demonstrated to the satisfaction of the directors of the Company.				
The recoverable amount was determined using a value in use calculation based on projected cash flows in respect of the loans over a five-year period.				
The following assumptions were used:				
– Pre-tax discount rates 10%				
– Number of years – five years				
Interest free	–	(1 016)	106 244	20 550
Prime overdraft rate less 2%	–	–	(12 543)	(18 864)
Prime overdraft rate	–	–	75 473	174 621
Loans subordinated				
The following loans have been subordinated until such a time as the assets of the subsidiaries fairly valued exceed the liabilities fairly valued:				
Sekunjalo Health Care Ltd	–	–	66 364	56 939
Sekunjalo Capital (Pty) Ltd	–	–	37 526	34 521
Sekunjalo Corporate Services (Pty) Ltd	–	–	2 324	4 435
African Biotechnology and Medical Innovation Investments (Pty) Ltd	–	–	63 815	48 629
9. LOAN TO ASSOCIATE				
Loan to associate	17 900	–	–	–

The above loan is unsecured and has no fixed terms of repayment. Payment has been deferred for 12 months from statement of financial position date. The loan accrues interest linked to the prime overdraft rate.

Credit quality of loan to associate

The credit quality of loan to associate either past due nor impaired can be assessed by reference to historical information about counterparty default rates. No defaults have occurred in the past.

Fair value of loan to associate

The carrying value of the above loan approximates fair value.

Subordination

The above loan has been subordinated until such a time as the assets of the associate fairly valued exceed the liabilities fairly valued.

10. OTHER FINANCIAL ASSETS

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
At fair value through profit or loss – designated				
Investments in unlisted public companies	1 749	1 749	1 749	1 749
Investments in unlisted private companies	153 151	95 191	31 260	–
Beneficial interest in a trust	–	540	–	–
Total investments at fair value through profit and loss	154 900	97 480	33 009	1 749
Included in the above is the Group's investment in British Telecom Communication Services South Africa (Pty) Ltd and Saab South Africa (Pty) Ltd. The fair value of these investments is R153 million.				
The following assumptions were used:				
– Post-tax discount rate – 17%				
– Number of years – five plus terminal value				
– Growth rates – 11% – 15%				
Loans and receivables				
Non-interest-bearing loans	1 945	5 397	27	3 027
Interest-bearing loans	33 036	57 809	1 243	5 115
Accumulated impairments	(29 824)	(37 062)	(1 056)	(7 638)
	5 157	26 144	214	504
Total other financial assets	160 057	123 624	33 223	2 253
Interest on the interest-bearing loans is charged at the prime bank overdraft rate.				
All the loans are unsecured. No fixed terms of repayment have been determined.				
The above terms are renegotiable on an annual basis.				
Non-current financial assets				
At fair value through profit or loss – designated	154 900	97 480	33 009	1 749
Loans and receivables	2 271	4 078	64	504
	157 171	101 558	33 073	2 253
Current financial assets				
Loans and receivables	2 886	22 066	150	–
Total from other financial assets	160 057	123 624	33 223	2 253
Reconciliation of provision for impairment of loans and receivables				
Opening balance	37 062	37 036	7 638	7 638
Additional impairments	901	26	901	–
Utilised against write-offs	(8 139)	–	(7 483)	–
Closing balance	29 824	37 062	1 056	7 638

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

10. OTHER FINANCIAL ASSETS (CONTINUED)

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
Loans impaired				
New Promex Corporation (Pty) Ltd	29 667	28 768	899	–
Agrid International (Pty) Ltd	–	3 934	–	3 934
Futuremed Pharmaceuticals (Pty) Ltd	–	3 000	–	3 000
Other	157	1 360	157	704
	29 824	37 062	1 056	7 638
<p>Loans receivable are impaired to the extent to which recoverability of the asset over a five-year period cannot be demonstrated to the satisfaction of the directors of the Group.</p> <p>Credit quality of loans and receivables Credit quality is considered to be high as credit risk is managed (for all material items) through a stringent policy on the granting of credit limits, continual review and monitoring of these limits as well as historic default rates. The maximum exposure to credit risk is represented by the carrying values of the companies' financial assets.</p> <p>Fair-value hierarchy of financial assets at fair value through profit or loss The group adopted the amendment to IFRS 7 for financial instruments that are measured in the statement of financial position at fair value. This requires disclosure of fair-value measurements by level of the following fair-value measurement hierarchy:</p> <p>Level 1 – Quoted prices available in active markets for identical assets or liabilities;</p> <p>Level 2 – Inputs used, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and</p> <p>Level 3 – Fair value determined by valuation that uses inputs that are not based on observable market data.</p> <p>The following financial instruments are measured at fair value:</p> <p>Level 3</p>				
Investments in unlisted public companies	1 749	1 749	1 749	1 749
Investments in unlisted private companies	153 151	95 191	31 260	–
Beneficial interest in a trust	–	540	–	–
	154 900	97 480	33 009	1 749

10. OTHER FINANCIAL ASSETS (CONTINUED)

Reconciliation of financial assets at fair value through profit or loss measured at level 3 – Group – 2010

	Opening balance R'000	Gains or losses in profit or loss R'000	Closing balance R'000
Investments in unlisted public companies	1 749	–	1 749
Investments in unlisted private companies	95 191	57 960	153 151
Beneficial interest in a trust	540	(540)	–
	97 480	57 420	154 900

Reconciliation of financial assets at fair value through profit or loss measured at level 3 – Group – 2009

	Opening balance R'000	Gains or losses in profit or loss R'000	Purchases R'000	Closing balance R'000
Investments in unlisted public companies	1 749	–	–	1 749
Investments in unlisted private companies	481	67 710	27 000	95 191
Beneficial interest in a trust	540	–	–	540
	2 770	67 710	27 000	97 480

Reconciliation of financial assets at fair value through profit or loss measured at level 3 – Company – 2010

	Opening balance R'000	Gains or losses in profit or loss R'000	Closing balance R'000
Investments in unlisted public companies	1 749	–	1 749
Investments in unlisted private companies	–	31 260	31 260
	1 749	31 260	33 009

Reconciliation of financial assets at fair value through profit or loss measured at level 3 – Company – 2009

	Opening balance R'000	Closing balance R'000
Investments in unlisted public companies	1 749	1 749

Total gains or losses for the year included in profit or loss for assets held at the end of the reporting year

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
Investments in unlisted public companies	–	–	–	–
Investments in unlisted private companies	57 960	67 710	31 260	–
Beneficial interest in a trust	(540)	–	–	–
	57 420	67 710	31 260	–

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

11. DEFERRED TAX

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
Deferred tax asset/(liability)				
Accelerated capital allowances on property, plant and equipment	(21 250)	(26 853)	-	-
Fair-value gain on loan	(1 745)	(1 745)	-	-
Provision for doubtful debts	34	28	-	-
Tax losses available for set off against future taxable income	9 084	23 089	2 550	-
Fair-value adjustments on investments in associates	(18 682)	(20 169)	-	-
Provisions	6 570	5 685	2 762	2 795
Software development costs	(24)	(1 268)	-	-
Prepaid expenses	(398)	(312)	-	-
Income received in advance	(30)	1 433	-	-
Fair-value adjustments on other investments	(17 877)	(8 937)	(4 612)	(236)
Operating lease liability	572	27	-	-
Shipping allowances	(19 004)	(21 960)	-	-
Biological assets	(9 533)	(10 730)	-	-
Fair-value adjustments on subsidiaries	-	-	(57 034)	(56 558)
	(72 283)	(61 712)	(56 334)	(53 999)
Reconciliation of deferred tax asset/(liability)				
At beginning of the year	(61 712)	(52 025)	(53 999)	(47 188)
Reduction due to rate change	-	7 402	-	-
Accelerated capital allowances on property, plant and equipment	5 604	-	-	-
Fair-value adjustments on investments in associates	1 487	-	-	-
Provision against equity	-	(7 411)	-	-
Provision for doubtful debts	6	(16)	-	-
Tax losses available for set off against future taxable income	(14 004)	4 778	2 550	-
Provisions	885	527	(33)	36
Software development costs	1 245	428	-	-
Prepaid expenses	(85)	265	-	-
Business combinations	-	(1 228)	-	-
Product development	-	83	-	-
Fair-value adjustments on subsidiaries	-	-	(476)	(6 847)
Income received in advance	(1 464)	637	-	-
Fair value on other investments	(8 940)	(10 737)	(4 376)	-
Operating lease liability	545	(46)	-	-
Shipping allowances	2 955	(805)	-	-
Biological assets	1 195	(3 564)	-	-
	(72 283)	(61 712)	(56 334)	(53 999)
The total unutilised tax credits in the Group not raised as deferred tax assets amounted to R23 883 307 (2009: R26 679 083).				
Deferred tax asset	24 956	31 332	5 312	2 795
Deferred tax liability	(97 239)	(93 044)	(61 646)	(56 794)
	(72 283)	(61 712)	(56 334)	(53 999)

12. OPERATING LEASE ASSET/(LIABILITY)

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
Non-current assets	1 218	606	-	-
Non-current liabilities	(1 198)	(687)	-	-
	20	(81)	-	-

13. INVENTORIES

Raw materials	3 466	2 697	-	-
Finished goods	2 456	11 585	-	-
Merchandise	4 126	3 921	-	-
Consumables	5 655	3 431	-	-
	15 703	21 634	-	-

Inventory pledged as security

Inventories with a carrying amount of R11 576 984 (2009: R17 592 868) were pledged as security for overdraft facilities of R47 000 000 (2009: R61 000 000) of the Group. At year-end the overdraft amounted to R41 398 382 (2009: R43 586 537) (refer to note 16).

14. BIOLOGICAL ASSETS

Reconciliation of biological assets – Group – 2010

	Opening balance R'000	Disposals R'000	Changes in fair value, births and deaths R'000	Closing balance R'000
Abalone	38 320	(17 182)	12 908	34 046

Reconciliation of biological assets – Group – 2009

	Opening balance R'000	Disposals R'000	Changes in fair value, births and deaths R'000	Closing balance R'000
Abalone	33 582	(12 931)	17 669	38 320

Non-financial information

Quantities of each biological asset

Abalone – Kilograms	99 268	112 306	-	-
---------------------	--------	---------	---	---

Pledged as security

The total carrying value of biological assets is pledged as security to Absa Bank Limited. Refer to note 20 for further details.

Methods and assumptions used in determining fair value

Abalone fair value is determined by using market values of each class of abalone size. All selling costs are excluded from fair values.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

15. TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
Trade receivables	60 166	54 440	570	248
Prepayments	3 967	2 533	–	–
Value added tax	352	4 308	–	106
Other receivables	2 966	5 442	50	613
	67 451	66 723	620	967

Trade and other receivables pledged as security

Trade and other receivables with a carrying amount of R30 504 637 (2009: R19 825 934) were pledged as security for overdraft facilities of R47 000 000 (2009: R61 000 000) of the Group.

Credit quality of trade receivables

A total of 45% of the Group's trade receivables stem from sales within the Sekunjalo Industrial Holdings division. This division performs ongoing credit evaluations of the financial condition of their customers. Before any new customer is approved for credit, a thorough credit check is performed by an external credit agency. The agency provides credit scores and credit ratings on each of their customers. In addition to this a recommended credit limit is provided by the credit agency. Additional internal ratings and credit limit checklist procedures are performed by management and the company's directors before a final credit limit is approved to their customers. The credit quality of trade and other receivables that are neither past due nor impaired is assessed by management, based on historical information about counterparty default ratings if available. Any customers that have exceeded their credit limits may not purchase goods unless payment has been received from the customer.

Of the Group's trade receivables, 22% stem from sales within the Sekunjalo Technology Solutions Group division. Sales within this division are largely to blue chip companies. The credit risk on the trade receivables balance was assessed by divisional management and is deemed to be low.

A further 21% of the Group's trade receivables stem from sales within the Sekunjalo Health Care division (more specifically Health System Technologies (Pty) Ltd). The outstanding balance consists predominantly of amounts owed by state institutions. The credit risk has been assessed as low by the divisional management at year end.

The Media Group contributes 11% of the Group's trade receivables, of which 45% stem from sales within Tripos Tourism Investments (Pty) Ltd. The nature, terms and conditions of sales made by the travel agent mitigate the risk of bad debt. The balance is from espAfrika (Pty) Ltd in respect of festivals managed locally. Ongoing evaluation of the debtors takes place. The credit risk has been assessed as low by the divisional management at year end.

The balance is the aggregate of trade debtors in the smaller group companies. Ongoing evaluation of the debtors takes place. The credit risk has been assessed as low by the divisional management at year-end.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group customer base consists of both foreign and local trade debtors.

Fair value of trade and other receivables

The fair value of trade and other receivables approximates its carrying value due to the short-term nature and the fact that no interest is being charged.

Trade receivables past due but not impaired

Trade and other receivables which are less than three months past due are not considered to be impaired. At 31 August 2010, R10 189 004 (2009: R11 694 296) were past due but not impaired.

15. TRADE AND OTHER RECEIVABLES (CONTINUED)

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
The ageing of amounts past due but not impaired is as follows:				
One month past due	3 229	3 772	-	-
Two months past due	689	2 709	-	-
Three months past due	6 272	5 213	-	-
Currencies				
The carrying amount of trade and other receivables are denominated in the following currencies:				
Rand	58 960	63 128	711	-
US dollar	8 317	1 004	83	-
Other	849	2 735	5	-
Reconciliation of provision for impairment of trade and other receivables				
Opening balance	378	210	-	-
Provision for impairment	234	378	-	-
Reversal of prior year provision	(378)	(53)	-	-
Unused amounts reversed	-	(157)	-	-
	234	378	-	-

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

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

Trade and other receivables are shown net of amounts transferred to disposal groups classified as held for sale of R836 630 (2009: Rnil).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

16. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
Cash and cash equivalents consist of:				
Cash on hand	299	2 093	-	-
Bank balances	51 776	48 962	-	-
Bank overdraft	(41 398)	(43 587)	(6 773)	(8 408)
	10 677	7 468	(6 773)	(8 408)
Current assets	52 075	51 055	-	-
Current liabilities	(41 398)	(43 587)	(6 773)	(8 408)
	10 677	7 468	(6 773)	(8 408)

Cash and cash equivalents with a carrying value of R2 336 260 have been transferred to non-current assets held for sale. (Refer to note 17)

The bank overdrafts in the group are secured by

- unlimited suretyships by Premfresh Seafoods (Pty) Ltd;
- unlimited suretyships by Marine Growers (Pty) Ltd;
- unlimited suretyships by Sekunjalo Health Care Ltd;
- unlimited suretyships by Sekunjalo Properties (Pty) Ltd;
- unlimited suretyships by Sekunjalo Industrial Holdings (Pty) Ltd;
- unlimited suretyships by Sekunjalo Food and Fishing (Pty) Ltd;
- unlimited suretyships by Sekunjalo Medical Trading (Pty) Ltd;
- unlimited suretyships by Wynberg Pharmaceuticals (Pty) Ltd;
- unlimited suretyships by Health System Technologies (Pty) Ltd;
- unlimited suretyships by Premier Fishing SA (Pty) Ltd;
- unlimited suretyships by Sekunjalo Capital (Pty) Ltd;
- negative pledge of assets by Sekunjalo Investments Ltd;
- pledge and cession of shares in Sekunjalo Health Care Ltd and cession of USD CFC account held by Premier Fishing SA (Pty) Ltd;
- First Maritime Bond for R40 000 000 by Premier Fishing SA (Pty) Ltd over marine vessels with a carrying amount of R37 279 259;
- First Special Notarial Bond for R3 450 000 by Premier Fishing SA (Pty) Ltd over marine vessels with a carrying amount of R3 332 333;
- General Notarial Bond for R50 000 000 by Premier Fishing SA (Pty) Ltd over stock with a carrying value of R11 576 984, movable assets, plant and equipment and vessel equipment to the value of R133 760 449;
- First continuous covering mortgage bond by Premier Fishing SA (Pty) Ltd for R10 000 000 over erf 1727, Gansbaai, and erf 12, St. Helena Bay;
- Cession of loan account by Premfresh Seafoods (Pty) Ltd and Marine Growers (Pty) Ltd in Premier Fishing SA (Pty) Ltd to Absa Bank Limited.
- Guarantees to external parties of R330 156 and a specific guarantee for Amethst (Pty) Ltd of R10 650 000.
- Other securities: Cession of Nedbank call counts and agreement to set off current account and foreign advance accounts.

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

The Group limits its exposure to credit risk through dealing with well-established financial institutions with high credit standing and thus management does not expect any counterparty to fail to meet its obligations.

17. DISCONTINUED OPERATIONS AND DISPOSAL GROUPS HELD FOR SALE

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
During the current year, the directors decided to dispose of the Group's interest in First Light Administration Services (Pty) Ltd. The directors have been involved in talks with potential buyers and the transaction is highly probable.				
Below is a summary of the statement of comprehensive income and related cash flows:				
First Light Administration Services (Pty) Ltd				
Revenue	7 960	6 430	-	-
Other expenses	(9 430)	(7 925)	-	-
Operating loss	(1 470)	(1 495)	-	-
Net finance costs	-	(573)	-	-
Profit before taxation	(1 470)	(2 068)	-	-
Taxation	-	-	-	-
Loss for the year	(1 470)	(2 068)	-	-
Cash flows from discontinued operations				
Cash flows from operating activities	(1 090)	(3 262)	-	-
Cash flows from investing activities	(791)	(7 731)	-	-
Cash flows from financing activities	1 780	11 833	-	-
	(101)	840	-	-
During the prior year the group disposed of the operations of Synbi (Pty) Ltd.				
Below is a summary of the statement of comprehensive income and related cash flows:				
Synbi (Pty) Ltd				
Revenue	-	18 483	-	-
Other expenses	-	(16 518)	-	-
Operating profit	-	1 965	-	-
Net investment income	-	297	-	-
Profit before taxation	-	2 262	-	-
Taxation	-	(862)	-	-
Profit for the year	-	1 400	-	-
Cash flows from discontinued operations				
Cash flows from operating activities	-	4 609	-	-
Cash flows from investing activities	-	6 353	-	-
Cash flows from financing activities	-	(3 136)	-	-
	-	7 826	-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

17. DISCONTINUED OPERATIONS AND DISPOSAL GROUPS HELD FOR SALE (CONTINUED)

Below is a summary of the assets and liabilities of First Light Administration Services (Pty) Ltd.

The prior year disclosures relate to the property classified as held for sale. The transfer of the building was completed during the year.

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
Assets and liabilities				
Non-current assets of disposal groups held for sale				
Property, plant and equipment	157	-	-	-
Investment property	-	18 386	-	-
Other financial assets	6	-	-	-
Trade and other receivables	837	-	-	-
Cash and cash equivalents	2 336	-	-	-
	3 336	18 386	-	-
Non-current liabilities of disposal groups held for sale				
Other financial liabilities	5 021	11 741	-	-
Finance lease obligation	575	-	-	-
Bank overdraft	80	-	-	-
	5 676	11 741	-	-
18. SHARE CAPITAL AND SHARE PREMIUM				
Authorised				
10 000 000 "A" class ordinary shares of 1 cent each (unlisted)	100	100	100	100
1 000 000 000 "B" class ordinary shares of 0.002 cents each (listed)	20	20	20	20
1 000 "A" class convertible redeemable cumulative preference shares of 100 cents each	1	1	1	1
10 000 000 "B" class redeemable preference shares of 0.998 cents each	100	100	100	100
	221	221	221	221
Fifteen percent of the "B" class ordinary shares in issue at the beginning of the financial year are at the disposal of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.				
"A" class ordinary shares each carry 500 votes per share, and "B" class ordinary shares each carry one vote per share.				
Issued				
2 000 000 "A" class ordinary shares of 1 cent each	20	20	20	20
489 339 484 "B" Class ordinary shares of 0.002 cents each	10	10	10	10
Share premium	403 147	402 947	403 147	403 147
	403 177	402 977	403 177	403 177
Reconciliation of number of issued "B" class ordinary shares				
Opening balance	488 808	489 339	489 339	489 339
Treasury shares	531	(531)	-	-
Closing balance	489 339	488 808	489 339	489 339
19. RESERVES				
Capital redemption reserve fund	8 034	8 034	-	-
Revaluation reserve	113 160	113 160	-	-
	121 194	121 194	-	-

20. OTHER FINANCIAL LIABILITIES

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
Held at amortised cost				
Bank borrowings	20 873	33 732	–	–
Redeemable preference shares	5 021	4 532	–	–
Redeemable cumulative preference shares	31 265	29 448	–	–
Loans from minority shareholders	9 000	9 000	–	–
Loan from shareholder	16 326	–	16 326	–
Other borrowings	3 227	9 083	1 056	279
	85 712	85 795	17 382	279
Non-current portion of financial liabilities	53 454	57 019	254	279
Current portion of financial liabilities	27 237	17 035	17 128	–
Transferred to liabilities of disposal groups	5 021	11 741	–	–
	32 258	28 776	17 128	–
	85 712	85 795	17 382	279
Secured	20 873	33 732	–	–
Unsecured	64 839	52 063	17 382	279
	85 712	85 795	17 382	279
The following represents the carrying value of the security for those borrowings:				
Property, plant and equipment	67 642	46 527	–	–
Biological assets	34 046	38 320	–	–
	101 688	84 847	–	–
Floating rates	73 485	83 792	16 326	–
Interest free	12 227	2 003	1 056	279
Weighted average effective interest rate	12.43%	13.30%	9.9%	0%

As at 31 August 2010, the carrying amount of borrowings approximates their fair value.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

21. FINANCE LEASE OBLIGATION

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
Minimum lease payments due				
– within one year	681	839	–	72
– in second to fifth year inclusive	233	1 175	–	–
	914	2 014	–	72
less: future finance charges	(63)	(337)	–	(4)
Present value of minimum lease payments	851	1 677	–	68
Present value of minimum lease payments due				
– within one year	623	789	–	68
– in second to fifth year inclusive	228	888	–	–
	851	1 677	–	68
Non-current liabilities	228	888	–	–
Current liabilities	623	789	–	68
	851	1 677	–	68

It is Group policy to lease certain motor vehicles and equipment under finance leases.

The average lease term was five years and the average effective borrowing rate was 10% (2009: 12%).

Interest rates are linked to the prime bank overdraft rate at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

The group's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer to note 2.

Defaults and breaches

There were no defaults during the year under review.

22. POST-EMPLOYMENT MEDICAL COSTS

Carrying value

Opening balance	(794)	(1 017)	–	–
(Increase)/decrease in provision for medical aid benefits	(286)	223	–	–
Closing balance	(1 080)	(794)	–	–

23. TRADE AND OTHER PAYABLES

Trade payables	30 757	24 935	940	708
Amounts received in advance	8 141	8 788	–	–
Value added tax	2 509	6 903	331	–
Other payables	20 371	18 745	5 598	84
	61 778	59 371	6 869	792

Fair value of trade and other payables

The carrying amount of trade and other payables approximates fair value due to their short-term nature.

24. PROVISIONS

Reconciliation of provisions – Group – 2010

	Opening balance R'000	Additions R'000	Utilised during the year R'000	Total R'000
Profit warranties	1 000	–	(587)	413
Provision for leave pay	5 410	3 118	(3 044)	5 484
Provision for salary bonuses	13 282	8 136	(5 283)	16 135
Product warranties	517	807	–	1 324
Other provisions	3 362	1 079	(1 659)	2 782
	23 571	13 140	(10 573)	26 138

Reconciliation of provisions – Group – 2009

	Opening balance R'000	Additions R'000	Utilised during the year R'000	Reversed during the year R'000	Additions/ disposal through business combination/ divestiture R'000	Total R'000
Profit warranties	–	1 000	–	–	–	1 000
Provision for leave pay	7 160	3 303	(4 560)	(609)	116	5 410
Provision for salary bonuses	10 326	3 354	–	–	(398)	13 282
Product warranties	–	517	–	–	–	517
Other provisions	941	2 276	(55)	–	200	3 362
	18 427	10 450	(4 615)	(609)	(82)	23 571

Reconciliation of provisions – Company – 2010

	Opening balance R'000	Additions R'000	Utilised during the year R'000	Total R'000
Provision for leave pay	980	–	(27)	953
Provision for salary bonuses	9 000	910	(1 000)	8 910
	9 980	910	(1 027)	9 863

Reconciliation of provisions – Company – 2009

	Opening balance R'000	Additions R'000	Total R'000
Provision of leave pay	813	167	980
Provision for salary bonuses	8 750	250	9 000
	9 563	417	9 980

Profit warranties are provisions relating to the acquisition of investments where there are contingent payments based on profit targets.

Employee benefits in the form of annual leave entitlements are provided for when they accrue to employees with reference to service rendered up to statement of financial position date. The above provisions represent management's best estimate of the Group's liability based on prior experience.

Product warranties comprise potential debtor claims as a result of the suspension of a government tender for HIV rapid diagnostic strips. The above provision represent managements best estimate of the liability based on the amount of cancelled sales and the possible reimbursement from the supplier.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

24. PROVISIONS (CONTINUED)

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
The provision for bonuses is provided for when they accrue to employees with reference to services rendered up to the statement of financial position date. The above provision represents management's best estimate of the companies liabilities based on prior experience.				
Other provisions mainly comprise claims made by the South African Revenue Service over outstanding value added tax in dispute and other legal costs. The above provision represents management's best estimate of the company's liability based on expected cash flows.				
All provisions are expected to be utilised within the next 12 months.				
25. REVENUE				
Sale of goods	253 583	245 753	-	-
Rendering of services	180 661	151 104	7 767	5 000
Rental income	2 704	2 624	-	-
	436 948	399 481	7 767	5 000
26. INVESTMENT REVENUE				
Dividend revenue				
Subsidiaries – local	-	-	219	-
Unlisted financial assets – local	-	63	-	63
	-	63	219	63
Interest revenue				
Group companies	-	-	15 891	23 226
Bank	630	5 325	5	1 557
Other interest	5 449	225	86	81
	6 079	5 550	15 982	24 864
	6 079	5 613	16 201	24 927
27. FINANCE COSTS				
Group companies	-	-	6 632	8 062
Bank	6 435	9 724	1 167	3 526
Preference share dividend	1 817	2 448	-	-
Other interest paid	2 904	6 043	553	65
	11 156	18 215	8 352	11 653

28. PROFIT/(LOSS) BEFORE TAX

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
Profit/(loss) before tax for the year is stated after accounting for the following:				
Income from subsidiaries				
Dividends	-	-	219	-
Interest	-	-	15 891	23 226
Operating lease charges – contracted				
Premises	(7 611)	(9 623)	-	(995)
Motor vehicles	(12)	(11)	-	-
Equipment	(310)	(293)	(211)	(13)
Lease rentals on operating lease – Other	-	(36)	-	-
	(7 933)	(9 963)	(211)	(1 008)
Amortisation on intangible assets	(2 791)	(3 552)	(2)	(1)
Depreciation on property, plant and equipment	(17 254)	(18 468)	(108)	(91)
Employee costs	(110 002)	(119 451)	(5 061)	(5 776)
Fair-value gain on biological assets	(4 274)	4 796	-	-
Impairment on goodwill	(6 094)	(13 205)	-	-
Impairment on intangible assets	(1 381)	(18 713)	-	-
Impairment on other financial assets	(1 636)	(3 983)	(901)	-
Impairment on property, plant and equipment	-	(31 675)	-	-
Impairment on trade and other receivables	-	-	-	-
(Loss)/profit on exchange differences	(156)	981	-	-
Profit/(loss) on sale of property, plant and equipment	3 200	(60)	-	-
Profit on sale of businesses (or subsidiaries, joint ventures and associates)	-	21 663	-	-
Profit on sale of other financial assets	-	1 952	-	-
Research and development	(10)	(67)	-	-
Retrenchment costs	-	(6 685)	-	-
Royalty expense	(5 500)	(6 300)	(5 500)	(6 300)
Impairment of loans to Group companies	-	-	(14 753)	(43 745)
Reversal of impairment to Group companies	-	-	-	54 468
Fair-value adjustment of financial assets	57 421	67 710	31 260	-

29. TAXATION

Major components of the tax expense/(income)

Current

Local income tax – current period	2 788	5 592	-	313
Local income tax – recognised in current tax for prior periods	(2 732)	(72)	(2 450)	-
Secondary tax on companies	326	136	-	-
	382	5 656	(2 450)	313

Deferred

Originating and reversing temporary differences	12 443	8 225	2 335	6 811
	12 825	13 881	(115)	7 124

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.

Applicable tax rate	28.00%	28.00%	28.00%	28.00%
Permanent differences	13.73%	(8.61)%	(21.43)%	(13.26)%
Capital gains tax	23.03%	(23.54)%	(5.42)%	(190.63)%
Disallowable charges	(9.20)%	(27.24)%	0%	(25.34)%
	55.56%	(31.39)%	1.15%	(201.23)%

31. IMPAIRMENT OF ASSETS (CONTINUED)

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
Significant goodwill or significant intangible assets with indefinite useful lives				
Goodwill	(6 094)	(13 205)	–	–
The Group performs an annual valuation process for its subsidiaries (cash-generating units). This valuation process forms the basis of testing goodwill for impairment.				
The recoverable amount for First Light Administration Services (Pty) Ltd, Tripos Tourism Investments (Pty) Ltd and South Atlantic Jazz Festival (Pty) Ltd (2009: Premfresh Seafoods (Pty) Ltd) was less than the carrying amount of the cash-generating units. Goodwill in respect of these cash-generating units was fully impaired.				
The recoverable value was based on its value in use. The following assumptions were used: Number of years: 5 Weighted average cost of capital: 11% – 14%				
The cash-generating units above are managed under Sekunjalo Capital Group and Sekunjalo Media Holdings Group (2009: Sekunjalo Industrial Holdings Group).				
Intangible assets	(1 381)	(18 713)	–	–
The impairment of the royalty agreement intangible asset was due to a decrease in the Group's portion of projected royalty income. The recoverable amount was determined using a value in use calculation based on projected cash flows from forecast budgets approved by senior management covering a five-year period.				
The 2009 impairment of the New Promex trademark was as a result of a significant decrease in sales of New Promex products and the closure of the New Promex manufacturing plant in the prior year.				
The trademarks have an indefinite useful life and therefore are subject to an annual impairment test in terms of IAS 36 and IAS 38. The recoverable amount was determined using a value in use calculation based on projected cash flows from forecast budgets approved by senior management covering a five-year period.				
The following assumptions were used: Number of years: 5 Growth rate: 0% Weighted average cost of capital: 11% – 14%				
This impairment is in respect of an asset managed under the Sekunjalo Capital Group (2009: Sekunjalo Health Care Group).				
Other	–	(27)	–	–
Total impairment losses recognised	(9 111)	(67 576)	(14 753)	(43 745)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

32. HEADLINE EARNINGS PER SHARE/DILUTED EARNINGS RECONCILIATION

		GROUP 2010		GROUP 2009	
		Gross R'000	Net R'000	Gross R'000	Net R'000
Earnings attributable to ordinary equity holders of the parent entity	IAS 33		8 176		(58 941)
Impairment of property, plant and equipment	IAS 16/IAS 36	-	-	31 675	31 675
Impairment of intangible assets	IAS 38/IAS 36	1 380	1 380	18 713	18 713
Gains on disposals of property, plant and equipment	IAS 16	(3 200)	(2 752)	(1 952)	(1 935)
(Gains)/Losses on disposals of subsidiaries	IFRS 3	-	-	(300)	1 429
Impairment of other financial assets	IAS 39	-	-	3 983	3 425
Impairment of goodwill	IFRS 3	6 094	6 094	13 205	13 205
Headline earnings			12 898		7 571
Weighted average number of shares ('000)			489 339		489 073
Fully diluted weighted average number of shares (R'000)			489 339		489 073
Basic earnings per share (cents)			1.67		(12.05)
Headline earnings per share (cents)			2.64		1.55
Diluted earnings per share (cents)			1.67		(12.05)
Diluted headline earnings per share (cents)			2.64		1.55

33. CASH GENERATED FROM/(USED IN) OPERATIONS

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
Profit/(loss) before taxation	23 085	(44 223)	9 961	3 543
Loss before taxation from discontinued operation	(1 470)	(125)	-	-
Adjustments for:				
Depreciation and amortisation	19 940	22 020	109	91
Profit on sale of assets	(2 561)	(2 012)	-	-
Profit on foreign exchange	(156)	-	-	-
Income from equity accounted investments	6 596	5 224	-	-
Dividends received	-	(63)	(219)	(63)
Interest received	(6 079)	(5 796)	(16 201)	(24 864)
Finance costs	11 156	18 844	8 352	11 653
Fair-value adjustments	(57 421)	(67 710)	(34 660)	(48 200)
Impairment loss	9 023	89 939	16 389	43 745
Movements in lease assets and accruals	(100)	(227)	-	-
Movements in retirement benefit assets and liabilities	287	223	-	-
Movements in provisions	2 567	5 147	(117)	417
Profit on sale of subsidiary	-	(21 663)	-	-
Movement in reserves	-	(193)	-	-
Changes in working capital				
Inventories	5 931	9 182	-	-
Trade and other receivables	(1 563)	43 772	(392)	4 366
Biological assets	4 274	(4 738)	-	-
Trade and other payables	2 806	(33 476)	6 080	(5 352)
	16 315	14 125	(10 698)	(14 664)

34. ACQUISITION OF BUSINESSES

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
Fair value of assets acquired				
Property, plant and equipment	-	158	-	-
Inventories	-	2 351	-	-
Trade and other receivables	-	1 266	-	-
Trade and other payables	-	(2 416)	-	-
Tax liabilities	-	(178)	-	-
Cash	-	2 142	-	-
Provisions	-	(116)	-	-
Operating lease asset	-	12	-	-
Shareholder's loan	-	(3)	-	-
Outside shareholders' loans	-	(216)	-	-
Total net assets acquired	-	3 000	-	-
Goodwill arising from the transaction	-	1 404	-	-
	-	4 404	-	-
Consideration paid				
Cash	-	(1 404)	-	-
Settlements with loan	-	(2 000)	-	-
Provision for contingent consideration	-	(1 000)	-	-
	-	(4 404)	-	-
Net cash outflow on acquisition				
Cash consideration paid	-	(1 404)	-	-
Cash acquired	-	2 142	-	-
	-	738	-	-

Refer to note 43 for details on acquisition of business.

35. SALE OF BUSINESSES

Carrying value of assets sold				
Property, plant and equipment	-	547	-	-
Intangible assets	-	7 619	-	-
Deferred tax assets	-	729	-	-
Goodwill	-	31 344	-	-
Policyholder liabilities	-	(15 330)	-	-
Trade and other receivables	-	16 189	-	-
Trade and other payables	-	(29 825)	-	-
Tax liabilities	-	(1 736)	-	-
Other financial liabilities	-	(27 396)	-	-
Cash	-	37 155	-	-
Provisions	-	(1 650)	-	-
Collective investments	-	14 688	-	-
Other financial assets	-	750	-	-
Finance lease obligation	-	(167)	-	-
Net assets disposed of	-	32 917	-	-
Non-controlling interest	-	4 712	-	-
Total net assets sold	-	37 629	-	-
Loss on disposal	-	300	-	-
	-	37 929	-	-
Consideration received				
Cash	-	22 676	-	-
Asset – deferred payments (fair value)	-	1 946	-	-
Other financial assets	-	13 307	-	-
	-	37 929	-	-
Net cash outflow on acquisition				
Cash consideration received	-	22 676	-	-
Cash sold	-	(37 155)	-	-
	-	(14 479)	-	-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

36. RELATED PARTIES

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
Relationships				
Subsidiaries		Refer to note 5		
Joint ventures		Refer to note 7		
Associates		Refer to note 6		
Shareholder with significant influence		The Haraas Trust Sekunjalo Investment Holdings (Pty) Ltd		
<p>The Group entered into transactions in the ordinary course of business with various owned, partly owned subsidiaries and associated companies.</p> <p>These transactions are conducted on an arm's length basis and relate to funding and administrative services.</p>				
Related party balances				
Loan accounts – Owing (to)/by related parties				
African Biotechnology and Medical Innovation Investments (Pty) Ltd	-	-	63 815	48 629
African Biotechnology and Medical Innovation Investments (Pty) Ltd	-	-	(12 543)	(18 864)
Bioclones (Pty) Ltd	17 542	-	-	-
espAfrika (Pty) Ltd	-	-	2 326	(3 009)
Health System Technologies (Pty) Ltd	-	-	(5 010)	(6 987)
Kilomax (Pty) Ltd	-	-	30	30
Premier Fishing SA (Pty) Ltd	-	-	(44 838)	(37 938)
Sekunjalo Capital (Pty) Ltd	-	-	-	14 114
Sekunjalo Capital (Pty) Ltd	-	-	39 855	34 521
Sekunjalo Corporate Services (Pty) Ltd	-	-	2 323	6 435
Sekunjalo Food and Fishing (Pty) Ltd	-	-	32 542	29 379
Sekunjalo Health Care Ltd	-	-	66 364	56 939
Sekunjalo Industrial Holdings (Pty) Ltd	-	-	1 910	1 725
Sekunjalo Investment Holdings (Pty) Ltd	(16 326)	-	(16 326)	-
Sekunjalo Media Holdings (Pty) Ltd	-	-	7 233	6 930
Sekunjalo Motor Holdings (Pty) Ltd	-	-	-	61
Sekunjalo Properties (Pty) Ltd	-	-	(2 835)	8 400
Sekunjalo Technology Solutions Group (Pty) Ltd	-	-	34 327	32 921
Amounts included in trade receivable/(trade payable) regarding related parties				
espAfrika (Pty) Ltd	-	-	(284)	-
FIOS (Pty) Ltd	-	-	(33)	-
Premier Fishing SA (Pty) Ltd	-	-	232	-
Premier Fishing SA (Pty) Ltd	-	-	(155)	-
Ribotech (Pty) Ltd	-	-	2	-
Sekpharma (Pty) Ltd	-	-	(12)	-
Sekunjalo Health Care Ltd	-	-	233	-
Sekunjalo Technology Solutions Group (Pty) Ltd	-	-	331	-
Tripos Tourism Investments (Pty) Ltd	-	-	(5)	-

36. RELATED PARTIES (CONTINUED)

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
Related party transactions				
Interest paid to/(received from) related parties				
African Biotechnological and Medical Innovation Investments (Pty) Ltd	-	-	(5 905)	(5 997)
Amethst (Pty) Ltd	-	-	267	-
Bioclones (Pty) Ltd	-	-	1 233	-
Health System Technologies (Pty) Ltd	-	-	619	529
Premier Fishing SA (Pty) Ltd	-	-	4 664	5 255
Sekunjalo Capital (Pty) Ltd	-	-	-	(3 780)
Sekunjalo Corporate Services (Pty) Ltd	-	-	(309)	3
Sekunjalo Food and Fishing (Pty) Ltd	-	-	(3 163)	(3 665)
Sekunjalo Industrial Holdings (Pty) Ltd	-	-	(186)	(216)
Sekunjalo Media (Pty) Ltd	-	-	(731)	(928)
Sekunjalo Properties (Pty) Ltd	-	-	117	(1 359)
Sekunjalo Technology Solutions Group (Pty) Ltd	-	-	(3 410)	(7 088)
Administration fees paid to (received from) related parties				
Bioclones (Pty) Ltd	-	-	(7)	-
Premier Fishing SA (Pty) Ltd	-	-	(5 609)	-
Sekunjalo Corporate Services (Pty) Ltd	-	-	-	(5 000)
Sekunjalo Health Care Ltd	-	-	(203)	-
Sekunjalo Technology Solutions Group (Pty) Ltd	-	-	(1 947)	-
Other transactions with related parties				
Royalty paid to Sekunjalo Investment Holdings (Pty) Ltd	5 500	6 300	5 500	6 300
Compensation to directors and other key management				
Short-term employee benefits	13 932	14 484	4 726	4 820

Refer to note 37 for a detailed breakdown of directors' emoluments.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

37. DIRECTORS' EMOLUMENTS

Executive

	MI Survé R'000	K Abdulla R'000	C Ah Sing R'000	CF Hendricks R'000	Total R'000
2010					
Salary	1 800	1 344	400	384	3 928
Bonus	–	400	18	90	508
Bonus in respect of prior years	–	400	–	–	400
Expense allowance	–	84	–	34	118
Provident fund	–	222	40	62	324
Other benefits	19	18	5	8	50
	1 819	2 468	463	578	5 328

	MI Survé R'000	MY Kajee R'000	K Abdulla R'000	VC Mehana R'000	CF Hendricks R'000	Total R'000
2009						
Salary	1 020	1 042	1 012	348	311	3 733
Expense allowance	–	110	84	60	–	254
Provident fund	–	198	144	72	43	457
Other benefits	11	314	12	5	34	376
	1 031	1 664	1 252	485	388	4 820

Non-executive

	S Young R'000	M Gaomab R'000	VC Mehana R'000	Total R'000
2010				
Directors' fees	80	80	80	240

	ZA Kota R'000	S Young R'000	M Gaomab R'000	JP van der Merwe R'000	Total R'000
2009					
For services as directors	60	80	80	40	260

38. RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and fair-value interest rate risk), credit risk and liquidity risk.

The board of Sekunjalo Investments Ltd is accountable for financial risk management. Detailed policies and guidelines were documented in terms of managing risk and will be assessed yearly by management taking into account any changes in the economic environment in which they operate.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by Sekunjalo Investments Ltd under policies approved by the Board.

FINANCIAL RISKS

Fair value

The carrying amounts of the Group's financial instruments approximate their fair values as carried in the financial statements.

The directors monitor the fair value of financial assets by forecasting expected cash flows in respect of the financial assets. Where cash flows can not be adequately demonstrated over a five-year period the terms of the financial assets are reviewed and renegotiated.

LIQUIDITY RISK

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial instruments.

The following policy and procedures are in place to mitigate the Company's exposure to liquidity risk:

The Groups liquidity risk is managed by holding financial assets for which there is a liquid market and holding deposits at recognised financial institutions to meet any negotiated upcoming liquidity requirements. There has been no change in the Group liquidity risk management policy.

MATURITY PROFILES

The table below summarises the maturity profile of the financial liabilities of the Group based on remaining undiscounted contractual obligations.

	Up to 1 year*	2 – 5 years	Over 5 years	Total
	R'000	R'000	R'000	R'000
GROUP				
At 31 August 2010				
Trade and other payables	61 778	–	–	61 778
Finance lease obligations	623	228	–	851
Other financial liabilities	27 237	53 454	–	80 691
Bank overdraft	41 398	–	–	41 398
At 31 August 2009				
Trade and other payables	59 371	–	–	59 371
Finance lease obligation	789	888	–	1 677
Other financial liabilities	17 035	57 019	–	74 054
Bank overdraft	43 587	–	–	43 587
Loans from associates and joint ventures	1 016	–	–	1 016

* Up to a year are all commitments which are either due within the time frame or are payable on demand.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

38. RISK MANAGEMENT (CONTINUED)

COMPANY	Up to 1 year* R'000	2 – 5 years R'000	Over 5 years R'000	Total R'000
At 31 August 2010				
Trade and other payables	6 869	–	–	6 869
Other financial liabilities	17 382	–	–	17 382
Loans from group companies	–	65 226	–	65 226
Bank overdraft	6 773	–	–	6 773
At 31 August 2009				
Trade and other payables	792	–	–	792
Finance lease obligation	68	–	–	68
Other financial liabilities	–	279	–	279
Loans from group companies	3 009	63 789	–	66 798
Bank overdraft	8 408	–	–	8 408

* Up to a year are all commitments which are either due within the time frame or are payable on demand.

The Group has not recognised any contingent assets on its statement of financial position due to the uncertainty of the assets' recoverability. The Group has no significant concentration of liquidity risk.

RISK ARISING FROM BIOLOGICAL ASSETS

The Group is exposed to financial risks arising from diseases that may affect the abalone. Sufficient insurance cover is taken out to minimise any losses in the event of the above occurring.

MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk).

The following policies and procedures are in place to mitigate the Group's exposure to market risk:

A Group market risk policy sets out the assessment and determination of what constitutes market risk for the Group. Continuous monitoring takes place to ensure that appropriate assets are held where the liabilities are dependent upon the performance of specific portfolios of assets and that a suitable match of assets exists for all non-linked liabilities. Limits are applied in respect of the exposure to asset classes and individual counters.

Compliance with the policy is monitored and exposures and breaches are reported.

(a) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

(b) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Floating rate instruments expose the Group to cash flow interest risk, whereas fixed interest rate instruments expose the Group to fair value interest risk.

The Group has no significant concentration of interest rate risk.

At 31 August 2010, if the interest rate had strengthened by 1% with all other variables held constant, post-tax profit for the year would have been R507 684 (2009: R979 587) higher, based on average interest rate for the year increasing.

38. RISK MANAGEMENT (CONTINUED)

Cash flow interest rate risk

Financial instrument	Current interest rate	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due after five years
Group Loans	10.00 %	–	16 803	–	–	–
Trade and other payables – extended credit terms	10.00 %	61 777	–	–	–	–
Overdraft facilities used	10.00 %	41 398	–	–	–	–
Current financial liabilities	10.00 %	10 911	52 978	–	–	–
Finance lease obligation	10.00 %	623	228	–	–	–

(c) Price risk

Price risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate or currency risk), whether the changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market.

The investment profiles are monitored and reviewed from time to time to ensure that they remain in line with the Company's risk appetite and long-term capital management framework. Company investments at fair value through profit and loss are affected by market movements.

CREDIT RISK

Credit risk is the risk that one party to a financial instrument will cause a financial loss to the other party by failing to discharge an obligation. Credit risk consists mainly of cash deposits, cash equivalents, trade debtors and loans and other receivables. The Group only deposits cash with major banks having high-quality credit standing and limited exposure to any one counterparty. Trade receivables comprise a widespread customer base. Management evaluates credit risk relating to customers on an ongoing basis. Internal risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal ratings in accordance with criteria set by the board. The utilisation of credit limits is regularly monitored.

The following policies and procedures are in place to mitigate the Group's exposure to credit risk:

- A Group credit risk policy setting out the assessment and determination of what constitutes credit risk for the Group. Compliance with the policy is monitored and exposures and breaches are reported to the board of directors. The policy is regularly reviewed for pertinence and for changes in the risk environment.
- Net exposure limits are set for each counterparty (i.e. limits are set for investments and cash deposits and minimum credit ratings for investments that may be held).
- The Group sets the maximum amounts and limits that may be advanced to corporate counterparties by reference to their long-term credit ratings.
- The credit risk in respect of customer balances, incurred on non-payment of premiums or contributions will only persist during the grace period specified in the policy document, when the policy is either paid up or terminated. Commission paid to intermediaries is netted off against amounts receivable from them to reduce the risk of doubtful debts.
- Amounts receivable in terms of long-term insurance business are secured by the underlying value of the unpaid policy benefits in terms of the policy contract. An appropriate provision is maintained.

No assets are considered to have a significant credit risk or are non-performing. The Group policy is to deposit cash surpluses with major banks and financial institutions of high-quality credit standing.

Refer to individual notes for credit quality on individual balances.

Credit exposure

The maximum exposure to credit risk is the carrying amount of the financial assets as reflected on the statement of financial position at year-end.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

38. RISK MANAGEMENT (CONTINUED)

CAPITAL MANAGEMENT

Externally imposed capital requirements are set and regulated by the Financial Services Board. These requirements are put in place to ensure sufficient solvency margins. Further objectives are set by the Group to maintain a strong credit rating and healthy capital ratios in order to support its business objectives and maximise shareholders' value.

The Group manages its capital requirements by assessing shortfalls between reported and required capital levels on a regular basis. Adjustments to current capital levels are made in light of changes in economic conditions and risk characteristics of the Group's activities.

The Group fully complied with the externally imposed capital requirements during the reported financial periods and no changes were made to its capital base, objectives, policies and processes from the previous year.

ECONOMIC ASSUMPTIONS

Investment return

The investment return for all classes of business, except those where the liability has a specific asset backing it, was determined as the expected return on the underlying assets backing the liabilities of the Group less an allowance for credit risk and a compulsory margin of 0.25%.

The following long-term assumptions were assumed for each asset class:

- Bonds 8.5%
- Cash 8.0%
- Equities 10.0%

Inflation

The current assumed level of future expense inflation of 7%, after adjusting for internal and external factors, is based on the Reserve Bank's long-term inflation target of between 3% and 6%.

Taxation

Future taxation and taxation relief are allowed for at the rates and on the basis applicable to Section 29A of the Income Tax Act at the statement of financial position date. The Group's current tax position is taken into account, and taxation rates, consistent with that position and the likely future changes in that position, are allowed for.

FOREIGN EXCHANGE RISK

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the euro. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group does not hedge foreign exchange fluctuations.

At 31 August 2010, if the currency had strengthened by 10% against the US dollar with all other variables held constant, post-tax profit for the year would have been R324 089 lower (2009: R60 142 lower), mainly as a result of foreign exchange gains/losses on translation of US dollar-denominated trade receivables, financial assets at fair value through profit or loss.

Profit is more sensitive to movement in rand/US dollar exchange rates in 2010 than 2009 because of the increased amount of US dollar-denominated borrowings.

FOREIGN CURRENCY EXPOSURE AT STATEMENT OF FINANCIAL POSITION DATE

The company does not hedge foreign exchange fluctuations. The following items are uncovered:

	GROUP		COMPANY	
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000
Current assets				
Trade debtors, USD	1 133	1 004	–	–
Trade debtors, EUR	92	2 735	–	–

38. RISK MANAGEMENT (CONTINUED)

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
Exchange rates used for conversion of foreign items were:				
USD	7.34		7.76	
EUR	9.25		11.08	

The Group reviews its foreign currency exposure, including commitments on an ongoing basis. There were no foreign exchange contracts at year-end to hedge foreign currency exposure.

39. FINANCIAL ASSETS BY CATEGORY

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

Group – 2010

	Loans and receivables R'000	Fair value through profit or loss – held for trading R'000	Fair value through profit or loss – designated R'000	Held to maturity investments R'000	Available for sale R'000	Total R'000
Other financial assets	5 157	–	154 900	–	–	160 057
Trade receivables	60 166	–	–	–	–	60 166
Loans to associate	17 900	–	–	–	–	17 900
Cash and cash equivalents	52 075	–	–	–	–	52 075
	135 298	–	154 900	–	–	290 198

Group – 2009

	Loans and receivables R'000	Fair value through profit or loss – held for trading R'000	Fair value through profit or loss – designated R'000	Held to maturity investments R'000	Available for sale R'000	Total R'000
Other financial assets	63 208	–	97 480	–	–	160 688
Trade receivables	54 440	–	–	–	–	54 440
Cash and cash equivalents	51 055	–	–	–	–	51 055
	168 703	–	97 480	–	–	266 183

Company – 2010

	Loans and receivables R'000	Fair value through profit or loss – held for trading R'000	Fair value through profit or loss – designated R'000	Held to maturity investments R'000	Available for sale R'000	Total R'000
Loans to group companies	144 512	–	–	–	–	144 512
Other financial assets	214	–	33 009	–	–	33 223
Trade and other receivables	620	–	–	–	–	620
Investments in subsidiaries	–	–	623 386	–	–	623 386
	145 346	–	656 395	–	–	801 741

Company – 2009

	Loans and receivables R'000	Fair value through profit or loss – held for trading R'000	Fair value through profit or loss – designated R'000	Held to maturity investments R'000	Available for sale R'000	Total R'000
Loans to group companies	148 635	–	–	–	–	148 635
Other financial assets	–	–	2 253	–	–	2 253
Trade and other receivables	966	–	–	–	–	966
Investments of subsidiaries	–	–	619 986	–	–	619 986
	149 601	–	622 239	–	–	771 840

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

40. FINANCIAL LIABILITIES BY CATEGORY

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

Group – 2010

	Financial liabilities at amortised cost R'000	Fair value through profit or loss – held for trading R'000	Fair value through profit or loss – designated R'000	Total R'000
Other financial liabilities	85 712	–	–	85 712
Finance lease obligation	851	–	–	851
Trade payables	30 756	–	–	30 756
Bank overdraft	41 398	–	–	41 398
	158 717	–	–	158 717

Group – 2009

	Financial liabilities at amortised cost R'000	Fair value through profit or loss – held for trading R'000	Fair value through profit or loss – designated R'000	Total R'000
Loans from group companies	1 016	–	–	1 016
Other financial liabilities	85 796	–	–	85 796
Finance lease obligation	1 677	–	–	1 677
Trade payables	24 935	–	–	24 935
Bank overdraft	43 587	–	–	43 587
	157 011	–	–	157 011

Company – 2010

	Financial liabilities at amortised cost R'000	Fair value through profit or loss – held for trading R'000	Fair value through profit or loss – designated R'000	Total R'000
Loans from group companies	81 553	–	–	81 553
Other financial liabilities	1 056	–	–	1 056
Trade and other payables	6 538	–	–	6 538
Bank overdraft	6 773	–	–	6 773
	95 920	–	–	95 920

Company – 2009

	Financial liabilities at amortised cost R'000	Fair value through profit or loss – held for trading R'000	Fair value through profit or loss – designated R'000	Total R'000
Loans from group companies	66 798	–	–	66 798
Other financial liabilities	122	–	–	122
Finance lease obligation	68	–	–	68
Trade and other payables	790	–	–	790
Bank overdraft	8 408	–	–	8 408
	76 186	–	–	76 186

41. COMMITMENTS

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
Authorised capital expenditure				
Authorised by directors and not yet contracted for	16 082	16 199	–	–
This committed expenditure relates to plant and equipment and will be financed by available bank facilities.				
Operating leases – as lessee (expense)				
Minimum lease payments due				
– within one year	4 640	4 384	–	–
– in second to fifth year inclusive	9 023	13 662	–	–
	13 663	18 046	–	–

The operating lease payments above represents rental for the use of premises. No contingent rent is payable.

42. EVENTS AFTER THE REPORTING DATE

There were no material events after the reporting date.

43. BUSINESS COMBINATIONS

The following acquisitions of subsidiaries were completed during the prior financial year:

Digital Matter (Pty) Ltd:

- Digital Matter is involved in development of software used to manage property, plant and equipment.
- Percentage acquired – 75%
- Effective date of acquisition – 1 March 2009
- Purchase consideration – R3 000 000

Non-controlling interest is initially recognised at cost.

	Digital Matter R'000	Total R'000
Fair value of assets and liabilities acquired		
Property, plant and equipment	158	158
Goodwill	2 351	2 351
Operating lease asset	12	12
Trade and other receivables	1 266	1 266
Trade and other payables	(2 416)	(2 416)
Tax liabilities	(178)	(178)
Cash	2 142	2 142
Provisions	(116)	(116)
Shareholders' loans	(3)	(3)
Outside shareholders	(216)	(216)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

44. GROUP SEGMENTAL REPORT

	Financial Services R'000	Informa- tics R'000	Fishing R'000	Health Care R'000	Bio- technology R'000	Invest- ments R'000	Enterprise develop- ment and media R'000	Group R'000
31 August 2010								
Revenue	8 698	116 215	226 362	11 431	–	11 422	83 827	457 955
External sales	738	111 247	226 362	11 431	–	3 343	83 827	436 948
Intergroup sales	–	4 968	–	–	–	8 079	–	13 047
Revenue – discontinued operation	7 960	–	–	–	–	–	–	7 960
Segment results								
Operating profit/(loss)	(8 869)	7 609	13 175	(7 928)	(28)	35 619	(4 820)	34 758
Operating profit/(loss) – discontinued operation	(6 280)	–	–	–	–	–	–	(6 280)
Included in segment results:	(6 622)	(507)	(15 145)	(3 732)	–	55 412	(1 036)	28 370
(Impairments)/reversals of impairments	(6 621)	–	–	–	–	(1 637)	(853)	(9 111)
Depreciation and amortisation	(1)	(507)	(15 145)	(3 732)	–	(271)	(284)	(19 940)
Fair valuation of investments	–	–	–	–	–	57 320	101	57 421
Carrying value of assets	3 689	79 453	272 540	34 073	156 079	165 026	16 784	727 644
Carrying value of liabilities	6 094	30 150	150 991	14 956	18 724	94 271	9 255	324 441
Loss from associates	–	–	–	–	(6 596)	–	–	(6 596)
Capital expenditure	106	839	9 377	1 717	–	7	92	12 138
31 August 2009								
Revenue	8 928	127 940	192 389	12 271	–	24 285	91 300	457 113
External sales	2 498	98 078	192 389	12 271	–	2 945	91 300	399 481
Intergroup sales	–	11 379	–	–	–	21 340	–	32 719
Revenue – discontinued operation	6 430	18 483	–	–	–	–	–	24 913
Segment results								
Operating profit/(loss)	(2 043)	16 916	(61 960)	(24 354)	(53)	45 973	(243)	(25 764)
Operating profit/(loss) – discontinued operation	(2 119)	1 745	–	–	–	–	–	(374)
Included in segment results:	(4 190)	(3 014)	(61 176)	(20 520)	–	67 613	(598)	(21 885)
(Impairments)/reversals of impairments	(4 140)	(1 029)	(44 880)	(17 500)	–	–	(27)	(67 576)
Depreciation and amortisation	(50)	(1 985)	(16 296)	(3 020)	–	(387)	(281)	(22 019)
Fair valuation of investments	–	–	–	–	–	68 000	(290)	67 710
Carrying value of assets	24 378	86 094	285 662	37 005	144 776	128 081	17 461	723 457
Carrying value of liabilities	8 156	40 144	155 394	17 405	19 382	78 353	12 326	331 160
Loss from associates	–	–	–	–	(5 224)	–	–	(5 224)
Capital expenditure	69	794	15 519	2 865	–	3 315	285	22 847

45. INFORMATION ON JOINT VENTURES

Name of joint venture	Date of acquisition	Effective % held		Investment at cost		Nature of business
		2010	2009	2010	2009	
Bloudam	1 September 2003	18	18	–	–	Catching of fish
Eastern Cape Hake Long Line	1 May 2003	15	15	–	–	Catching, packaging and processing of fish
Premier – BCP Hake	1 March 2003	48	48	–	–	Catching of fish
Premier Seacat	1 November 2002	–	–	–	–	Catching of fish
Premier Select (Pty) Ltd	1 September 2006	50	50	–	–	Processing of fish
Amethst (Pty) Ltd	1 September 2008	50	50	–	–	Information technology

46. INFORMATION ON ASSOCIATES

Name of associate	Date of acquisition	Effective % held		Investment at cost		Nature of business
		2010	2009	2010	2009	
Bioclones (Pty) Ltd	1 September 2007	49.99	49.99	19 932	19 932	Biotechnology

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

47. INFORMATION ON INVESTMENTS

Name of subsidiary	Issued capital	
	2010	2009
African Biotechnological and Medical Innovations Investments (Pty) Ltd	300	300
Atlantic Fishing Enterprises (Pty) Ltd	100	100
Capstone 186 (Pty) Ltd	100	100
Chapman's Peak Fisheries (Pty) Ltd	18 000	18 000
Cynthesys Business Consulting (Pty) Ltd	100	100
Digital Matter (Pty) Ltd	100	100
Events Social Marketing and Productions Afrika (Pty) Ltd	100	100
Fios (Pty) Ltd	1 000	1 000
First Light Administration Services (Pty) Ltd	100	100
Fish Drying Corporation (Pty) Ltd	4	4
Friedshelf 860 (Pty) Ltd	300	300
Health System Technologies (Pty) Ltd	2 000	2 000
Hostprops 136 (Pty) Ltd	100	100
Imagination Advisory and Distribution Services (Pty) Ltd	100	100
John Ovenstone Ltd	1 042 347	1 042 347
John Quality (Pty) Ltd	6 000	6 000
Kuttlefish	10	10
Kilomax (Pty) Ltd	100	100
Kilomax (Pty) Ltd	100	100
Marine Growers (Pty) Ltd	100	100
Premier Fishing (SA) (Pty) Ltd	100 000	100 000
Premfresh Seafoods (Pty) Ltd	100	100
Quickvest 153 (Pty) Ltd	120	120
Rapimed (Pty) Ltd	100	100
Saratoga Software (Pty) Ltd	8 073	8 073
Seagro Fertilisers (Pty) Ltd	8	8
Sekfish Investments (Pty) Ltd	200	200
Sekpharma (Pty) Ltd	100	100
Sekunjalo Aquaculture (Pty) Ltd	100	100
Sekunjalo Arcus Facilities Management Consulting (Pty) Ltd	100	100
Sekunjalo Asset Finance (Pty) Ltd	100	100
Sekunjalo Brands (Pty) Ltd	100	100
Sekunjalo Capital (Pty) Ltd	100	100
Sekunjalo Corporate Services (Pty) Ltd	120	120
Sekunjalo Empowerment Fund (Pty) Ltd	100	100
Sekunjalo Financial Services (Pty) Ltd	100	100
Sekunjalo Food and Fishing (Pty) Ltd	100	100
Sekunjalo Health Care Ltd	716 052	716 052
Sekunjalo Health and Medical Commodities (Pty) Ltd	100	100
Sekunjalo Industrial Holdings (Pty) Ltd	100	100
Sekunjalo Technology Solutions Group(Pty) Ltd	100	100
Sekunjalo Media Holdings (Pty) Ltd	100	100
Sekunjalo Medical Logistics (Pty) Ltd	100	100
Sekunjalo Medical Services (Pty) Ltd	100	100
Sekunjalo Medical Trading (Pty) Ltd	100	100
Sekunjalo Motor Holdings (Pty) Ltd	120	120
Sekunjalo Private Equity (Pty) Ltd	100	100
Sekunjalo Properties (Pty) Ltd	100	100
Sekunjalo Strategic Investments (Pty) Ltd	100	100
South Atlantic Jazz Festival (Pty) Ltd	100	100
Southern Ocean Fishing (Pty) Ltd	100	100
Synbi (Pty) Ltd	109	109
Tripos Tourism Investments (Pty) Ltd	55 000	55 000
Wynberg Pharmaceuticals (Pty) Ltd	200	200

* Under R1 000

Effective % held		Investment at cost		Nature of business
2010	2009	2010	2009	
100	100	*	*	Biotechnology
100	100	*	*	Fishing
100	100	*	*	Dormant company
100	100	*	*	Fishing
51	51	*	*	Financial services
32	37	*	*	Information technology
51	51	4 554	4 554	Event management
70	100	12 110	17 300	Information technology
51	51	655	655	Financial services
80	80	*	*	Dormant company
80	80	*	*	Media investments
77	77	*	*	Information technology
100	100	*	*	Dormant company
100	100	*	*	Financial services
100	100	*	*	Dormant company
100	100			Dormant company
100	100	*	*	Dormant company
100	100			Holding company
100	100			Investment holding
100	100			Aquaculture
80	80	*	*	Fishing
100	100	*	*	Fishing
51	51	500	500	Financial services
77	77	*	*	Dormant company
43	51	3 648	3 648	Information technology
100	100	*	*	Marine agriculture
100	100	*	*	Fishing investments
86	86	54 468	54 468	Pharmaceuticals
100	100	*	*	Marine agriculture
100	100	*	*	Consulting services
100	100	*	*	Financial services
100	100	*	*	Dormant company
100	100	*	*	Financial services
100	100	*	*	Consulting services
100	100	*	*	Dormant company
100	100	*	*	Financial services
100	100	*	*	Fishing investments
77	77	*	*	Medical investments
77	77	*	*	Health care
100	100	*	*	Fishing investments
100	100	*	*	IT investments
100	100	*	*	Media investments
39	39	*	*	Dormant company
77	77	*	*	Holding company
77	77	*	*	Dormant company
100	100	*	*	Motor industry
77	77	*	*	Financial services
100	100	*	*	Properties
100	100	*	*	Investments
51	51	*	*	Media
100	100	*	*	Dormant company
100	100	*	*	Information technologies
41	41	831	831	Travel
77	77	*	*	Medical manufacturing

SUPPLEMENTARY SCHEDULE

SEKUNJALO INVESTMENTS' INVESTMENT IN BIOCLONES (PTY) LTD ("BIOCLONES")

Additional shareholders' information has been presented to disclose the anticipated future intrinsic value of Sekunjalo's R150m (49.99%) net equity investment in Bioclones, taking into account the expected future cash inflows or outflows that are expected to arise from a future restructuring of the entity, and an improvement of the asset's performance.

Bioclones must raise further capital to allow market entry and scale-up of production to meet identified global disease requirements. Bioclones' directors have prepared an income approach valuation using a discounted cash flow model to value the Bioclones products currently under development and currently in the market.

Global disease statistics show significant disease prevalence in the various disease categories targeted by the products Bioclones is developing. For example, disease prevalence in renal, cancer and other disease categories targeted by Bioclones products is in the region of 95 million. The products will be manufactured locally in South Africa and will be provided at cost-effective prices in comparison to competitor products.

Valuation assumptions

The profit contribution of the products' sales to the anticipated future cash flows is dependent on the cost of production, the disease prevalence and the anticipated market penetration of the products in the selected market.

The disease prevalence statistics are sourced from:

- World Health Organization ("WHO");
- American Nephrology Society; and
- The American Cancer Society.

Significant assumptions made by the directors:

- The anticipated market share on the successful launch of the products;
- The future anticipated revenue generated and associated costs of production were based on the market share;
- The proportion of diseased patients with access to the proposed therapeutic and/or anticipated market share that will be achieved on the successful launch of the products;
- An adjustment has been made for the risks and timing associated with market entry; and
- Any movement in the assumptions will impact the value significantly.

The general assumption is that risk factors such as significant growth expectations, capital funding, and clinical trial assessment have also been accounted for in the valuation.

An appropriate weighted average cost of capital was then applied to the free cash flows to arrive at an estimated equity value.

Assumptions on the weighted average cost of capital (WACC) were made as follows:

- Long-term growth rate as stipulated by the South African Reserve Bank;
- Calculated betas of similar companies in the industry listed on the Nasdaq and London stock exchanges;
- Standard South African taxation rate for companies in South Africa;
- Yield on ten-year R157 Government Bonds; and
- Risk premiums take into account the risk premium of the global Biotechnology market and reflect the additional risk factors associated with biotechnology companies.

SENSITIVITY ANALYSIS (MAY NOT BE INDICATIVE OF THE INTRINSIC VALUE) FOR THE 49.99% EQUITY INVESTMENT IN BIOCLONES

WACC	Terminal Growth Rate				
	2.50%	3.50%	4.50%	5.50%	6.50%
16.65%	2 994 859 874	3 152 806 447	3 336 763 159	3 550 783 494	3 813 473 061
17.65%	2 583 834 097	2 708 635 856	2 852 426 091	3 019 895 245	3 217 417 185
18.65%	2 236 161 906	2 335 782 695	2 449 637 303	2 580 495 914	2 733 076 470
19.65%	1 939 954 641	2 020 193 642	2 111 028 749	2 214 707 278	2 334 160 402
20.65%	1 686 005 335	1 751 153 784	1 824 372 652	1 907 260 567	2 001 868 230
21.65%	1 466 066 029	1 519 291 866	1 578 724 797	1 645 517 844	1 721 128 455
22.65%	1 276 553 795	1 320 367 930	1 369 010 069	1 423 324 761	1 484 365 730
23.65%	1 111 673 353	1 147 954 449	1 188 024 694	1 232 510 393	1 282 183 928

SHAREHOLDER INFORMATION AS AT 31 AUGUST 2010

ANALYSIS OF SHAREHOLDINGS

	Number of shareholders	Percentage of total shareholders	Number of shares	Percentage of total issued share capital
1 – 5 000	868	43.10%	1 933 308	0.40%
5 001 – 10 000	343	17.03%	2 868 689	0.59%
10 001 – 100 000	623	30.93%	22 615 372	4.62%
100 001 – 1 000 000	148	7.35%	44 192 535	9.03%
1 000 001 – and more	32	1.59%	417 729 530	85.37%
Total	2 014	100.00%	489 339 434	100.00%

MAJOR SHAREHOLDERS (5% AND MORE OF THE SHARES IN ISSUE)

	Number of shareholders	Number of shares	Percentage of total issued share capital
Sekunjalo Investment Holdings (Pty) Ltd		167 158 152	34.16%
Absa Bank Ltd – Safex Clearing – Legal entity – Absa Bank Ltd		84 936 200	17.36%
Absa Corporate and Investment Bank		44 000 000	8.99%
Khalid Abdulla		26 899 816	5.50%
Total	4	322 994 168	66.01%

	Shareholders in SA		Shareholders not in SA	
	Number of shares	Percentage of issued share capital	Number of shares	Percentage of issued share capital
Public shareholders	200 384 149	40.95%	13 429 961	2.74%
Non-public shareholders	275 525 324	56.31%		
Total	475 909 473	97.26%	13 429 961	2.74%

PUBLIC VS. NON-PUBLIC

	Number of shares	Percentage of issued share capital
Public shareholders	2 010	99.80%
Non-public shareholders	4	0.20%
Total	2 014	100%

DISTRIBUTION OF SHAREHOLDERS

	Shareholders		Shares	
	Number	Percentage	Number	Percentage
Individuals	1 783	88.53%	116 673 961	26.84%
Nominee companies and trusts	96	4.77%	15 743 772	3.22%
Public companies	26	1.29%	169 049 484	34.55%
Close corporations and private companies	109	5.41%	187 872 217	38.39%
Total	2 014	100.00%	489 339 434	100.00%

SHARE TRADING STATISTICS

Market price per share (cents)	
High	40
Low	12
Year-end	30
Volume traded (shares)	21 338 875
Volume of shares traded as a percentage of issued capital	4.36%
Value (Rand)	6 110 357
Market capitalisation at 31 August 2010 (Rand)	146 801 830
Market capitalisation at date of annual report (Rand)	244 669 717

DATES OF IMPORTANCE TO SHAREHOLDERS

ANNUAL GENERAL MEETING

09 February 2011, at 15:30 at the Sekunjalo Head Office, Premier Fishing Quay, 7 East Pier, V&A Waterfront.

FINANCIAL REPORTS

Announcement of interim results	May 2011
Interim report	May 2011
Announcement of annual results	November 2011
Annual report	December 2011

ADMINISTRATION

COMPANY SECRETARY

Miss Cherie Felicity Hendricks

BUSINESS ADDRESS AND REGISTERED OFFICE

Quay 7, East Pier, Victoria and Alfred Waterfront, Cape Town, 8001, South Africa

Postal Address: PO Box 181, Cape Town, 8000, South Africa

Telephone: +27 21 427 1400

Facsimile: +27 21 419 0731

EMAIL AND WEBSITE

Email address: info@sekunjalo.com

Website: www.sekunjalo.com

COMPANY REGISTRATION NUMBER

1996/006093/06

TRANSFER SECRETARIES

Link Market Services South Africa (Pty) Ltd

11 Diagonal Street, Johannesburg, 2001

Postal address: PO Box 4844, Johannesburg, 2000

Telephone: +27 11 630 0800

Telefax: +27 11 834 4398

Website: www.linkmarketservices.co.za

AUDITORS

PKF (Cpt) Inc.

SPONSOR

PSG Capital

LISTING

JSE Limited

Sector: Diversified Industrials

Share code: SKJ

ISIN code: ZAE000017893

NOTICE OF ANNUAL GENERAL MEETING



SEKUNJALO INVESTMENTS LIMITED

(Incorporated in the Republic of South Africa)

Reg No 1996/006093/06

JSE share code: SKJ

ISIN: ZAE000017893

("Sekunjalo" or "the Company" or "the Group")

Notice is hereby given that the twelfth Annual General Meeting of the members of Sekunjalo Investments Limited will be held at Sekunjalo Head Office, Premier Fishing, Quay 7, East Pier, V&A Waterfront on 09 February 2011, at 15:30, for the following purposes:

1. To receive, consider and adopt the annual financial statements of the Company for the year ended 31 August 2010.
2. To re-elect the following directors of the Company:
 - 2.1 Dr Ml Survé
 - 2.2 Mr K Abdulla
 - 2.3 Miss C F Hendricks
 - 2.4 Miss C Ah Sing
 - 2.5 Rev. Dr VC Mehana
 - 2.6 Mr S Young
 - 2.7 Mr M Gaomab, The First

who retire by rotation in terms of the company's articles of association and, being eligible, offers themselves for re-election. Brief biographical details of the directors to be elected are set out on pages 6 – 7 of the annual report.

3. To confirm the reappointment of PKF (Cpt) Incorporated as independent auditors of the Company for the ensuing financial year on the recommendation of the audit committee.
4. To confirm the remuneration of the auditors for the year ended 31 August 2010 as determined by the audit committee.
5. To approve the remuneration of the directors for the year ended 31 August 2010 as reflected in the annual financial statements.

SPECIAL BUSINESS

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

ORDINARY RESOLUTION NUMBER 1

CONTROL OF AUTHORISED BUT UNISSUED "B" ORDINARY SHARES

6. "Resolved that the authorised but unissued "B" ordinary shares in the share capital of the company be and are hereby placed under the control and authority of the directors of the company ("directors") and that the directors be and hereby are authorised and empowered to allot, issue and otherwise dispose of such shares or to issue any options in respect of, or instruments that are convertible into, such shares, to such person/s on such terms and such conditions and at such times as the directors may from time to time and in their discretion deem fit, subject to the provisions of the Companies Act (Act 61 of 1973), as amended ("the Act"), the articles of association of the company and the Listings Requirements of the JSE Limited ("the JSE Listings Requirements"), when applicable."

This general authority will be valid until the earlier of the company's next annual general meeting or the expiry of a period of 15 (fifteen) months from the date that this authority is given.

ORDINARY RESOLUTION NUMBER 2

APPROVAL TO ISSUE "B" ORDINARY SHARES AND/OR OPTIONS FOR CASH

7. "Resolved that the directors of the company be and hereby are authorised by way of a general authority, to allot and issue, or issue any options in respect of, or instruments that are convertible into, all or any of the authorised but unissued "B" ordinary shares in the capital of the company for cash, as and when they in their discretion deem fit, subject to the Act, the articles of association of the company and its subsidiaries, and the JSE Listings Requirements, when applicable, and the following limitations, namely that:
 - the equity securities which are subject of the issue for cash must be of a class already in issue or, where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
 - the equity securities must be issued to "public shareholders" as defined in the JSE Listings Requirements and not to related parties;
 - the number of equity securities issued for cash shall not in the aggregate in any one financial year exceed 15% (fifteen percent) of the company's relevant number of equity securities in issue of that class. The number of equity securities which may be issued shall be based on, inter alia, the number of equity securities of that class in issue added to those that may be issued in future (arising from the conversion of options/convertible securities) at the date of such application, less any equity securities of the class issued, or to be issued in the future arising from options/convertible securities issued during the current financial year, plus any equity securities of that class to be issued pursuant to a rights issue

NOTICE OF ANNUAL GENERAL MEETING

which has been announced, is irrecoverable and is fully underwritten, or an acquisition which has had final terms announced;

- this general authority will be valid until the earlier of the company's next annual general meeting or the expiry of a period of 15 (fifteen) months from the date that this authority is given;
- a paid press announcement giving full details, including the impact on net asset value, net tangible asset value, earnings and headline earnings (per share) will be published when the company has issued "B" ordinary shares representing, on a cumulative basis within 1 (one) financial year, 5% (five percent) or more of the number of shares in issue prior to the issue;
- in determining the price at which an issue of equity securities may be made in terms of this authority, the maximum discount permitted will be 10% (ten percent) of the weighted average traded price on the JSE of the "B" ordinary shares over the 30 (thirty) business days prior to the date that the price of the issue is determined or agreed between the issuer and the party subscribing for the securities;
- whenever the company wishes to use "B" ordinary shares, held as treasury stock by a subsidiary of the company, such use must comply with the JSE Listings Requirements as if such issue was a fresh issue of "B" ordinary shares; and
- in respect of the issue of options/convertible instruments for cash, if the discount to the market price at the time of exercise of the option or conversion of the convertible instrument is not known at the time of grant/issue of the option or convertible instrument, or if it is known that the discount will exceed 10% (ten percent) of the 30 (thirty) day weighted average traded price of the security at the date of exercise, then the grant/issue may only proceed if the directors of the company have obtained a fairness opinion, in accordance with Schedule 5 of the JSE Listings Requirements, from an independent expert acceptable to the JSE, confirming that the grant/issue is fair insofar as the shareholders of the company are concerned."

In terms of the JSE Listings Requirements, Ordinary Resolution Number 2 must be passed by a 75% (seventy-five percent) majority of the votes cast in favour of the resolution by all members present or represented by proxy at the annual general meeting.

ORDINARY RESOLUTION NUMBER 3

SIGNATURE OF DOCUMENTS

8. "Resolved that any director of the company, the company secretary and/or any other party to whom such parties have delegated their authority in this regard, be and are hereby authorised to sign all such documents and do all such things as may be necessary for, or incidental to, the implementation of those resolutions to be proposed at the annual general meeting."

SPECIAL RESOLUTION NUMBER 1

APPROVAL FOR COMPANY OR ITS SUBSIDIARIES TO REPURCHASE COMPANY'S SHARES

9. "Resolved that the directors of the company be and are hereby authorised by way of a general authority contemplated in sections 85(2) and 85(3) of the Act, to acquire on behalf of the company, and/or any subsidiary of the company, from time to time of the "B" ordinary shares of the company, upon such terms and conditions and in such amounts as the directors of the company may from time to time determine, but subject to the articles of association of the company, the provisions of the Act and the JSE Listings Requirements, where applicable, and provided that:
 - the repurchase of the "B" ordinary shares will be effected through the main order book operated by the JSE trading system and done without prior understanding or arrangement between the company and the counterparty unless the company purchases treasury shares from a subsidiary for the purposes of cancelling such shares;
 - this general authority shall only be valid till the earlier of the company's next annual general meeting or the expiry of a period of 15 (fifteen) months from the date of passing this special resolution;
 - in determining the price at which the company's "B" ordinary shares are acquired in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be 10% (ten percent) of the weighted average of the market value at which such ordinary shares are traded on the JSE, as determined over the 5 (five) trading days immediately preceding the date on which the transaction is effected;
 - the acquisition of "B" ordinary shares in the aggregate in any one financial year may not exceed 20% (twenty percent) of the company's issued ordinary share capital as at the beginning of the financial year provided that the acquisition of "B" ordinary shares purchased by a subsidiary as treasury stock may not exceed 10% (ten percent) of the company's issued ordinary share capital at any time;
 - after such repurchase, the company will still comply with the JSE Listings Requirements concerning shareholder spread requirements;
 - the company or its subsidiaries may not purchase "B" ordinary shares during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements unless they have in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and full details of

the programme have been disclosed in an announcement over SENS prior to the commencement of the prohibited period;

- when the company and/or its subsidiaries have cumulatively purchased 3% (three percent) of the number of the ordinary shares in issue at the time this general authority is granted ("initial number") and for each 3% (three percent) in aggregate of the initial number acquired thereafter an announcement will be made;
- at any point in time, the company may only appoint one agent to effect any purchase(s) on its behalf; and
- before entering the market to proceed with the general repurchase, the company's Sponsor will confirm the adequacy of the company and the group's working capital in writing to the JSE.

SPECIAL RESOLUTION NUMBER 2

APPROVAL FOR SUBSIDIARIES OF THE COMPANY TO REPURCHASE SHARES OF SUCH SUBSIDIARIES

10. "Resolved that the company, insofar as it may be necessary to do so, hereby approves, as a general approval, and authorises the acquisition by any subsidiary of the company of shares issued by such subsidiary, upon such terms and conditions and in such amounts as the directors of such subsidiary/ies may from time to time determine, but subject to the provisions of section 85 to section 89 of the Act, the articles of association of the company, the JSE Listings Requirements (if the subsidiary is listed) and the requirements of any other stock exchange on which the shares of the subsidiary company may be quoted or listed, which JSE Listings Requirements are as follows:

- the general repurchase of shares may only be implemented on the open market of the JSE and done without any prior understanding or arrangement between the company and the other counterparty;
- this general authority shall only be valid until the next annual general meeting of the company, provided that it shall not extend beyond 15 (fifteen) months from the date of this resolution;
- an announcement must be published as soon as the subsidiary has acquired shares constituting, on a cumulative basis, 3% (three percent) of the number of shares of the subsidiary company in issue prior to the acquisition, pursuant to which the aforesaid 3% (three percent) threshold is reached, containing full details thereof, as well as for each 3% (three percent) in aggregate of the initial number of shares acquired thereafter;
- this general authority to repurchase is limited to a maximum of 20% (twenty percent) in the aggregate in any one financial year of the subsidiary company's issued share capital at the time the authority is granted;
- the general purchase is authorised by the subsidiary's articles of association;
- the repurchases must not be made at a price more than 10% (ten percent) above the weighted average of the market value of the shares for the five business days immediately preceding the date that the transaction is effected;
- the subsidiary company will only effect a general repurchase if after the repurchase is effected the company still complies with paragraphs 3.37 to 3.41 of the JSE Listings Requirements concerning shareholder spread requirements;
- the subsidiary may at any point in time only appoint one agent to effect any repurchase(s) on the subsidiary company's behalf;
- the subsidiary may not effect a repurchase during any prohibited period as defined in terms of the JSE Listings Requirements; and
- before entering the market to proceed with the general repurchase, the company's Sponsor will confirm the adequacy of the company and the group's working capital in writing to the JSE."

Reason for and effect of the special resolutions

- i. The reason for and effect of Special Resolution Number 1 is to obtain an authority for, and to authorise, the company and the company's subsidiaries, by way of a general authority, to acquire the company's issued ordinary shares, subject to the limitations set out above.
- ii. The reason and effect of Special Resolution Number 2 is to obtain authority for, and to authorise, to the extent necessary, the company's subsidiaries, by way of a general authority, to acquire their own issued ordinary shares, subject to the limitations set out above.
- iii. It is the intention of the directors of the Group to use such authority granted in terms of Special Resolution Number 1 and Special Resolution Number 2 should prevailing circumstances (including tax dispensations and market conditions) in their opinion warrant it.
- iv. The directors of the company and of its subsidiaries undertake that they will not effect a general repurchase of shares as contemplated above unless the following can be met:
 - the company and the group are in a position to repay their debts in the ordinary course of the business for a period of 12 months after the date of the general repurchase;
 - the assets of the company and the group being fairly valued in accordance with the accounting policies used in the latest audited consolidated annual financial statements, will exceed the liabilities of the company and the group for a period of 12 months after the date of the general repurchase;
 - the share capital and reserves of the company and the group are adequate for ordinary business purposes for a period of 12 months after the date of the general repurchase; and
 - the available working capital of the company and the group will be adequate for ordinary business purposes for a period of 12 months after the date of the general repurchase.

NOTICE OF ANNUAL GENERAL MEETING

Information relating to the special resolutions

- i. Other disclosures in terms of section 11.26 of the JSE Listings Requirements
The JSE Listings Requirements require the following disclosures, some of which are disclosed in the annual report of which this notice forms part, as set out below:
Directors and management – pages 6 and 7
Major shareholders of the company – page 111
Directors' interest in securities – page 42
Share capital of the company – page 86
- ii. Material changes
Other than the facts and developments reported on in the annual report, there have been no material changes in the financial or trading position of the company and its subsidiaries since the date of the interim reporting period and the date of this notice.
- iii. Directors' responsibility statement
The directors whose names are given on pages 6 and 7 of the annual report, collectively and individually accept responsibility for the accuracy of the information pertaining to this resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and all reasonable enquiries to ascertain such facts have been made and that this notice contains all information required by law and the JSE Listings Requirements.
- iv. Litigation statement
In terms of section 11.26 of the JSE Listings Requirements, the directors, whose names are given on pages 6 and 7 of the annual report of which this notice forms part, are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or have had in the recent past, being at least the previous twelve months, a material effect on the group's financial position.
- v. Special Resolution Number 1 and Special Resolution Number 2 are renewals of the resolutions taken at the previous annual general meeting on 8 February 2010.

OTHER BUSINESS

11. To transact such other business as may be transacted at the annual general meeting.

VOTING AND PROXIES

"Members who have not dematerialised their shares or who have dematerialised their shares with "own name" registration are entitled to attend and vote at the meeting and are entitled to appoint a proxy or proxies to attend, speak and vote in their stead. A proxy need not be a member of the company. For the convenience of registered members of the company, a proxy form is enclosed herewith.

The attached form of proxy is only to be completed by those shareholders who

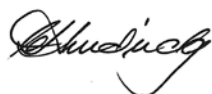
hold "A" ordinary shares;
hold "B" ordinary shares in certificated form; or
have dematerialised their "B" ordinary shares and are registered with "own name" registration.

"B" ordinary shareholders who have dematerialised their ordinary shares through a Central Securities Depository Participant ("CSDP") or broker and wish to attend the annual general meeting, must instruct their CSDP or broker to provide them with the relevant Letter of Representation, or they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.

On a show of hands, every member of the company present in person or represented by proxy shall have one vote only. On a poll, every member who holds "A" ordinary shares of the company shall have 500 votes for every "A" ordinary share held in the company by such member and every member who holds "B" ordinary shares of the company shall have one vote for every "B" ordinary share held in the company by such member.

Proxy forms must be forwarded to reach the transfer secretaries, Link Market Services South Africa (Pty) Ltd, 5th floor, 11 Diagonal Street, Johannesburg 2001 (PO Box 4844, Johannesburg 2000), Republic of South Africa, at least 48 hours (excluding Saturdays, Sundays and public holidays) before the time of the meeting.

By order of the board



CF Hendricks
Company Secretary
16 November 2010
Cape Town

FORM OF PROXY



SEKUNJALO INVESTMENTS LIMITED

(Incorporated in the Republic of South Africa)
 Reg No 1996/006093/06
 JSE share code: SKJ
 ISIN: ZAE000017893
 ("Sekunjalo" or "the Company" or "the Group")

Only for the use by registered holders of certificated ordinary shares in the company and the holders of dematerialised ordinary shares in the company with "own name registration" at the annual general meeting of members to be held at Sekunjalo Head Office, Premier Fishing, Quay 7, East Pier, V&A Waterfront on 09 February 2011 at 15:30.

All other dematerialised shareholders must contact their CSDP or broker to make the relevant arrangements concerning voting and/or attendance at the general meeting.

I/We (please print full names)

of (please print address)

being a member of Sekunjalo and the holder/s of "B" ordinary shares hereby appoint; and/or

being a member of Sekunjalo and holder/s of "A" ordinary shares hereby appoint:

1. or failing him/her,
2. or failing him/her,

3. the Chairman of the annual general meeting;
 as my/our proxy to attend, speak and to vote on a show of hands or on a poll for me/us and on my/our behalf at the annual general meeting and at any adjournment thereof in the following manner:

		Number of shares					
		"A" shares			"B" shares		
		For	Against	Abstain	For	Against	Abstain
1.	To receive, consider and adopt the annual financial statements of the company for the financial year ended 31 August 2010						
2.	To re-elect the following directors who retire by rotation:						
	2.1 Mohammed Iqbal Survé						
	2.2 Khalid Abdulla						
	2.3 Cherie Felicity Hendricks						
	2.4 Chantelle Ah Sing						
	2.5 Vukile Charles Mehana						
	2.6 Salim Young						
	2.7 Mihe Gaomab, The First						
3.	To confirm the reappointment of PKF (Cpt) Inc as independent auditors of the company for the ensuing year						
4.	To confirm the remuneration of the auditors for the year ended 31 August 2010						
5.	To approve the remuneration of directors for the year ended 31 August 2010						
6.	ORDINARY RESOLUTION NUMBER 1 Control of authorised but unissued "B" ordinary shares						
7.	ORDINARY RESOLUTION NUMBER 2 General authority to issue "B" ordinary shares and/or options for cash						
8.	ORDINARY RESOLUTION NUMBER 3 Signature of documents						
9.	SPECIAL RESOLUTION NUMBER 1 General authority to company and/or subsidiary to repurchase shares of the company						
10.	SPECIAL RESOLUTION NUMBER 2 General authority to subsidiary to repurchase its own shares.						

Signed at on 2011

Signature Assisted by (where applicable)

Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder of the company) to attend, speak and vote in place of that shareholder at the meeting.

NOTES TO PROXY FORM

1. The form of proxy must only be used by certified shareholders or dematerialised shareholders who hold dematerialised shares in their "own name".
2. Shareholders are reminded that the onus is on them to communicate with their CSDP or broker.
3. A shareholder entitled to attend and vote may insert the name of a proxy or the name of two alternative proxies of the shareholder's choice in the space provided, without deleting "the chairman of the annual general meeting". A proxy need not be a shareholder of the company. The person whose name stands first on the proxy form and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
4. A shareholder is entitled to one vote on a show of hands and, on a poll, one vote in respect of each share held.
A shareholder's instructions to the proxy must be indicated by inserting the relevant number of votes exercisable by the shareholder in the appropriate box(es). Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the shareholder's votes.
5. A vote given in terms of an instrument of proxy shall be valid in relation to the annual general meeting notwithstanding the death of the person granting it, or the revocation of the proxy, or the transfer of the shares in respect of which the vote is given, unless an intimation in writing of such death, revocation or transfer is received by the transfer secretaries not less than 48 hours before the commencement of the annual general meeting, excluding Saturdays, Sundays and public holidays.
6. If a shareholder does indicate on this form that his/her proxy is to vote in favour of or against any resolution or to abstain from voting, or gives contradictory instruction, or should any further resolution(s), or any amendment(s) which may properly be put before the annual general meeting be proposed, the proxy shall be entitled to vote as he/she thinks fit.
7. The chairman of the annual general meeting may reject or accept any form of proxy, which is completed and/or received other than in compliance with these notes.
8. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the annual general meeting, speaking and voting in person there at the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.
9. Documentary evidence establishing the authority of a person signing the form in a representative capacity must be attached to this form of proxy, unless previously recorded by the company or unless this requirement is waived by the chairman of the annual general meeting.
10. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by the company.
11. Where there are joint holders of shares:
 - Any one holder may sign the form of proxy.
 - The vote(s) of the senior shareholder (for that purpose seniority will be determined by the order in which the names of the shareholders appear in the company's register of shareholders) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).
12. Forms of proxy should be lodged with or mailed to Link Market Services
Hand deliveries to: Link Market Services South Africa (Pty) Ltd, 11 Diagonal Street, Johannesburg 2000
Postal deliveries to: Link Market Services South Africa (Pty) Ltd, PO Box 4844, Johannesburg 2001
13. Any alteration or correction made to this proxy form, other than the deletion of alternatives, must be initialled by the signatory/ies.

