MVELAPHANDA GROUP LIMITED

Annual Report 2009

Today's challenges…

Contents

MVELAPHANDA GROUP LIMITED

www.mvelagroup.co.za

...tomorrow's opportunities

Financial highlights

R3 746 million

Revenue
for the year increased
to R3 746 million

(6% up from R3 539 million in 2008)

R256 million

Operating profit
for the year increased
to R256 million

(4% up from R247 million in 2008)

R363 million

Cash generated from operations
for the year increased
to R363 million

(up 34% from R271 million in 2008)

R7,90

Intrinsic net asset value per
ordinary share

(Intrinsic net asset value per ordinary share at 30 June 2009 of R7,90 (2008: R8,68))

Batho Bonke funding concluded

Group restructuring announced
to unlock value to shareholders

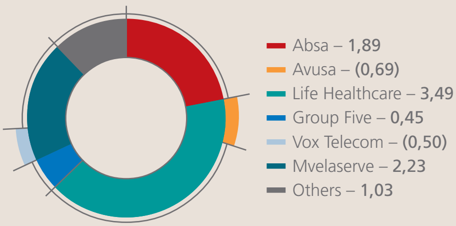
Revenue
(R million)

2009	3 745 662
2008	3 538 918
2007	3 461 586
2006	3 102 432
2005	3 221 310
2004	3 487 126
2003	3 189 576
2002	2 911 107
2001	5 559 588
2000	4 741 490

Profit from operations
(R million)

2009	255 590
2008	246 747
2007	241 625
2006	262 204
2005	201 019
2004	270 523
2003	276 394
2002	255 232
2001	352 221
2000	307 241

Composition of intrinsic NAV 30 June 2009 (R/ordinary share)



Cash generated from operations
(R million)

2009	362 945
2008	271 149
2007	328 273
2006	336 575
2005	435 511
2004	356 538
2003	288 363
2002	269 088
2001	303 761
2000	240 118

Group portfolio

	OVERVIEW	OUR EXPERTISE
Financial Services	Absa's assets of R754,3 billion, 11,3 million customers, 9 211 automated teller machines and 36 920 permanent employees, makes it one of the biggest banks in Africa in all respects.	ABSA
Construction and Infrastructure	Group Five is a broad-based infrastructure company with a balanced portfolio of businesses offering multidisciplinary construction and engineering skills and expertise to deliver any aspect of an infrastructural project, including concept development and design.	GROUP FIVE
	Swissport is a logistics service provider operating at major airports in South Africa.	swissport
Telecoms, Media and Technology	Vox Telecom is a leading independent, alternative supplier of voice and data services to the South African and Namibian market.	VOX telecom
	On 20 November 2007 Avusa Limited was officially unveiled as the new name for what was Johnnic Communications Limited ("Johncom"). The company has evolved and grown remarkably over the years, to become one of the pre-eminent media and entertainment organisations in South Africa and the continent.	AVUSA
Consumer Services	Mvelaserve Limited offers a range of outsourced support services in the areas of facilities management, security, catering and cleaning. It also provides services in the gambling, franchising, financial services and freight markets.	Mvelaserve
	The Life Healthcare Group is one of the largest private hospital operations outside the United States. Its primary business is acute hospital care and it comprises one of the most geographic spreads of acute-care hospitals and same-day surgical centres in South Africa.	Life HEALTH CARE Group
	Since Steinhoff listed on the JSE Limited on 23 September 1998 they have had one single goal and that is to be an integrated global lifestyle supplier that manufactures, warehouses and distributes household goods and related timber products.	Steinhoff

HIGHLIGHTS	EFFECTIVE SHAREHOLDING
• R79 billion in market capitalisation. • Dividends per share 225 cents for the six months ended 30 June 2009.	2,23%
• 25% increase in operating profit for the year ended 30 June 2009. • Strong project pipeline.	10,7%
• 39,25% growth in revenue for the year ended 31 December 2008.	39,2%
• Provides critical telecommunications products and services to over 18 000 corporate customers and 157 000 consumers. • Vox Telecom continues to trade satisfactorily due to consumer demand for lower telecommunication costs and thus approaching Vox Telecom for least cost routing services. • BEE shareholding of 47,6% – the largest black-owned telecommunications company in SA.	12,3%
• Profit for the year ended 31 March 2009 up 58%. • Headline earnings for the year ended 31 March 2009 up 28%.	25,5%

100%

Facilities management	Security	Catering and cleaning	Diversified services
TFMC – 100%	Protea Coin – 100%	RoyalSechaba – 100% Berco – 100% Mediguard –100%	Khuseti Holdings – 100% Zonke – 73% Contract Forwarding – 100% Novare – 50,1%

• 11% year-on-year growth in operating profit for the 12 months to June 2009. • Over R500 million capital distributions paid out to June 2009.	22,0%
• Improved net cash flow from operating activities increased threefold to R1 400 million for the six months ended 31 December 2008. • Headline earnings maintained at R1 500 million for the six months ended 31 December 2008.	4,5%

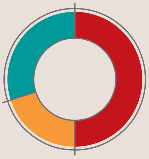
Sustainability highlights

- **28 860** lives touched by our capital
- **R5 204 million** invested in employees
- **125%** BEE procurement recognition level in terms of the BEE codes
- **87,29%** direct BEE ownership
- **70%** of the directors of Mvelaphanda Group Limited are black people
- **46%** black employees are in top, senior and middle management positions

At Mvelaphanda Group, sustainable development is a development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

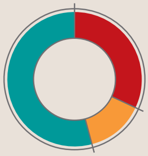
Sustainability has three pillars – the needs of people, the ability to fulfil these needs in the future and ensuring that these are not in conflict with economic growth (profit). These three pillars are not of equal standing. The needs of people are clearly at the core of the definition, and in this respect economic growth can only be seen as a means to this end. Mvelaphanda Group therefore does not promote business practices which give preference to short-term gain at the expense of future generations' well-being.

Board of directors
(as at 30 June 2009)



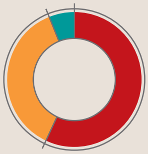
- Black male – **50%**
- Black female – **20%**
- Whites – **30%**

Senior and middle management
(as at 30 June 2009)



- Black male – **32%**
- Black female – **14%**
- Whites – **54%**

Other employees
(as at 30 June 2009)



- Black male – **57%**
- Black female – **37%**
- Whites – **6%**

Path to value unlocking

Challenges to current structure

- Discount to INAV remains significant since merger (at 31 August 2009 – 25%, 43% at year-end).
- Historical deals done on attractive terms not likely to be replicable (discounts and facilitation).
- BEE undertakings restrictive (financing).
- Significant investment opportunities largely in listed sector (most of Mvelaphanda Group shareholders can invest directly into underlying company).
- Acquired Avusa and Vox Telecom at peak of economic cycle with little probability of receiving purchase price back in the medium-term.
- Operational costs of running the Group.
- Mvelaphanda Group's liquidity remains relatively low.
- Mvelaphanda Group is an investment trust requiring intermediate distributions and significant value realisations.

Options considered included the following:

- Consolidate/merger with like-minded and positioned entity.
- Raise capital and follow asset management model (versus holding company model).
- Sell some assets and downscale operations (continue to trade as a listed holding company).
- Unlocking value through a combination of sales, unbundling/listing of assets to Mvelaphanda Group shareholders.

Proposed realisation/unbundling of assets and distribution in the most efficient and orderly manner

Path to value unlocking continued

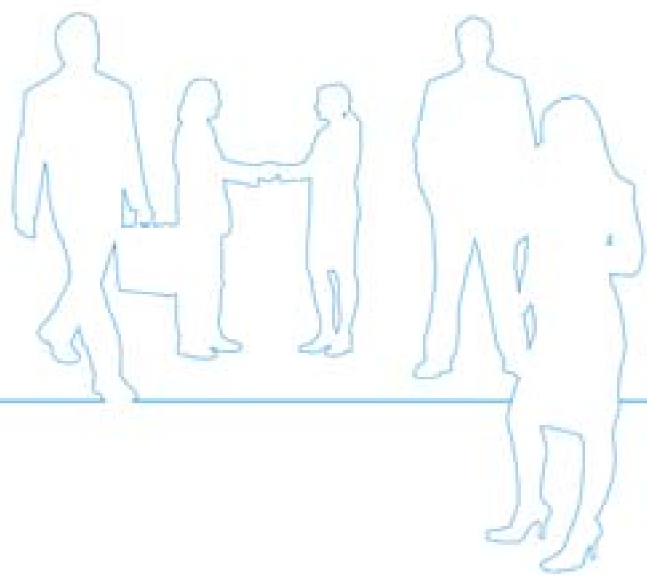
	DETAILS	TIMING
Life Healthcare	Mvelaphanda Group in discussions with balance of the shareholders as to unlocking value in the most efficient manner	Ongoing discussions. Communication at Mvelaphanda Group AGM
Absa	Options exercised – 1 June 2009 (36,6 million shares owned) Funded through the following mechanism: » Sanlam – three-year funding » DFI's – five-year funding with ability to repay at any time before three years and six months	March 2011 to June 2012
Mvelaserve	Following certainty around TFMC, value unlocking will commence	H2/2010
Group Five	BEE structure matures in 2014. Mvelaphanda Group holds 10,7 million BEE options (12%) In addition, Mvelaphanda Group owns 2 million unencumbered Group Five shares	2012
Avusa/ Vox	Non-BEE shares 25 million Avusa shares (25,5%) not subject to any lock-in nor restraint 137,5 million Vox shares (12,3%) not subject to any lock-in nor restraints	Ongoing assessment in view of market conditions
Other investments	Swissport Steinhoff and Unitrans Fuel and Chemicals	Ongoing assessment in view of market conditions
Preference shares	Convertible at the instance of the holder between 4 November 2009 and 4 November 2010 – still carry 5,5% coupon rate till then: » Mvelaphanda Group can redeem at anytime after November 2010 » Match preference share redemption with investment realisation	Seeking authority to buy back preference shares – AGM 2009

Mvelaphanda Group continues to trade positively with a key focus on unlocking value for shareholders. It is the stated intention of the board to achieve, at a minimum, the intrinsic net asset value as reported for shareholders.

Path to value unlocking continued

In order to affect a successful value unlocking strategy the board of Mvelaphanda Group will be proposing the following at the annual general meeting ("AGM") in November 2009:

- Reduced board size focused on independent non-executive director representation.
- New management structure (outsourced) at a fixed fee.
- Authority to buy back preference shares.
- Further detail as to value unlocking plan will be communicated prior to or at the AGM.



Ten-year financial review

	2009 R'000	2008 R'000	2007 R'000
BALANCE SHEET			
Assets			
Non-current assets			
Property, plant and equipment	**322 610**	422 156	389 618
Intangible assets	**860 812**	851 429	799 591
Investments in associates	**720 580**	779 995	11 215
Other investments	**3 864 909**	3 524 859	4 751 455
Financial assets – derivative financial instruments	**—**	3 242	—
Deferred taxation	**33 671**	93 375	50 173
Total non-current assets	**5 802 582**	5 675 056	6 002 052
Total current assets	**1 262 554**	1 672 516	1 997 238
Total assets	**7 065 136**	7 347 572	7 999 290
Equity and liabilities			
Capital and reserves			
Share capital and reserves	**3 839 888**	3 820 259	5 689 390
Minority interest	**177 656**	123 229	311 100
Total shareholders' equity	**4 017 544**	3 943 488	6 000 490
Non-current liabilities			
Interest-bearing liabilities	**1 700 627**	813 706	407 970
Non-interest-bearing liabilities	**—**	2 653	1 400
Financial liabilities – derivative financial instruments	**34 199**		
Deferred taxation	**475 997**	402 375	628 778
Total non-current liabilities	**2 210 823**	1 218 734	1 038 148
Total current liabilities	**836 769**	2 185 350	960 652
Total equity and liabilities	**7 065 136**	7 347 572	7 999 290

Ten-year financial review continued

2006 R'000	2005 R'000	2004 R'000	2003 R'000	2002 R'000	2001 R'000	2000 R'000
349 468	315 029	345 663	328 675	325 064	305 250	274 936
763 329	700 410	281 752	261 441	263 167	207 776	7 354
1 174 396	899 552	22 333	18 978	11 638	9 557	7 954
2 898 614	1 162 173	7 177	36 707	52 697	59 090	146 749
—	—	—	—	—	—	—
30 972	21 165	44 177	45 795	46 056	42 116	—
5 216 779	3 098 329	701 102	691 596	698 622	623 789	436 993
1 092 872	668 582	1 100 957	1 121 579	1 296 314	1 548 528	1 259 008
6 309 651	3 766 911	1 802 059	1 813 175	1 994 936	2 172 317	1 696 001
4 576 270	2 669 355	1 003 458	938 236	863 017	905 787	469 883
217 540	1 075	614	31 242	19 590	21 179	79 781
4 793 810	2 670 430	1 004 072	969 478	882 607	926 966	549 664
325 402	275 988	69 332	160 211	213 499	254 915	22 187
7 066	10 336	3 395	—	—	—	—
378 354	93 167	12 570	8 243	6 277	9 157	3 430
710 822	379 491	85 297	168 454	219 776	264 072	25 617
805 019	716 990	712 690	675 243	892 553	981 279	1 120 720
6 309 651	3 766 911	1 802 059	1 813 175	1 994 936	2 172 317	1 696 001

Ten-year financial review continued

	2009 R'000	2008 R'000	2007 R'000
INCOME STATEMENT			
Revenue	**3 745 662**	3 538 918	3 461 586
EBITDA	**373 989**	394 183	372 004
Depreciation, amortisation and impairment	**(118 399)**	(147 436)	(130 379)
Profit from operations	**255 590**	246 747	241 625
Impairment of goodwill	**—**	(11 486)	—
Dividend income	**50 487**	11 213	11 590
Fair value adjustments and net profit/(loss) from investments	**314 976**	(1 631 318)	1 487 933
Share of (loss)/profit from associates	**(34 131)**	(526 262)	669
Net interest (paid)/received	**(144 681)**	57 128	80 905
Exceptional items[1]	**(16 175)**	(16 175)	(72 328)
Net profit/(loss) before tax	**426 066**	(1 870 153)	1 750 394
Taxation	**(249 619)**	184 960	(382 943)
Net profit/(loss) after tax	**176 447**	(1 685 193)	1 367 451
Attributable to:			
Ordinary shareholders	**88 973**	(1 532 789)	1 237 092
Preference shareholders	**29 962**	30 016	30 085
Minority shareholders	**57 512**	(182 420)	100 274
	176 447	(1 685 193)	1 367 451
CASH FLOW STATEMENT			
Cash from operations	**372 046**	391 417	370 203
Working capital changes	**(9 101)**	(120 268)	(41 930)
Cash generated from operations	**362 945**	271 149	328 273
Net interest (paid)/received	**(93 179)**	73 134	80 905
Investment income	**51 751**	11 263	11 590
Taxation paid	**(120 927)**	(146 743)	(80 951)
Cash available from operating activities	**200 590**	208 803	339 817
Cash effects of investing activities	**(52 400)**	(1 904 183)	734 420
Cash effects of financing activities	**(434 237)**	1 244 770	(217 858)
Dividends paid	**(115 481)**	(30 016)	(30 085)
Net movement in cash and cash equivalents	**(401 528)**	(480 626)	826 294

[1]Includes BEE costs and share appreciation rights for the years ended 30 June 2008 and 2007, impairment to loan accounts and capital profits for the years ending 30 June 2006 to 2000.

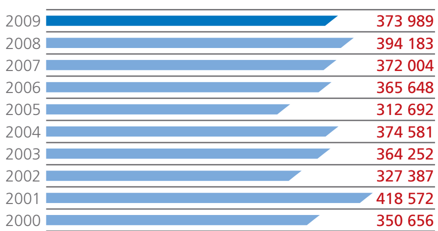
Ten-year financial review continued

2006 R'000	2005 R'000	2004 R'000	2003 R'000	2002 R'000	2001 R'000	2000 R'000
3 102 432	3 221 310	3 487 126	3 189 576	2 911 107	5 559 588	4 741 490
365 648	312 692	374 581	364 252	327 387	418 572	350 656
(103 444)	(111 673)	(104 058)	(87 858)	(72 155)	(66 351)	(43 415)
262 204	201 019	270 523	276 394	255 232	352 221	307 241
—	(34 809)	(16 991)	(14 347)	(13 952)	(10 525)	—
3 575	1 064	3 895	17 222	17 117	20 718	24 523
849 777	268 088	—	—	—	—	—
279 716	116 622	783	130	1 254	—	428
(9 726)	(11 763)	13 087	6 765	30 480	22 935	28 409
—	—	(238)	(677)	—	63 836	—
1 385 546	540 221	271 059	285 487	290 131	449 185	360 601
(223 246)	(127 410)	(67 079)	(66 598)	(71 947)	(96 072)	(68 398)
1 162 300	412 811	203 980	218 889	218 184	353 113	292 203
1 144 933	403 614	180 889	193 700	194 637	348 799	261 273
4 781	—	—	—	—	—	—
12 586	9 197	23 091	25 189	23 547	4 314	30 930
1 162 300	412 811	203 980	218 889	218 184	353 113	292 203
359 932	311 772	373 945	364 989	325 755	417 692	344 307
(23 357)	123 739	(17 407)	(76 626)	(56 667)	(113 931)	(104 189)
336 575	435 511	356 538	288 363	269 088	303 761	240 118
(9 726)	(9 525)	13 087	6 765	30 480	22 935	28 409
3 575	2 415	3 895	17 222	18 371	20 718	24 951
(80 660)	(75 469)	(42 641)	(84 169)	(109 699)	(80 111)	(72 878)
249 764	352 932	330 879	228 181	208 240	267 303	220 600
(375 877)	(393 413)	(145 785)	(90 700)	221 670	(160 353)	(189 984)
541 465	(27 874)	(209 549)	(331 917)	(306 449)	116 287	(90 382)
(67 316)	(195 058)	(26 668)	(55 081)	(39 244)	(14 890)	(5 867)
348 036	(263 413)	(51 123)	(249 517)	84 217	208 347	(65 633)

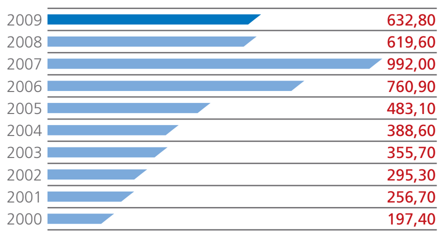
Ten-year performance indicators

		2009	2008	2007
Shareholders' returns				
Attributable earnings/(loss) per share	cents	**21,88**	(367,96)	280,19
Headline earnings/(loss) per share	cents	**49,98**	(350,00)	304,80
Diluted headline earnings/(loss) per share	cents	**50,10**	(317,10)	277,2
Distribution/Dividend per ordinary share	cents	**—**	27,00	22,00
Dividend per preference share	cents	**55,00**	55,00	55,00
Net tangible asset value per share	cents	**632,80**	619,60	992,00
Intrinsic net asset value per ordinary shares	cents	**7,90**	8,68	14,10
Share performance				
Shares in issue	million	**443 000**	443 000	443 000
Net number of ordinary shares in issue	million	**406 665**	406 665	433 178
Weighted average net number of ordinary shares in issue	million	**406 665**	416 564	441 518
Market capitalisation	million	**1 993 500**	2 658 000	4 983 750
Key market performance ratios				
Earnings yield	%	**4,86**	(61,33)	24,91
Dividend yield	%	**—**	4,50	1,96
Other performance ratios				
Debt-equity ratio	%	**43,93**	53,80	8,50
Return on shareholders' equity	%	**2,32**	(32,24)	24,10
Return on total assets	%	**7,92**	(25,12)	23,33
Current ratio	:1	**1,51**	0,77	2,08
Cash ratio	:1	**0,56**	0,40	1,41
Statistics				
Number of employees		**26 860**	26 027	24 999

EBITDA
(R million)



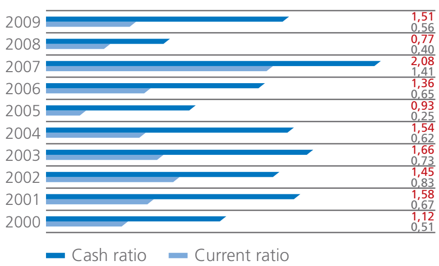
Net tangible asset value per share
(cents)



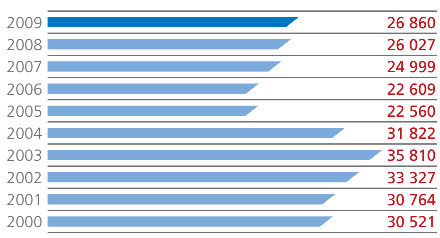
Ten-year performance indicators continued

2006	2005	2004	2003	2002	2001	2000
268,23	127,35	102,05	107,85	103,20	180,04	144,65
322,10	143,50	111,80	116,20	110,60	134,60	137,00
285,3	143,5	111,5	114,0	109,6	134,6	133,0
18,00	10,00	175,00	35,00	30,00	20,50	20,00
36,00	—	—	—	—	—	—
760,90	483,10	388,60	355,70	295,30	256,70	197,40
11,77	8,35	7,00	—	—	—	—
443 000	409 103	193 730	193 730	193 730	193 730	180 630
443 000	409 103	193 730	193 730	193 730	193 730	180 630
426 841	316 923	177 250	179 604	188 610	193 730	180 630
3 366 800	2 618 259	1 452 975	1 297 991	1 297 991	1 850 122	2 890 080
35,29	19,20	13,61	16,10	15,40	18,85	9,04
2,37	1,56	23,33	5,22	4,48	2,15	1,25
9,90	13,48	14,23	24,11	31,75	32,62	16,27
31,60	21,98	18,63	21,51	22,01	50,71	46,67
27,69	19,82	14,27	14,64	12,46	22,04	22,19
1,36	0,93	1,54	1,66	1,45	1,58	1,12
0,65	0,25	0,62	0,73	0,83	0,67	0,51
22 609	22 560	31 822	35 810	33 327	30 764	30 521

Liquidity ratios
(:1)



Number of employees



Board of directors

From left: *Mikki Xayiya* *Yolanda Cuba* *Ernst Röth* *Kuseni Dlamini*

Executive directors

Mikki Xayiya (48)

Chairman

BA (Unisa), Cert of Defence Management (Wits), Emerging Market Leadership Programme (University of Pennsylvania)

Mikki Xayiya has served in various capacities in the African National Congress since 1977. In 1995 he was appointed as a Policy Advisor – Office of the Premier, Gauteng Provincial Government. He left public office and joined Mawenzi Asset Managers as Managing Director. In 1998 he co-founded Mvelaphanda Holdings. Mikki Xayiya was appointed as Executive Chairman with effect from 9 June 2009.

Yolanda Cuba (31)

Chief Executive Officer

BCom (Statistics) (UCT), BCom (Hons) (Accounting) (Natal), CA(SA)

Yolanda Cuba joined Mvelaphanda Holdings' corporate finance division in January 2003. She has worked for Robertsons' Foods and Fisher Hoffman PKF. She has also been involved in a number of development companies where she gave assistance and advice on financial matters and strategic investments.

Ernst Röth (52)

Chief Financial Officer

BCom (Stell), BCompt (Hons) (Unisa), CA(SA), Post-graduate Certificate in Advance Tax (Unisa)

Ernst Röth is Chief Financial Officer of Mvelaphanda Group since 5 September 2007 and was appointed to the board as Financial Director on 11 November 2007. Prior to joining Mvelaphanda Group he held various positions with companies in the banking, financial services/consulting and biochemical industries, and also worked in the Office of the Auditor General of South Africa.

Non-executive directors

Kuseni Dlamini (41)

Independent non-executive director

MPhil (Oxford)

Kuseni Dlamini is the head of Old Mutual South Africa after retiring as head of Anglo American South Africa. He was Executive Chairman of Richards Bay Coal Terminal between 2005 and 2008. Kuseni previously worked for De Beers in South Africa and at its London office, and for AngloGold Ashanti's corporate office in Johannesburg. After graduating cum laude with a BA (Honours) degree from Natal University in Durban, he went to Oxford as a Rhodes scholar, where he read for his MPhil degree. In March 2008 Kuseni was named a Young Global Leader by the World Economic Forum (WEF).

Kuseni is the Chairman of the Board of SANParks and a member of the National Advisory Council on Innovation which advises the Minister of Science and Technology. He is also a non-executive director of Anglo Platinum, Massmart and Chairman of Anglo Operations Limited. Kuseni was recently appointed Adjunct Professor at the Wits Business School where he is also a member of the Advisory Board.

Board of directors continued

From left: Brian Hopkins Oyama Mabandla David Moshapalo Mpumi Mpofu Ramesh Patel Carl Stein

Bryan Hopkins (62)

Independent non-executive director

BCom (Hons), CA(SA)

Bryan Hopkins is a non-executive director of Makalani Holdings Limited and Pangbourne Properties Limited, where he also chairs its audit committee. He is serving a three-year term on the Directorate of Market Abuse – a Financial Services Board committee. He previously held senior executive positions in the asset management industry at Old Mutual Asset Managers and Abvest. Prior to that, he was Professor of Accounting at the University of Cape Town.

Oyama Mabandla (46)

Independent non-executive director

BA (University of California), Juris Doctor (Columbia University)

Oyama Mabandla is the immediate past Chairman of Vodacom, is a member of the JP Morgan Advisory Board and Executive Chairman of the Langa Group, an investment holding company. Prior to joining South African Airways, he held various positions within the legal and investment banking professions.

David Moshapalo (53)

Independent non-executive director

David Moshapalo is Executive Chairman of SPG (Strategic Partners Group), a black partner of the Bombela Consortium in the Gautrain Project. He is also the non-executive Chairman of Gobodo Inc., Founding and past Chairman of the Black Business Council and President's Black Business Working Group. His previous positions include having been a member of Nedlac Council, an executive member of Business South Africa, President of the South African Entrepreneurship and Small Business Association (SAESBA), Vice-Chairperson of the Gauteng Tender Board and an alternate director of MTN Group Limited.

Mpumi Mpofu (43)

Independent non-executive director

BA (University of Coventry), Post-graduate Degree Town Planning (University of Coventry)

Mpumi Mpofu is the Director-General in the Department of Transport, and was previously the Director-General in the Department of Housing.

She has also been a member of the Gauteng Development Tribunal, a board member of the National Housing Finance Corporation and a board member of the South African Housing Trust.

Ramesh Patel (64)

Independent non-executive director

Ramesh Patel is the Chairman and Chief Executive Officer of the MLP Group of companies which has interests in a range of businesses in the financial services, tobacco, paint and plastics industries. He has also been instrumental in the formation of several BEE groups.

Carl Stein (54)

Non-executive director

BCom, LLB, HDip Tax Law (Wits)

Carl Stein is a director of the law firm Bowman Gilfillan and is a non-executive director of several listed companies. He is regarded as one of South Africa's leading corporate lawyers, specialising in mergers and acquisitions, stock exchange and commercial transactions.

Chairman's review

Despite the decline in economic growth in South Africa amidst the steepest slowdown since the 1920 Great Depression, Mvelaphanda Group Limited is proud to announce above-average results for the 2009 financial year. The year under review saw the resignations of my predecessor principal co-founder of Mvelaphanda, Mr T Sexwale as well as Mr V Mavimbela, an executive director of the Company, both of whom now occupy senior positions in government. Mr Sexwale created a BEE Group whose legacy we want to preserve as an enduring symbol of commercial success. We wish them well in their current positions and thank them for their solid contribution while at the Company.

Economic environment

Inflation pressures continued to prevail during the year under review, which had a negative impact on the business environment in general. Although we have seen the negative effect of the economic contraction in some of our subsidiary results, the overall result achieved by the Group exceeded our expectations with a 6% growth in turnover. This was achieved despite the sharp decline in commodity prices and their resultant effect on specifically the mining industry which forms an important client base of certain of our subsidiaries.

The economic slowdown resulted in increased uncertainty in financial markets, and investment markets' performance remained depressed throughout the year under review. Our strategic investments, on a portfolio basis, beat the market against a background where share prices in general continued to decline, albeit at a slower rate than the previous year. This contributed to an increase in our earnings per share for 2009.

Financial results

Measured against our strategic review and objectives, the Group has succeeded in preserving capital and streamlining operations under the Mvelaserve banner. This is evidenced by the improved operating profit and cost-income ratio achieved by the Group.

The Group's intrinsic net asset value per ordinary share, which we continue to regard as the primary measure of the Group's performance, decreased to R7,90 at 30 June 2009 from R8,68 at 30 June 2008. The decline of R0,78 for the current financial year is, however, materially less than the decline of R5,42 the previous year.

Board of directors

As at 30 June 2009 the Mvelaphanda Group board comprised 10 members of whom three were executives, one non-executive and six were independent non-executive directors. Apart from the resignations of Messrs Sexwale and Mavimbela, Mr M Willcox resigned as non-executive director, and likewise we extend our appreciation for his contribution to the Group since its inception.

Chairman's review continued

Black economic empowerment

Mvelaphanda Group still regards its BEE credentials to be one of its most important competitive advantages. The recently published BEE survey of the *Financial Mail,* which places Mvelaphanda Group ahead of the pack, is further testimony of the strides our company has made to consolidate its position as a premier player in the South African economy.

Employment levels of Mvelaphanda Group increased by 3%, of which approximately 80% were HDSA female, despite a decrease in general employment levels since the latter half of 2008.

Governance

Mvelaphanda Group strives to maintain the highest standards of corporate governance and recognises that corporate governance is a developing process. For this reason compliance with applicable codes is reviewed on an ongoing basis. A full corporate governance report is set out on pages 52 to 56 of this report.

Restructuring

This is the last year that the Group is presenting itself in its current form. As announced, the Group will be following a value-unlock strategy, which will result in the realisation and unbundling of the Group's assets over a period of 36 months. This, we are certain, will create long-term value for our shareholders.

Acknowledgements

My thanks and appreciation go to all the directors, executives and employees of all our operating businesses and investments.

Mikki Xayiya

Executive Chairman

Chief Executive Officer's review

The year under review has been one of the toughest years that the Group has had to navigate in the recent past. Some of our investments felt the severe pinch of the downturn in the economy while others managed to navigate the storms without any major calamity.

Our biggest investments by value, Life Healthcare and Mvelaserve, continued to improve their operating numbers, while Absa was severely impacted by impairments in the last year.

Strategic investments

The improvement in the fair value adjustment was mainly as a result of positive sentiment in financial services and in the healthcare sector. The positive fair value swing was over R1 900 million for the year.

The highlight for the year was Batho Bonke successfully exercising its options in Absa by selling 49,9% of the options and financing 50,1% of the options by raising third-party financing worth R1,7 billion. This has resulted in Batho Bonke owning a 5,1% interest in the ordinary share capital of Absa. As a result of exercising the options, Batho Bonke is paying a dividend of R146 million of which R65 million will be distributed as a dividend to Mvelaphanda Group.

The key highlights of Mvelaphanda Group's investments at their last reporting period were:

- Life Healthcare – EBITDA in continuing business increased by 14,4%.
- Absa – Revenue for the six months ended 30 June 2009 increased by 3,6% to R2 981 million.
- Group Five – For the year ended 30 June 2009, revenue increased by 36% to R12 090 million.
- Avusa – Revenue from continuing operations was up by 8% to R4 875 million.

Mvelaserve

Mvelaphanda Group had undertaken to streamline Mvelaserve and operate it as an independent investment of the Group in the last financial year. By the end of the current financial year Mvelaserve had its own CEO and management team. This has contributed significantly to the underlying improvement and focus in the results of Mvelaserve.

The business increased revenue by 6% over the year and operating profit by 11%. A pleasing aspect of these results is that the company continued to expand and capture market share without compromising margins even within the difficult economic climate. If Trollope Mining Services, whose results were included for the first three months, are excluded for the year, then revenue was up 15% while operating profit was up 28% on a comparable basis. The year-on-year improvement in operating margin was 0,7%, resulting in a substantial operating margin of 7,3%.

As a result of the increased focus in Mvelaserve, cash generated by operations also improved significantly to R363 million from R271 million. A detailed report on Mvelaserve is set out in pages 34 to 43.

We are particularly pleased with the results of Protea Coin, which improved operating profit by 165% in the year. This is a clear indication that the merger between Protea and Coin was the right strategy to follow.

Shareholders and dividend

The Group has bought back 35 765 285 ordinary shares up to the last financial year, resulting in 406 665 000 ordinary shares in issue. All ordinary shares bought back are currently held as treasury shares.

The board has recommended that there be no ordinary dividend declared in respect of the current financial year as a result of the restructuring proposed by the board of Mvelaphanda Group.

Strategy and prospects

In the last Annual Report the significance in the changes to the BEE landscape were highlighted, as well as the discount to intrinsic NAV. In this respect Mvelaphanda Group has been undertaking a number of strategic analyses in understanding the future of BEE in South Africa. The board has therefore concluded that

Chief Executive Officer's review continued

Mvelaphanda Group is not appropriately structured to take advantage of the changes in the BEE landscape. It is in this context that the board has recommended that the company be run as an Investment Trust and to unlock value for shareholders in the short to medium term.

Current challenges

Financing

Access to financing still remains one of the key challenges, in particular for BEE deals, which is premised on some form of ringfenced financing. While there has been appetite in the market for some ringfence financing, in the current period this has just about disappeared. None of the funding institutions are willing to take on the kind of risk-reward structures available before.

Of particular concern to Mvelaphanda Group in this current economic climate, is that the Group is limited in terms of its option to raise capital. Its BEE undertaking does not allow the Group to raise capital through a share issue as this may result in a breach of the underlying agreements in the investment companies which require a 51% BEE shareholding during the lock-in period.

Holding company structure

The structure that the company has built, while appropriate for aggressively "chasing" new BEE deals, is not appropriate for the long term. The discount at which the Mvelaphanda Group share price trades relative to its underlying asset value means that value for shareholders will always be trapped within the structure.

Mvelaphanda Group has created a significant amount of value over the last five years which, like any investment trust structure, needs to be released to shareholders at a point in time.

Restructuring

Over the past five years, significant value has been created for shareholders in the underlying investments of Mvelaphanda Group. However, this is not reflected in the Mvelaphanda share price which still trades at a significant discount to its intrinsic NAV. Considering this, together with the current corporate structure not being appropriate to take advantage of the changed BEE landscape, the board has resolved to undertake a realisation and unbundling strategy of the Group's assets and distribute the proceeds to shareholders in the most efficient and orderly manner.

The board is thus proposing to shareholders the following:

1. The Group management structure change in order to better align it to the changes in the BEE landscape.
2. The Group appoint a management company to manage the affairs of the Group.
3. Authority to buy back preference shares.

Capital and liquidity

The Group's debt for the year has been reduced by R355 million resulting in a debt-equity ratio of 44%. The Group's cash position at year-end was very strong in relation to our debt and we are comfortable that the company will meet its obligations as they fall due. At 30 June 2009 the Group was not in breach of any of its debt covenants. The Group will continue to reduce its debt obligations.

Prospects

Mvelaphanda Group continues to trade positively with a key focus on unlocking value for shareholders. It is the stated intention of the board to achieve, at a minimum, the intrinsic net asset value as reported for shareholders.

Appreciation

We extend our appreciation to all our employees and our investment companies for their efforts in achieving a pleasing set of results in a very difficult trading environment.

Yolanda Cuba

Chief Executive Officer

Financial review

Despite the gloomy economic conditions which prevailed during the 2009 financial year, Mvelaphanda Group succeeded in growing its business, albeit marginally. This in itself is a great achievement given the decline in the GDP growth rate into negative territory with consumption expenditure continuing to contract as households remain financially distressed. Business entities, particularly in mining and manufacturing, which represents a large portion of our clientele, are experiencing financial pressures as a result of the financial turmoil.

Despite the adverse economic climate, the Group succeeded in growing its revenue by 6% and operating profit by 4%. The year under review saw the Group starting to generate positive cash flows from its strategic investments, and the Group managed to slow the pace of cash outflows during the last six months of the financial year.

The Group has also succeeded in reducing its weighted average cost of capital to 12% as well as improving its debt-equity ratio to 44,0% from 58,6% the previous year. The return on investments amounted to only 2,1%, mainly as a result of the upward fair value adjustment on major investments. This was partly offset by a reversal of deferred tax assets in respect of the downward fair value adjustment of certain investments. The margin represents a huge improvement from the negative returns of 2008. Return on operating assets increased to 15,1% for the 2009 financial year from 10,4% the previous year.

Financial reporting controls

Working capital and cash flow management are regularly monitored as is evidenced by the low increase of only R9 million in working capital for the year under review compared to R120 million the previous year. This is commendable when measured against revenue growth of R207 million and R77 million in the 2009 and 2008 financial years respectively.

Group companies are conservatively geared with all investment funding being approved by the Mvelaphanda Group board. Where possible, investments continued to be financed on a ringfenced basis, with the relevant financier only having recourse to the specific investment which they have financed, and not the Group as a whole. In certain instances the non-recourse financing is contained in special-purpose vehicles (which are not classified as subsidiaries of Mvelaphanda Group). Similarly the liabilities are not included on the Group's balance sheet. Details of the off-balance sheet liabilities are provided later in this report. No new investments were made during the year under review. The financing of the 2008 investment in Avusa was finalised during the 2009 financial year.

The Group's internal audit department continued to play an important part in the overall system of financial control and ensures that internal controls and accounting standards are maintained in line with the Group's requirements.

Financial performance

The Group derives income from its operating and investment activities which are more fully described in the operations and investment reports respectively.

Revenue of R3 746 million was 6% ahead of the prior year's revenue of R3 539 million with profit from operations increasing by 4% to R256 million from R247 million the previous year. Earnings before interest, tax, depreciation and amortisation ("EBITDA") were R374 million compared to R394 million in the prior year, a decrease of 6%.

Net interest paid for the year amounted to R145 million compared to net interest received of R57 million in 2008. The decrease was mainly as a result of lower cash balances for the year under review together with the introduction of the debt incurred to part fund the acquisition of the investment in Avusa and the full-year effect of the debt relating to the investment in Vox Telecom acquired the previous year.

The gross interest earned on cash balances yielded an effective 9,1% return per annum, whilst the average cost of debt in 2009 increased to 13,4% from 11,6% in 2008.

Dividend income for the year under review amounted to R50 million compared to R11 million in 2008.

The fair value adjustments and profit and loss, excluding dividend income, from investments amounted to a net gain of R315 million for the 2009 financial year against a loss of R1 631 million for the previous year. Included in the net gain is a R37 million fair loss relating to the fair value adjustment on the interest rate swap as a result of the forward prime curve (used to predict three-month JIBAR) predicting lower interest rates. The Group values its portfolio of investments in accordance with International Financial Reporting Standards ("IFRS"), specifically IAS 39, *Financial instruments measurement and recognition*.

A loss from associates in the amount of R34 million was recorded for the current year compared to a loss of R526 million the previous year. The share of loss from associates of R34 million is net of an impairment of R116 million mainly in respect of the Group's interest in Avusa in which Mvelaphanda Group holds a 25,5% interest.

The amortised cost on the 124 425 055 redeemable option-holding shares ("BEE shares"), issued during the 2007 financial year by the Group, relating to employees, has been recognised in the income statement in accordance with AC 503, *Accounting for black economic empowerment (BEE) transactions* at R16 million for the current financial year.

Financial review continued

Tax of R250 million was charged to the income statement of which R28 million resulted from the payment of secondary tax on companies in respect of ordinary and preference share dividends paid during the year and R168 million in a deferred tax charge relating mainly to the net fair value gain on strategic investments. Of the aforementioned R168 million, R74 million relates to the reversal of the deferred tax provisions mentioned on page 22 in the introductory paragraph.

Ordinary dividends totalling R118 million were paid during the year under review in respect of a final dividend declared for the 2008 financial year, whilst a dividend of R30 million was paid to preference shareholders during the year. The 54,7 million convertible perpetual cumulative preference shares are convertible at the instance of the holder into 1,08 ordinary shares for each preference share held between 4 November 2009 and 4 November 2010, after which date the preference shares are redeemable either at the instance of Mvelaphanda Group or remain as perpetual preference shares. The further reduction in the conversion price of the preference shares to R9,30 per share from R10,00 per share (2008: R9,53) was published on SENS (4 December 2008) in line with the terms of the offering circular issued to Mvelaphanda Group's shareholders dated 4 November 2005.

The weighted average net number of ordinary shares in issue decreased by 2,4% to 407 million ordinary shares at 30 June 2009 from 417 million ordinary shares at 30 June 2008 as a result of a full-year effect in respect of share buy-backs during the previous financial year. No share buy-backs were undertaken in the current financial year. The 465 million diluted weighted average net number of ordinary shares in issue is calculated on the basis that all the preference shares will be converted to ordinary shares on 4 November 2009.

Taking the above into account, earnings per share amounted to 21,9 cents compared to a loss per share of 368,0 cents in the previous year. The headline earnings per share amounted to 49,9 cents compared to headline loss per share of 362,6 cents in the previous year.

Cash flow

The Group generated R363 million cash from its operating activities for the year under review compared to R271 million the previous year, whilst R52 million cash was generated from investment activities for the 2009 financial year, an increase of R41 million from the previous financial year. The Group's cash position, however, reduced by R400 million to R470 million at 30 June 2009, mainly as a result of the cash portion of the Avusa acquisition as well as increased debt repayments during the financial year.

Cash earnings per ordinary share generated from operations, which is a critical guideline for determining the annual dividend paid to ordinary shareholders, decreased to 21 cents in 2009 from 39 cents the previous year.

Financial position

Total interest-bearing liabilities at 30 June 2009 decreased to R1 765 million from R2 120 million the previous year, which decreased the Group's debt-equity ratio to 44,0% from 58,6% the previous year of which 8,2% was a result of the net positive after-tax fair value adjustment of strategic investments. Of the R1 765 million, R1 558 million was ringfenced to the specific underlying asset financed.

The outstanding capital balances in respect of non-recourse funding contained in special-purpose entities (which are not classified as subsidiaries of Mvelaphanda Group) relating to the original acquisition of certain investments by Mvelaphanda Group, decreased to R448 million at 30 June 2009 from R479 million at 30 June 2008.

Details of this non-recourse funding are set out below:

Company	Institution	Nature of facilities	Total capital liability (R million)	Mvelaphanda Group's attributable portion (R million)
Batho Bonke Capital (Pty) Limited	Sanlam Limited	Preference shares	Nil	Nil
Fundiswa Investments (Pty) Limited	Rand Merchant Bank	Term loan/ Preference shares	382,0	133,3
Unitrans Express Deliveries (Pty) Limited	Steinhoff International Holdings Limited (formerly Unitrans Limited)	Preference shares	24,8	24,8
Unitrans Fuel and Chemicals (Pty) Limited	Steinhoff International Holdings Limited (formerly Unitrans Limited)	Preference shares	55,7	55,7
Lexshell 650 Investments (Pty) Limited	Group Five Limited	Notional loan	234,3	234,3
Total			696,8	448,1

Investments in associates decreased marginally to R721 million from R780 million the previous year mainly as a result of accounting for the Group's share of net profit in Avusa in the amount of R78 million less dividends received of R16 million and a further impairment of the Avusa investment amounting to R116 million.

No significant acquisitions or disposals of strategic investments were made during the year. The net carrying amount increased to R3 876 million at 30 June 2009 from R3 559 million the previous year mainly as a result of net fair value gains arising from the revaluation of these investments of R467 million. The repayment of R163 million in respect of shareholders' loans included in the strategic investments were repaid by investees during the current year, which were set off against the valuation increase.

Capital structure

No new ordinary shares or preference shares were issued during the current year with the issued ordinary share capital of the Company remaining unchanged at 443 000 223 ordinary shares of which 35 765 285 are held as treasury shares by a subsidiary. BEE shareholders owned and/or controlled 52% of the Company's issued ordinary shares at 30 June 2009 taking into account the 124 425 055 BEE shares in issue and excluding the treasury shares.

Net tangible asset value per ordinary share, which is calculated based on 465 million ordinary shares in issue, assuming that the preference shares are converted into ordinary shares after November 2009, increased by 24% to R6,33 at 30 June 2009 from R6,20 at 30 June 2008.

Intrinsic net asset value

The decrease in the Group's cash position contributed to 17% or R0,15 of the decline of R0,78 in the intrinsic net asset value per share to R7,90 at 30 June 2009 from R8,68 the previous year. A more conservative valuation of operations, in line with the current economic environment, contributed to a decline of 8,98% or R0,78 in the net intrinsic value per share.

Financial review continued

The intrinsic net asset value per ordinary share, net of capital gains taxation and debt, is set out in the table below:

	30 June 2009				30 June 2008	
	Intrinsic gross asset value (after CGT) Rm	Debt Rm	Intrinsic net asset value Rm	Per share [1], [2] R	Intrinsic net asset value Rm	Per share [1], [2] R
Absa[3]	880	—	880	1,89	716	1,54
Avusa	529	(851)	(322)	(0,69)	(379)	(0,82)
Life Healthcare	1 991	(365)	1 626	3,49	1 425	3,07
Group Five	211	—	211	0,45	361	0,78
Vox Telecom	107	(342)	(235)	(0,50)	(14)	(0,03)
Other investments	61	—	61	0,13	62	0,13
Mvelaserve	1 195	(156)	1 039	2,23	1 374	2,96
Net cash	470	(50)	420	0,90	489	1,05
Total	5 444	(1 764)	3 680	7,90	4 034	8,68

[1]Based on the fully diluted net number of 465 million ordinary shares after share buy-backs and assuming that all the preference shares will be converted into ordinary shares after November 2009 (2008: 464 million).

[2]The BEE shares issued in June 2007 have not been taken into account in calculating the intrinsic net asset value per ordinary share as the minimum option strike price of R17,50 is greater than the current Mvelaphanda Group ordinary share price.

[3]Value is after deducting outstanding debt at Batho Bonke level.

The above valuation is based on, *inter alia:*

» a combination of the market value, volatility and expected dividend yields in the case of investments listed on the JSE;

» application of option-pricing model in the case of the Group Five investment;

» directors' valuation of other investments, taking into consideration the economic factors prevailing at 30 June 2009; and

» the gross cash position of the Group at 30 June 2009.

Based on the Mvelaphanda Group ordinary share price on the JSE of R4,50 on 30 June 2009, the ordinary shares were trading at a discount of 43% to the Group's intrinsic net asset value per share of R7,90 at that date.

Based on the Mvelaphanda Group ordinary share price on the JSE of R6,20 on 31 August 2009, the ordinary shares were trading at a discount of 24,7% to the Group's intrinsic net asset value per share of R8,23 at that date.

Cash distributions and dividends

In order to preserve cash and in a concerted effort to increase the rate of debt reduction, no dividend was declared in respect of ordinary shares for the current financial year. The total distributions to ordinary shareholders in *lieu* of ordinary dividends amounted to 27 cents per ordinary share for the previous year.

Preference dividends are paid to preference shareholders at a fixed rate of 5,5% per annum, equating to 55 cents per preference share for the current year.

Total payments to shareholders during the current year were R148 million, which includes dividends paid to ordinary shareholders of R118 million and dividends paid to preference shareholders of R30 million.

Financial review continued

Financial returns

The financial returns achieved are set out in the table below:

	2009	2008
Operating profit (%)	**6,9**	7,0
Cash generated from operations as a percentage of operating profit (%)	**70,7**	109,9
Cash earnings per ordinary share (cents)	**20,7**	39,3
Free cash flow, after adjusting for changes in debt (R'000)	**131 954**	30 802
Debt-equity ratio (%)	**44,0**	58,6
Return on average shareholders' funds (:1)	**6,0**	(47,4)
Return on net operating assets (:1)	**2,1**	(47,7)
Return on net investments (:1)	**15,1**	10,4
Weighted average cost of capital (%)	**12,0**	(6,4)
Earnings yield (based on ordinary share price at 30 June) (%)	**8,2**	(61,3)
Dividend yield (based on ordinary share price at 30 June) (%)	**—**	4,5
Dividend cover (times)	**—**	(13,6)
Cash dividend cover (times)	**—**	1,5

Conclusion

The results for the year under review have been extremely satisfactory given the negative economic environment within which the Group operated.

Acknowledgements

I extend my sincere thanks and appreciation to all our financial personnel for their continuous and dedicated support throughout the year under review, which made this report and the presentation of the financial statements possible.

Ernst Röth

Chief Financial Officer

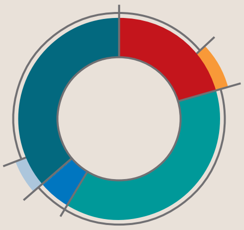
Business review

strategic investments

Above left: Craig Lyons

Above right: Tshakalisa Matiwaza

Composition of intrinsic NAV 30 June 2009 (R/ordinary share)



- Absa – **1,89**
- Avusa – **(0,69)**
- Life Healthcare – **3,49**
- Group Five – **0,45**
- Vox Telecom – **(0,50)**
- Others – **3,26**

PERFORMANCE REVIEW

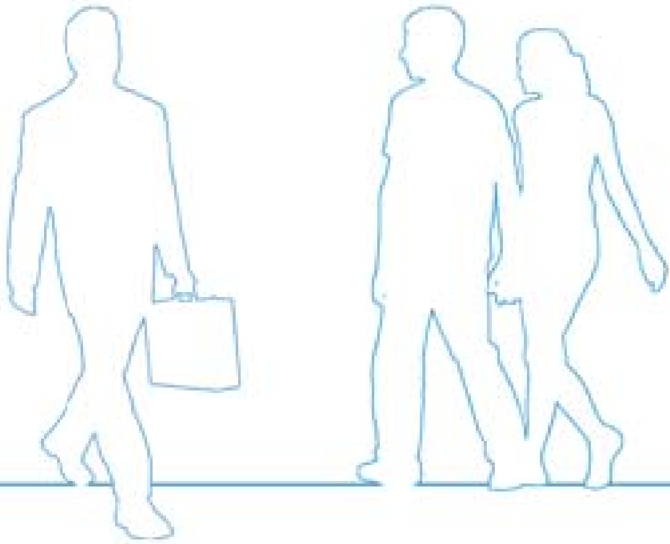
Batho Bonke financing successfully raised with effect from 1 September 2009

Batho Bonke will distribute R146 million to shareholders of which Mvelaphanda Group's share is R65 million

Cash of R195 million received from investments

Business review continued

Investments continued



Investment in Absa Group Limited

Mvelaphanda Group has an effective 44,7% interest in Batho Bonke, which until 1 June 2009 owned option-holding redeemable preference shares in Absa Group Limited ("Absa") (Absa call options), equating to an effective 10% shareholding in Absa. In terms of the agreement reached in July 2004, 1 June 2009 was the last option exercise date.

On the last option exercise date, being 1 June 2009, the final strike price of the Absa call options was determined with reference to the 30-day volume-weighted average price ("VWAP") of Absa ordinary shares. At the close of business on 31 March 2009, with the 30-day VWAP of Absa ordinary shares being R99,78, the strike price of the Absa options was R68,30 per share and at this strike price the net value to Batho Bonke translated to a pretax value of approximately R2 300 million.

As part of a series of transactions to exercise the Absa call options on the last option exercise date, Absa repurchased and cancelled 49,9% or 36,50 million of the option-holding redeemable preference shares and Batho Bonke issued a notice to Absa to exercise the remaining 50,1% or 36,65 million Absa call options. From the repurchase of the option-holding redeemable preference shares Batho Bonke received total cash proceeds of R988 million, with an amount of R818 million being used to exercise a portion of the remaining options, resulting in 11,97 million fully paid Absa ordinary shares being issued to Batho Bonke. The rest of the cash proceeds were used to settle transaction costs, with an amount of R146 million being earmarked for distribution to Batho Bonke shareholders by 1 September 2009 should certain conditions be met by Batho Bonke.

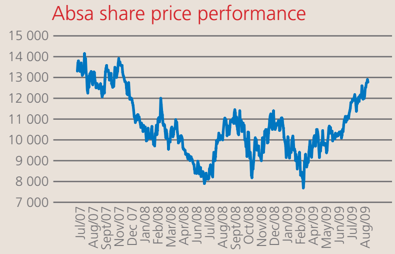
ABSA

HIGHLIGHTS

- Batho Bonke issued a notice to Absa to exercise 50,1% of the options.
- 49,9% of the options were repurchased and cancelled by Absa.
- R988 million in cash proceeds received from the repurchase.
- R818 million of the cash proceeds received was used to purchase 33,7% of the remaining options.
- R146 million earmarked for distribution to Batho Bonke shareholders.
- Batho Bonke financing successfully raised.

Composition of intrinsic NAV
30 June 2009

Absa share price performance



In order to finance the exercise of the remaining portion of 24,68 million Absa call options, Absa provided Batho Bonke with a three-month back-up funding facility of R1 686 million by subscribing for preference shares in Batho Bonke ("back-stop funding"). In turn Batho Bonke going to source funding from third-party institutions in order to redeem the back-stop funding. In terms of the subscription agreement, the back-stop funding needs to be

Business review continued

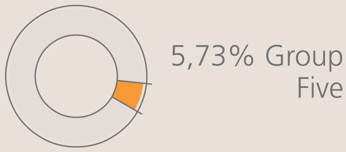
Investments continued

GROUP FIVE

HIGHLIGHTS

- Revenue increased 36% to R1 200 million.
- 25% increase in operating profit for the year ended 30 June 2009.
- Solid project pipeline.
- Mvelaphanda Group will continue to strengthen its relationship with Group Five.

Composition of intrinsic NAV
30 June 2009



Group Five share price performance

redeemed by 1 September 2009, using funding raised from third parties.

The back-stop funding has been replaced by permanent funding of R1 700 million from a consortium of institutions from 1 September 2009.

Batho Bonke holds 36,6 million Absa ordinary shares, with total debt obligation of R1 860 million. The net value of 36,6 million Absa ordinary shares held by Batho Bonke, as per the price of Absa ordinary shares on the JSE of R110 per share on 30 June 2009, was R2 000 million after netting off debt funding of R1 860 million and capital gains tax. During Mvelaphanda Group's financial year to 30 June 2009 the intrinsic value of Mvelaphanda Group's investment in Absa increased from an option value figure of R716 million at 30 June 2008 to Absa ordinary shares with a net value after CGT of R901 million at 30 June 2009. At 30 June 2009 the intrinsic net asset value of the investment in Absa made up 23,93% of Mvelaphanda Group's intrinsic net asset value.

The Absa ordinary shares held by Batho Bonke remain subject to selling restrictions in accordance with the terms of the Batho Bonke shareholders and other agreements, which selling restrictions prohibit the sale of such Absa ordinary shares other than to approved BEE parties until March 2011.

Absa, listed on the JSE, is one of South Africa's largest financial services groups offering a complete range of banking, assurance and wealth management products and services. Absa conducts its business primarily in South Africa, with equity holdings in banks in Mozambique, Angola and Tanzania. Absa is a subsidiary of Barclays Bank PLC ("Barclays"), which has a controlling shareholding of 58,8% in the Group. Barclays is a major global financial services provider engaged in retail and commercial banking, credit cards, investment banking, wealth management and investment management services with an extensive international presence in Europe, the USA, Africa and Asia.

At 30 June 2009 Absa had 718,2 million shares in issue and a market capitalisation of R7 900 million. The bank had assets of R7 543 million, 11,3 million customers, 9 211 automated teller machines and 36 920 permanent employees, making it one of the biggest banks in Africa in all respects. For more details on Absa visit the Group website on **www.absa.co.za**.

In Mvelaphanda Group's view, in the long term, the fundamentals of the banking industry in South Africa remain solid and the banks remain good long-term investments. In this regard, Absa remains a strategic investment for Mvelaphanda Group.

Group Five Limited

The investment in Group Five continues to deliver satisfactory returns to Mvelaphanda Group owing to the solid performance of Group Five and their ability to manage a difficult trading environment. The company is well poised to continue its annualised year-on-year growth of 25% in HEPS. The intrinsic net asset value of Mvelaphanda Group's investment in Group Five shares is R211 million at end of June 2009 (R34,70), less than June 2008 (R44,50). Mvelaphanda Group held 13,5 million Group Five ordinary shares, equivalent to an effective 10,7% interest in Group Five.

The company produced excellent results for the year ended June 2009, with operating profit increasing by 25% to R797 million and the Group posting a pleasing operating profit margin of 6,6% for the year. Fully diluted earnings per share increased by 28% to 486 cents per share. The company has a strong forward order book at an acceptable margin and thus management focusing on delivering a professional service on these contracts. Prospects for the company remain good with all of Group Five's markets showing growth. Group Five is expected to benefit from exploration, mining and related infrastructure spend throughout Africa and has a R72 billion project pipeline.

Mvelaphanda Group and Group Five have focused on developing a closer working relationship. These have centred on generating mutually beneficial revenue-sharing arrangements namely co-venturing on projects and cross-selling of services. For more details on Group Five visit their website on **www.group5.co.za.**

Vox Telecom

Vox Telecom is a leading alternative, independent telecom operator, providing voice and data services to the southern African market. Vox Telecom competes through its primary brands, namely DataPro, Vox, Orion Telecoms and @Lantic Internet Services. Vox Telecom provides cost-effective and innovative telecommunications solutions to consumer and corporate customers, whilst ensuring the delivery of services to customers is outstanding.

Mvelaphanda Group acquired 12,3% of Vox Telecom in two transactions in November 2007 and January 2008 at an average price of 212,6 cents per share. The cost of the investment of R299 million was funded by internal Mvelaphanda Group resources and third-party debt. The Vox Telecom share price on the JSE AltX at 30 June 2009 was 55 cents per share resulting in a negative intrinsic value of R235 million net of debt.

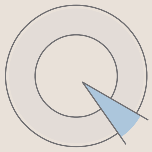
For more details on Vox Telecom visit their website on **www.voxtelecom.co.za.**

Vox telecom

HIGHLIGHTS

- Vox Telecom continues to trade satisfactorily due to consumer demand for managed network and least cost-routing services.
- Providing critical telecommunications products and services to over 18 000 corporate customers and 157 000 consumers.
- 737 highly skilled employees.
- BEE shareholding of 47,6% – the largest black-owned telecommunications company in SA.

Composition of intrinsic NAV
30 June 2009



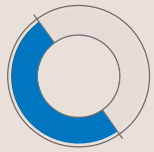
(6,33%) Vox Telecom

Vox Telecom share price performance

Business review continued
Investments continued

HIGHLIGHTS
- 14,4% EBITDA growth in continuing businesses.
- R178 million in capital distributions to be paid out to Mvelaphanda Group.

Composition of intrinsic NAV
30 June 2009



44,18% Life Healthcare

Healthcare index

Life Healthcare

Life Healthcare operates 60 acute-care facilities across South Africa and enjoys the support of over 2 700 doctors and specialists.

Mvelaphanda Group's interest in Life Healthcare continues to increase in value year-on-year, due to performance ahead of budget owing to a professional management team focused on internal operating performance. Although the equity markets have rerated and thus we have reduced the applicable EBITDA multiple, the increase in operating profits has resulted in a value of R1 626 million net of all funding and taxes to Mvelaphanda Group.

Financial highlights for the 12 months to June 2009 showed an increase in EBITDA from continuing businesses of 14,4%.

Paid patient day's, a key metric in the business, was an impressive 4,3% above last year. Occupancies at 67% are more than acceptable for the period under review.

The company continues to focus on managing its hospitals more efficiently and a comprehensive working capital management programme is starting to deliver results. Owing to the cash flow generative nature of the company the shareholders resolved to pay out capital distributions to Mvelaphanda Group of R178 million (dividends and loan repayment).

Life Healthcare has a healthy balance sheet. It is well positioned to grow through the expected increased demand for healthcare services in the years ahead and will benefit from the defensive nature of the business.

Life Healthcare is of the opinion that although the healthcare services industry is experiencing negative publicity surrounding regulatory issues, pricing and margins, the demise of the public healthcare services provides Life Healthcare with numerous opportunities, specifically PPPs, which will lead to additional revenue streams at acceptable margins. Prospects for the company remain good, with new opportunities being investigated both locally and internationally.

The company continues to focus on managing its hospitals more efficiently and a comprehensive management programme is starting to deliver results. Mvelaphanda Group communicates with management on an ongoing basis and is spending time with the balance of the shareholders to ensure the value of Life Healthcare is continually increased. The value of Mvelaphanda Group's investment is expected to continue to perform well over the medium term as a result of the anticipated growth of Life Healthcare's business and the gearing of the company.

Investment in Avusa Limited

Mvelaphanda Group has a 25,5% shareholding in Avusa Limited. Avusa is listed on the JSE and is one of the leading media and entertainment companies in South Africa, with leading brands in its sectors. At 30 June 2009 Avusa had a market capitalisation of R2 100 million on the JSE.

Avusa has a 31 March financial year-end and it reported its annual results for the year to 31 March 2009 on 23 June 2009. The results were credible despite the sharp downturn in the economy, which resulted in a soft advertising market in the second half of the financial year.

Revenues from continuing operations were up 8% to R4 875 million and profit after tax from continuing operations was up 7% to R290 million. The net profit for the period was 58% higher than the prior year, with a positive contribution from the disposal of the loss-making African business, which was sold for a profit of R62 million. The company benefited from cost-savings initiatives implemented group-wide by management, including a 22% reduction in corporate costs and reduced share-based payments.

Avusa remained strongly cash generative, with cash generated by operations of R445 million. The balance sheet of the company remains strong with minimal gearing. Cash at the end of the financial year totalled R416 million and the company declared and paid a dividend of 60 cents per share.

Avusa's strategy is to continue to invest in the businesses with future profitable growth, including the digital business, where revenues increased by 20%. The digital businesses are ideally positioned for increased bandwidth. The company will continue to pursue long-term strategies, prudently investing in change, whilst transforming into a multimedia operation. Whilst trading conditions remain challenging, Avusa management will focus on cash and operational efficiencies.

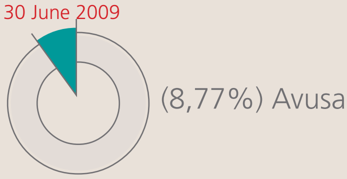
More information on Avusa can be obtained from the company's website on **www.avusa.co.za**.

AVUSA

HIGHLIGHTS

- R4 875 million in revenue from continuing operations.
- Headline earnings per share grew by 29%.
- R445 million cash generated from operations.
- Declared dividends of 60 cents per share.

Composition of intrinsic NAV
30 June 2009



Avusa share price performance

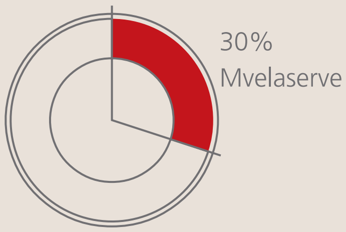
Business review

mvelaserve

Above: Jorge Ferreira

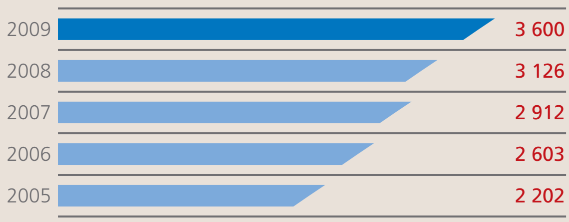
Intrinsic net asset value

(%)



Revenue performance over five years*

(R million)



Compound annual growth rate = **13%**

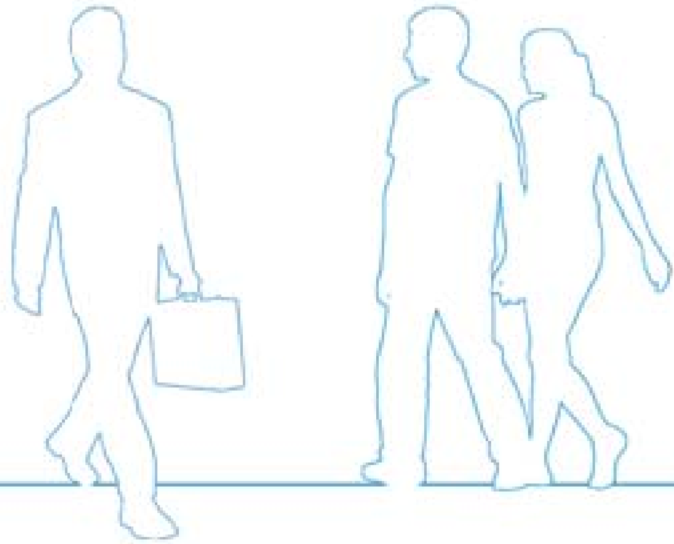
**On a comparable basis*

PERFORMANCE REVIEW

Revenue increased by 6% year-on-year and strengthened by 15% on a comparable basis

Operating profit increased by 11% to R274 million or by 28% on a comparable basis

Cash generated from operations increased by 34%



KEY MEASURES	2009	2008		Change %
Revenue (Rm)	**3 746**	3 539	▲	6
Operating profit (Rm)	**274**	247	▲	10
Operating margin (%)	**7,3**	7,0	○	4
Employees (number)	**26 812**	25 958	○	3

▲ *Increase* ○ *In line/no material change*

Introduction

Mvelaserve is one of the leading providers of support services in South Africa through its portfolio of operating subsidiaries, employing around 27 000 people. We are able to offer a range of services in our core areas of facilities management, security, catering and cleaning, while also providing unique growth opportunities through our exposure to the gambling and quick-service restaurant markets.

Mvelaserve has four primary business units, namely:

» **Facilities management**, where TFMC is the largest facilities management company in South Africa.

» **Security**, with Protea Coin Group as a market-leading provider of integrated security solutions.

» **Catering and cleaning** consisting of RoyalSechaba which focuses on contract food solutions, infrastructure project support services, and central kitchen facilities; Berco focusing on contract cleaning, Mediguard for specialised healthcare cleaning, and industrial cleaning services.

» **Diversified services** consisting of Khuseti Holdings for franchising and manufacturing, Zonke Monitoring Systems for the monitoring of limited payout machines in the gambling industry, and Contract Forwarding, a freight forwarding business.

All of the above provide unique growth opportunities in response to the expected upturn in the economy, with due consideration to improved exposure to the service industry. The development and exploitation of these opportunities form the basis for the overall Mvelaserve strategy that focuses on stabilisation, growth and expansion, followed by sustained improvement of all facets of Mvelaserve.

Scope of the report

The following matters will be addressed in this report:

» Group review for the reporting year.

» Business unit review for the reporting year.

» Strategic intention and goals for the short and medium term.

Group review

Financial review

Revenue for the year increased by 6% to R3 746 million (2007: R3 539 million), while on a comparable basis revenue increased by 15%. EBITDA for the year was R392 million, in line with the prior year EBITDA and an increase of 21% on a comparable basis. Operating profit increased to R274 million in the current year from R247 million in the prior year with current year operating profit increasing by 28% on a comparable basis. Operating margin was 7,3%, 4% stronger than the prior year and 10% stronger on a comparable basis.

Cash generated from operations amounted to R363 million compared to R271 million generated in the previous year. This is attributable to working capital improvement in Protea Coin and Contract Forwarding, as well as the improvement, on a comparable basis, in earnings.

Business review continued

Mvelaserve continued

Capital expenditure on property, plant and equipment, and manufacturing rights (net of proceeds from the disposal of property, plant and equipment) amounted to R220 million for the year (2008: R288 million). The year-on-year variance is attributable to the inclusion of Trollope Mining Services, a capital-intensive business, in the prior year, as well as the capital investment in Khuseti Holdings in the prior year. Approximately R50 million of capital expenditure was attributable to the replacement of assets, with the balance being used to expand and grow Mvelaserve. Protea Coin has continued to invest in their vehicle fleet as their business continues to experience substantial organic growth. The net outflows from asset financing were R75 million.

Intrinsic net asset value

	Intrinsic net asset value at 30 June 2009 Rm	Intrinsic net asset value at 30 June 2008* Rm		Change %
Facilities management	**210**	213	○	(1)
Security	**418**	514	▼	(19)
Catering and cleaning	**133**	192	▼	(31)
Diversified services	**278**	455	▼	(39)
	1 039	1 374		
NAV per ordinary share	**R2,23**	R2,96	▼	(25)

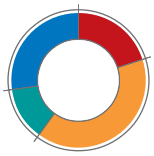
○ *In line/no material change* ▼ *Decline*

**Includes Trollope Mining Services at net realisable value*

The intrinsic net asset value per ordinary share attributable to Mvelaserve decreased to R2,23 per share at 30 June 2009 from R2,96 per ordinary share at 30 June 2008. The decrease in the valuation is mainly influenced by facilities management being valued on a discounted cash flow basis to reflect the remaining duration of the current Telkom contract. In line with depressed equity markets, lower earnings multiples were applied to the other business units.

The composition of Mvelaserve's intrinsic NAV at 30 June 2009, by business unit, is shown below:

Mvelaserve by business unit
(%)



TFMC is valued on a discounted cash flow basis with forecasted earnings as its base. For Security and Catering and cleaning we use the forward PE method on a sustainable earnings base. Diversified services is valued using forward EBITDA multiples and a base of forecasted earnings. PE multiples used are derived from ruling prices on the JSE for listed entities in similar sectors. The bases used are either forecasted earnings derived from 2010 budgets or sustainable earnings derived from management's view of probable operating margins to be achieved over 2 to 3 years. The valuation is stated net of minorities and operating debt.

Human capital

In line with the ongoing Mvelaphanda Group strategy to establish Mvelaserve as a separate operating entity, there were significant additions to senior executive management during the year. Jorge Ferreira (previously the CEO of Protea Coin Group) was appointed as CEO of Mvelaserve and Pauline Mahlangu-Armstrong was appointed as human capital executive. In July 2009 Martin Schermers was appointed as financial director.

At a business unit level we welcomed the appointment of Petrus van Niekerk as CEO of Protea Coin Group.

Corporate activity

Corporate activity over the year was centred on streamlining the portfolio of Mvelaserve by disposing of non-cash-generative or non-core businesses. Trollope Mining Services was sold to a consortium of management and BEE investors in October 2008. We also disposed of our 40% interest in Resolution

Insurance in June 2009 and our 50% interest in Cash Axcess Corporation (Proprietary) Limited in August 2009.

Business unit review

During the reporting year the emphasis was still largely on the respective subsidiaries functioning as autonomous business units within the Group. To this effect, all the companies within the Group had their own goals and objectives related to their own business flavours. These were finalised and executed in terms of the plans and budgets for the period reported on. In short, the performance in response to the objectives can be summarised as follows for each company within Mvelaserve:

Facilities management

KEY MEASURES	2009	2008		Change %
Revenue (Rm)	**1 110**	1 014	▲	10
Operating profit (Rm)	**151**	131	▲	15
Operating margin (%)	**13,6**	12,9	▲	5
Employees (number)	**1 650**	1 629	○	1

▲ *Increase* ○ *In line/no material change*

TFMC aims to selectively grow differentiated businesses to build a portfolio of strong client partnerships in the private and the public sectors yielding sustainable profits and cash by using systems and expertise developed from first-order facilities management ("FM") outsourcing in the telecommunications industry.

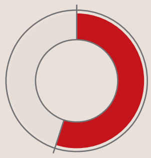
TFMC is the largest FM company in South Africa, providing comprehensive FM services in respect of 6 500 properties, 14 000 masts and all ancillary telecommunications infrastructure, totalling in excess of 2,5 million square metres. Many of these facilities are mission critical to their clients and are maintained on a 24-hour, 365-days per year basis. The business has a national footprint across 32 regional offices.

TFMC

HIGHLIGHTS

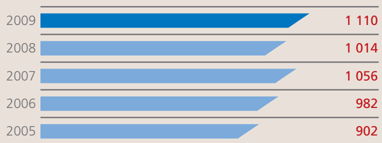
- Significant capital project work for Telkom.
- Development of a promising sales pipeline in Customised Solutions.

% of Mvelaserve operating profit at 30 June 2009



55% Facilities management

Revenue performance over five years
(R million)



Compound annual growth rate = **5%**

TFMC divides its business into two divisions, namely the Telkom Contract and Customised Solutions:

» **Telkom Contract** – TFMC provides integrated FM to Telkom, as well as property management, professional engineering, capital projects management and maintenance services.

» **Customised Solutions** – Smaller FM contracts are grouped under Customised Solutions.

Review of the year

FM has shown growth in revenue of 10% and operating profit of 15% arising primarily from increased project management by TFMC of capital expenditure undertaken by Telkom.

The extension of the Telkom Contract for a further five years from 2011 (the existing contract expires in March 2011) continues to be under negotiation.

Business review continued

Mvelaserve continued

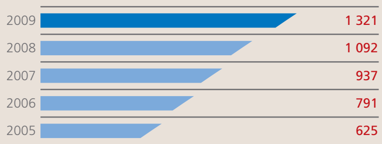
HIGHLIGHTS

- Blue-chip client acquisitions across the business.
- Successful turnaround of AIT division.

% of Mvelaserve operating profit at 30 June 2009

19% Security

Revenue performance over five years
(R million)



Compound annual growth rate = 21%

Contracts in Customised Solutions performed ahead of expectations. In line with the Mvelaserve strategy to use the existing contract base to grow new business, the Customised Solutions pipeline is full of opportunities. A focus on these opportunities should enable us to reduce our reliance on the Telkom Contract.

Skills development within TFMC remains a critical ongoing process, especially in light of the technical nature of its core competencies. The renewed focus on talent management during the year has resulted in staff turnover declining compared to the prior year.

Major IT system improvements during the year included the development of a customer-facing internet portal, the roll-out of hand-held devices to the field and the upgrading of disaster recovery plans.

Security

KEY MEASURES	2009	2008		Change %
Revenue (Rm)	**1 321**	1 092	▲	21
Operating profit (Rm)	**53**	20	▲	165
Operating margin (%)	**4,0**	1,8	▲	122
Employees (number)	**14 529**	13 699	▲	6

▲ *Increase*

Protea Coin partners their customers by offering market-leading integrated security solutions. The competitive advantage from being one of three national assets in-transit ("AIT") providers, combined with a track record in mining security and a large base of contracts in the guarding division has facilitated the seamless integration of security solutions to a portfolio of blue-chip groups in South Africa and higher operating margin from growth.

Protea Coin has four primary divisions:

- **AIT** – services include bulk cash transportation, daily banking and deposit services, ATM management and valuable assets transportation.
- **Armed reaction** – the installation of modern, reliable electronic alarm systems backed by highly trained security specialists.
- **Technical** – entails the design, installation and monitoring of high-technology surveillance security solutions, monitored by a national control centre facility.
- **Guarding** – manned guarding services to the private and public sector with value-added services such as a specialised reaction unit, a canine unit, an equestrian unit, and a cargo risk management solution.
- In addition to these core offerings, Protea Coin offers investigations and intelligence services, close protection, aviation security and fleet monitoring services. Protea Coin also acts as a security service provider and consultant in the United Arab Emirates with Al-Jaber Coin Security Group L.L.C.

Review of the year

The Security business unit recorded a pleasing turnaround during the year, driven by growth in all divisions and new contract wins across the transport, mining and public sectors. Revenue and operating profit increased by 21% and 165% respectively.

The primary challenge of the merger process between Coin Security Group and Protea Security Services was addressing the ex-Coin AIT division which was incurring significant losses as a result of its increased vulnerability to asset-in-transit heists relative to its competition. This division has turned around during the year with the posting of positive operating results in the final quarter.

The operating margin improvement is particularly pleasing, especially as the margins of the flagship ex-Protea mining division have remained in line with prior years. We expect the overall margin to exceed market norms over the course of time as new business is introduced into the higher margin offerings of AIT and technical security.

The employee base of the security business unit has grown by 6% over the year. This growth demonstrates the demand in the market for an integrated security solution, and we look forward to continued growth in operating profit in the next financial year.

Catering and cleaning

KEY MEASURES	**2009**	2008		Change %
Revenue (Rm)	**750**	656	▲	14
Operating profit (Rm)	**24**	24	○	—
Operating margin (%)	**3,2**	3,7	▽	(14)
Employees (number)	**10 307**	9 329	▲	10

▲ *Increase* ○ *In line/no material change* ▽ *Decline*

Catering and cleaning

The strategy of this business unit is consistent with the Mvelaserve strategy of using the existing revenue base as a platform to strengthen partnerships and accelerate operating margin growth through the development of higher margin offerings. The division has a strong market position and we intend to use our existing base of public and private clients on a national footprint, to increase the market share of this business unit.

The business unit has six main offerings from RoyalSechaba and Mvelaserve Cleaning:

» **Contract food solutions** – outsourced food solutions to workforces across all market sectors from high-end executive dining to factory worker catering. This division also specialises in the education and healthcare sectors.

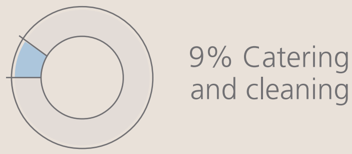
» **Project support services (“PSS”)** – supply of catering and facilities management services to clients in remote sites, and to clients requiring catering and village management services in support of major infrastructure projects.

HIGHLIGHTS

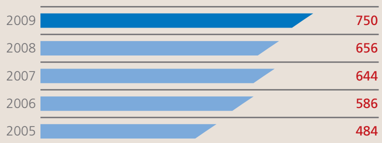
– Growth of PSS offering in South Africa and sub-Saharan Africa.

– Expansion of Berco in Gauteng.

% of Mvelaserve operating profit at 30 June 2009



Revenue performance over five years
(R million)



Compound annual growth rate = 12%

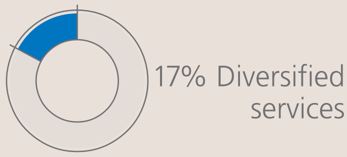
Business review continued

Mvelaserve continued

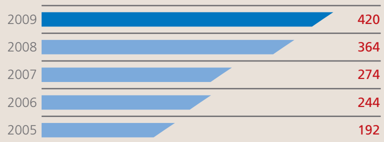
HIGHLIGHTS

- Stabilisation of the new King Pie manufacturing and distribution model.
- Roll-out of LPM operator licences in Gauteng.

% of Mvelaserve operating profit at 30 June 2009



Revenue performance over five years*
(R million)



Compound annual growth rate = 22%

On a comparable basis

» **Central kitchen** – The company has invested in a state-of-the-art food production kitchen in Centurion to service the flagship Gautrain contract and to service contract food solutions and PSS clients.

» **Berco** – provides cleaning services to commercial, retail, education and industrial facilities. Berco also provides integrated solutions to the hospitality and leisure industry including front-of-house, housekeeping and back-of-house functions.

» **Mediguard** – specialised cleaning services to hospitals, clinics, doctors' rooms, frail-care centres and retirement homes.

» **Industrial** – operates high-pressure blasting machines to facilitate the cleaning of plant and equipment that cannot be cleaned by conventional cleaning methods.

Review of the year

The Catering and cleaning business unit demonstrated an improvement in revenue of 14% during the year attributable to growth in the PSS and Berco offerings and a continued strong performance by RoyalSechaba's healthcare catering business.

Operating profit was in line with the prior year, principally as a result of wage and food price inflation. The overhead base in this business unit remains out-of-balance to its productive capacity and will be reviewed and restructured in the following year.

The integration of the business unit has proceeded at a slower pace than anticipated, with limited cross-selling across the divisions. We intend to accelerate this integration in the new financial year, especially with respect to overhead rationalisation.

Diversified services

KEY MEASURES	2009	2008		Change %
Revenue (Rm)	**564**	777	▽	(27)
Operating profit (Rm)	**46**	72	▽	(36)
Operating margin (%)	**8,2**	9,3	▽	(12)
Employees (number)	**326**	1 301	▽	(75)

▽ *Decline*

Note: The 2008 figures include the disposed Trollope Mining Services business.

Diversified services

The strategy of this business unit is to generate free cash flow in order to increase capital available for the further growth of Mvelaserve. Entrepreneurial management and small to medium businesses in high-growth sectors characterise this business unit. The companies in this business unit are as follows:

» **Khuseti Holdings ("Khuseti")** – franchisor of the King Pie brand, and owner of BMO Food Services which manufactures the King Pie product range. There are over 300 King Pie outlets throughout South Africa.

- **Zonke Monitoring Systems ("Zonke")** – monitors the limited payout machine ("LPM") industry in South Africa in terms of a contract signed with the National Gambling Board.
- **Contract Forwarding** – freight forwarding and customs clearance agents for the import and export markets with branches in Johannesburg, Cape Town and Durban.
- **Novare Holdings ("Novare")** – niche actuarial consultancy and asset management company based in Cape Town and Johannesburg.

Review of the year

Khuseti was adversely affected by the slowdown in consumer spending towards the end of 2008 and into 2009, which has negatively impacted the entire quick-service restaurant market; however, we remain optimistic that we will be able to expand the BMO product range into the wholesale market.

Zonke delivered a solid result for the year under review. The LPMs monitored by Zonke at 30 June 2009 stood at 5 351, 22% higher than the 4 400 machines being monitored at 30 June 2008. The roll-out of LPM operator licences in Gauteng commenced in July 2009 and we expect this to further improve profitability.

Contract Forwarding declined on the prior year as air and sea imports decreased on a year-on-year basis. The tough trading conditions are expected to persist for the next few months. However, import volumes may improve as inventory levels and capital investment across the economy respond positively to the impact of lower interest rates.

Novare's weakened performance on the prior year stems from lower performance fees following the contraction in capital markets.

Strategic intention and goals for the short and medium term

Our strategy is to build Mvelaserve into the leading provider of sustainable outsourced value-adding services in partnership with our clients. We aim to achieve this strategy through organic growth in our existing portfolio and, from time to time, value-accretive acquisitions.

We intend to expand our footprint across the rest of the African continent. South Africa benefits from a relatively sophisticated services industry and therefore its companies are the logical partners to accompany local and international expansion on the African continent.

As primarily business-to-business outsourced support service providers, we are well positioned to take advantage of economic growth in South Africa and the rest of Africa. We seek to partner our clients in the management of their assets, affording them the room to concentrate on their core business while we deliver a value-for-money basket of services.

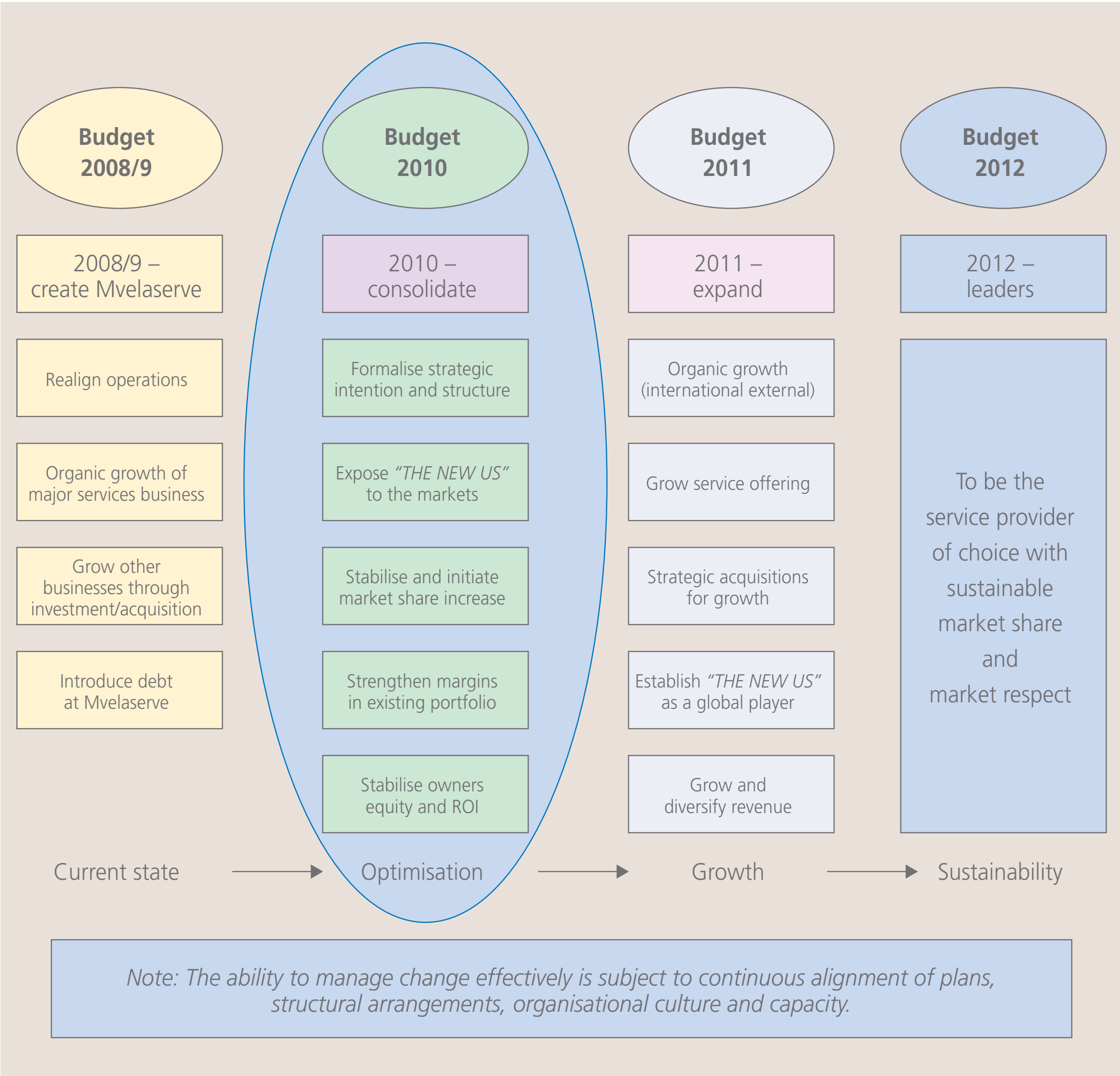
Strategy map

To ensure sustainable growth of Mvelaserve, the main imperatives will centre on consolidation and stabilisation, followed by a growth and expansion phase that happens by design, and will result in sustainable growth over the long term. The primary consideration for the optimisation programme is a progressive approach that recognises the fact that all of the subsidiaries might not be at the same level of structural maturity. Structural maturity in this instance refers to issues related to the sustainability of governance, organisational arrangements, organisational culture, and capacity. All of these elements will be subject to dynamic leadership that recognises innovation as an essential characteristic to ensure alignment with the Mvelaserve strategy.

Business review continued

Mvelaserve continued

To ensure that the relationship between leadership and management can be sustained, both of these will be confirmed as disciplines and skills during the optimisation process. The strategic intention of Mvelaserve can be presented as follows:



Goals of the optimisation programme (First phase)

With due consideration of the importance of strategic leadership within the organisation, the following goals will guide the optimisation programme. With the primary objective being to stabilise and establish firm baselines for continuously improving the profitability of Mvelaserve, the following goals are appropriate to all subsidiaries in line with corporate strategy:

- Standardise management processes and practice with due consideration of the uniqueness of each company towards realising its strategic objectives (goals) within a framework of appropriately structured governance.
- Ensure structural (organisational) "balance" between the respective functions within each company and within the Group, whilst at the same time optimising corporate management arrangements and mechanisms.
- Develop a common culture of continuous improvement with characteristics such as ownership and collaboration that operates around a common set of values with appropriate transparency.
- Facilitate continuous improvement and alignment of all activities and organisational capacity within the governance framework.

All of the above will be done with due consideration of status and activities, changes in the business environment and the strategic intention of Mvelaserve.

Guiding principles for optimisation

To ensure a formalised process for optimisation, the following guiding principles will be considered at all times. The focus is to provide clear and transparent guidelines for each organisation that will be subject to robust control measures and are focused on continuous improvement. This will be achieved by:

- establishing ownership, collaboration and transparency to empower the management team of each subsidiary;
- ensuring strategic alignment with the Group and within the subsidiary;
- developing organisational culture that is conducive to managing risk with due considerations of the imperatives for performance and compliance;
- placing emphasis on expanding and improving each business area within the subsidiary according to formalised plans;
- developing and sustaining company identities and brands with due consideration of the Mvelaserve identity and brand;
- appropriate centralisation of transversal functions such as procurement; and
- continuously improving the bottomline.

Mvelaserve – operating principles

The following operating principles will apply to ensure the success of the intended strategy:

- Autonomy of individual subsidiaries under strong, entrepreneurial, experienced and decentralised operational management.
- Leadership and support from a small team of corporate executives.
- Strong financial management and operating systems at subsidiary level, with a focus on corporate governance.
- Take advantage of cross-selling opportunities and maximise Group procurement savings.

Conclusion

Under the current economic situation, with the size of the cake remaining constant, we have been successful in increasing our market share. This was achieved by optimising the functioning of the Group as a whole to decrease cost and increase revenue. This occurred in parallel with the continuous improvement of quality and the diversification of our value-added services. This puts us in a position where the competitive advantage can be sustained and the strategic intention realised.

Sustainability report

Our approach to sustainability

At Mvelaphanda Group, sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

Sustainability has three pillars – the needs of people, the ability to fulfil these needs in the future and ensuring that these are not in conflict with economic growth (profit). These three pillars are not of equal standing. The needs of people are clearly at the core of the definition, and in this respect economic growth can only be seen as a means to this end. Mvelaphanda Group therefore does not promote business practices which give preference to short-term gain at the expense of future generations' well-being.

The Group's sustainability reporting focuses on the activities of Mvelaphanda Group and its whollyowned subsidiaries. Detailed sustainability information for the companies in which Mvelaphanda Group holds investments (strategic investments) can be obtained from their own annual reports or that of the companies concerned.

The Group has identified the following major groups as stakeholders in the Group:

» Our shareholders.
» Our community.
» Our customers.
» Our suppliers.
» Our people.

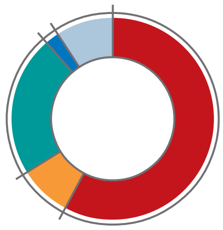
Sustainability report continued

Value added statement

The value added statement measures performance in terms of value added by the Group through the collective efforts of management, employees, and the providers of capital. The statement shows how added value has been distributed to those contributing to its creation.

at 30 June	2009 R'000	2008 R'000
Revenue	**3 745 662**	3 538 918
Cost of materials, services and other expenses	**(1 260 626)**	(1 405 123)
Value added	**2 485 036**	2 133 795
Investment income	**393 753**	(2 049 315)
BEE costs	**(16 175)**	(16 175)
Goodwill impaired	**—**	(11 486)
Wealth created	**2 862 614**	56 819
Applied as follows:		
Employees (excluding employee taxes)	**1 660 680**	1 295 953
Providers of capital	**234 754**	53 934
Providers of debt	**204 792**	23 918
Providers of equity	**29 962**	30 016
Government:		
Taxation	**642 644**	274 702
Reinvested in the Group	**63 471**	463 177
Depreciation, amortisation and impairment	**118 399**	147 439
Minority interest	**57 512**	(182 420)
Net (loss)/profit attributable to equity holders before fair value adjustments and impairment losses	**(112 440)**	498 158
Fair value adjustments and impairment losses (net of tax and minority interest)	**261 065**	(2 030 947)
Wealth distribution	**2 862 614**	56 819
Money exchanges with the government:		
Taxation on profit/(loss)	**253 539**	(184 960)
PAYE	**140 379**	191 203
VAT	**194 805**	214 724
RSC levies	**160**	160
Rates and licences	**2 215**	1 892
Skills and development levy	**12 981**	13 014
UIF and WCA	**38 565**	38 669
	642 644	274 702

Distribution of wealth 2009 (R'000)



- Employees (excluding employee taxes) – **1 660 680**
- Providers of capital – **234 754**
- Government – **642 644**
- Reinvested in the Group – **63 471**
- Fair value adjustments and impairment losses (net of tax and minority interest) – **261 065**

Sustainability report continued

Our shareholders

The major shareholders in Mvelaphanda Group comprise Mvelaphanda Holdings, the BEE trusts, large financial institutions, asset managers in South Africa and overseas, pension funds, public investment bodies and the general public. Details of the composition of these shareholders are set out on page 117.

Regular presentations are made to institutional shareholders and other members of the investment community, particularly following the publication of the Group's interim and year-end financial results, and as might otherwise be required in the context of corporate actions or other developments within the Group.

On 19 June 2007 Mvelaphanda Group implemented a broad-based BEE ownership initiative to secure Mvelaphanda Group's black shareholding in the medium term. In terms of the BEE transaction, 124 425 055 redeemable option-holding shares (BEE shares) were issued, in equal proportions, to the BEE trusts. Details on the BEE shares are set out in the financial report on page 90.

The BEE transaction has achieved the following objectives:

» Securing Mvelaphanda Group's BEE shareholding as a competitive advantage in attracting BEE deal flow, acting as a consolidator of BEE transactions and participating in the "secondary trade" in BEE transactions.

» Ensuring that the level of Mvelaphanda Group's BEE shareholding is maintained above 50% in the short to medium term, in line with the requirements of certain of Mvelaphanda Group's investment mandates.

» Minimising the impact of the dilution of Mvelaphanda Group's BEE credentials as a result of the conversion of the Mvelaphanda Group preference shares into Mvelaphanda Group ordinary shares.

» Maximising the BBBEE scorecard points achieved by Mvelaphanda Group for equity ownership in terms of the BEE Codes.

» Facilitating further participation in Mvelaphanda Group's share capital by broad-based BEE participants.

» Allowing employees and management of the Group to become shareholders in Mvelaphanda Group and participate in the anticipated continued growth of Mvelaphanda Group.

The profile of the beneficiaries of the BEE trusts demonstrates Mvelaphanda Group's commitment to ensuring that grassroot communities benefit from its assets and investments and reflects a broad base of historically disadvantaged South Africans, including women's groups and broad-based non-profit, community-orientated and charitable organisations.

Mvelaphanda Group believes that these organisations can improve their income by participating directly in the investment and other opportunities obtained by Mvelaphanda Group. In this manner, these organisations and the communities they serve benefit directly from the investment gains achieved by Mvelaphanda Group, rather than only from the charitable donations which may be made to them from time to time. This direct participation improves the sustainability of these organisations and should provide greater benefits than if they were solely dependent on donations.

Our community

As a diversified Group with interests in a range of investments and operations, the corporate social investment ("CSI") initiatives of the Group extend countrywide and seek to improve the lives of numerous communities across South Africa. Most of the CSI activities of the Group are found in the projects undertaken by the Group's businesses and investment companies. CSI activities of the Group's businesses provide financial and non-financial support to benefit organisations and associations. These worthy initiatives are mostly in the areas of education, skills training and job creation, caring for children and abused women and HIV/Aids support. Highlighted below are some of the initiatives showing how the Group gave back to the community.

Mpelega Pre-Primary, a school based in Sishen, provides day care and education to black pre-schoolers from the mining community. The Vastfontein community project, based in Pretoria North, aims to uplift social and moral decline in the community which is exposed to poverty, substance abuse and serious neglect and abuse of children. A primary school was established offering courses in life skills in the townships. The school is registered with the Department of Education and the target is to add one classroom to the school each year. Ditshego House of Laughter is an Aids orphanage which at present houses five black orphan children either affected or infected by HIV/Aids. These are just some of the projects supported by RoyalSechaba, who contributes by providing lunch packs, full meals and, in some instances, contributes to the remuneration of the teachers.

Eersterus Secondary School is situated in the far east of Pretoria. It accommodates 1 100 learners and 35 educators. The ablution block for both female and male learners was in a very bad condition and a health hazard for the learners. TFMC renovated the ablution blocks and painted the walls and floors.

Sunshine Hospice is situated in the North West province area called Ga-Rankuwa. It was established in 1998 by Johanna Thloaele. The Hospice provides a programme of remedial care which includes holistic care for patients whose disease no longer responds to curative treatment. TFMC has so far provided or rendered the following services: supplied bed linen, built a wall fence, painted bedrooms and kitchen walls, remodelled the kitchen, renovated the bathrooms, rewired the building's electricity supply and built an extra room which caters for six beds.

Molalatladi Higher Primary School is situated at Ga-Sekororo village, 72 kilometres from Tzaneen, in the Limpopo province. The school accommodates learners from Grade 1 to Grade 7. Matome Magoro, a TFMC employee at NER, identified a dire need for renovations at this school and approached the Polokwane team with a request. TFMC painted the walls both inside and outside the classrooms, partitioning of classrooms, floor patching, and redid other floors in the classrooms and repaired window handles.

Sidlubhedu Early Childhood Development Centre, based at Inanda, west of Durban in KwaZulu-Natal, was originally set up by Mrs Thokozani Mbatha, to provide much-needed shelter for vulnerable children who had nowhere to go whilst their parents were at work. TFMC took up this challenge in response to the impact poverty has caused within this township. Originally the centre operated from a one-roomed house, which was only a squalid mud and reed hut where many poor children of Inanda were educated. There was no ablution system, no kitchen, and no room for the children to sleep and there was no fence. When the work began, Mrs Thokozani Mbatha had to be moved from the site into a new temporary house, a Park-home that TFMC rented for her. TFMC built three new classrooms, an office for the Principal, a kitchen, ablution block, play area, provided a Wendy house and installed a fence. A new fridge was donated, as well as a kitchen unit, urn, geyser, television, mattresses, blankets, toys and many more items.

"Rally to Read" is one of the projects participated in by TFMC and Novare whose employees drove to remote areas and delivered books to schools.

"Give them wheels" began when TFMC employees participated in the Rally to Read campaign. The learners in the rural areas daily walk to school for 15 to 30 km. They are hardly discouraged as long as they can get to school, where they will be educated and provided with a meal for the day by the feeding scheme at the school. The TFMC employees felt it would be a good idea for the company to make a difference in the lives of those learners, and it was them that the "Donate a Bike" campaign started at TFMC. Our motto "Give them wheels" really made a difference to the lives of those learners. The bicycles were donated to Ntokozo and Jikantathu school in Mpumalanga and Luipaardskop Primary School in KwaZulu-Natal (Durban).

King Pie holdings supported Reach for a Dream Foundation by granting the wish of a five-year old boy of having a "Winnie the Pooh" inspired tree house.

Child Welfare Tshwane held its annual soccer day on 27 September 2008, the purpose of which was to introduce the children to new activities and broaden their vision of what is out there for them. Children from Itumeleng, Streetwise, Crossroads and various other shelters around the Tshwane area competed in friendly soccer matches. Every child received a medal to acknowledge their own success and the winning team took home the trophy which they will defend at the next annual soccer day. King Pie assisted in making this event a day to remember for these children by delivering 250 pies.

Our customers

The Group is committed to providing all of its customers with a range of services and products in accordance with agreed specifications, service levels and delivery times, at market-related prices in line with sound business principles; providing all of its customers with high standards of customer care and technical support and maintaining, in respect of its services and products, world-class systems and programmes. The Group's operations provide services to a large number of

Sustainability report continued

customers. These customers cover businesses in most industry sectors and are located in most of the major centres in South Africa. In certain instances, services are provided to customers outside South Africa, mainly in southern Africa and the Middle East.

TFMC provides a comprehensive range of facilities management services to Telkom SA Limited in terms of a 10-year contract which was concluded in August 2000 and ends in March 2011. TFMC and Telkom are currently engaged in negotiations regarding the possible extension of this contract beyond 2011. The renewal of the Telkom contract remains a key focus area for TFMC. Telkom is the major client of TFMC, accounting for nearly all of TFMC's profit from operations, and the only customer of the Group which represents more than 10% of the Group's turnover or profit from operations. Senior directors and executives of Mvelaphanda Group and TFMC are responsible for managing the Group's relationship with Telkom. Specific forums have been established for this purpose, including a strategic management forum between TFMC and Telkom. These forums are supplemented with regular meetings between directors of TFMC and Telkom, and the CEOs of TFMC and Telkom and senior directors of Mvelaphanda Group.

In all other operating businesses, customer relationships and service levels are managed in terms of specific strategies and/or contracts between the service provider companies and the customers.

Our suppliers

The Group is committed to affording suppliers of goods, services and capital fair opportunity to compete for the Group's business on the grounds of capability, competitive pricing, quality and service, and dealing with suppliers and potential suppliers in accordance with transparent sourcing policies and ethical procurement practices.

In complying with the above principles, appropriate consideration is given to the Group's policies on BEE and support of small, medium and micro-enterprises ("SMMEs") wherever possible. Given the nature of Mvelaphanda Group's operations and the services they provide, the largest suppliers of services to the Group are its employees. Other suppliers provide a variety of goods and services to be used by employees in the delivery of services to the Group's customers. None of the Group's suppliers are individually material to any of the operating companies to which they supply goods or services, or the Group as a whole. Procurement policies and standards are determined by the individual operating companies, with due consideration being given to security of supply, quality of goods or services, price and the use/availability of alternative suppliers.

Targeted procurement from BEE suppliers is equally important, and is a powerful and immediately effective tool for creating and sustaining BEE business opportunities, particularly among SMMEs. As part of each operating company's procurement strategy, consideration is given to utilising BEE suppliers where possible.

Our people

Mvelaphanda Group strives to be an employer of choice among workers and a leader in the development of human resources and human capital. This drive is underpinned by the development and training of employees from previously disadvantaged backgrounds so as to ensure that, over time, the Group's workforce, at all levels, will become representative of the demographics of South Africa.

Black economic empowerment (BEE)

The Group believes it has a leading role to play in the ongoing transformation of the South African economy through the participation of black people and black organisations in the Group, and that broad-based community and employee participation in the Group is critical to its future success.

Mvelaphanda Group is addressing the Group's BEE credentials and initiatives to maximise the BBBEE scorecard points achieved by the Group, including maximising the "bonus points", in terms of the BEE Codes. Maximising the BBBEE scorecard points is a clear indication of Mvelaphanda Group's commitment to BEE, and is an important element in securing new business and contracts for Mvelaphanda Group's subsidiaries and to position Mvelaphanda Group as the BEE partner of choice for companies who wish to conclude BEE investment transactions.

Employment equity

The Group remains committed to the principles and spirit of the Employment Equity Act and firmly endorses the four key areas of employment equity identified by the Employment Equity Act, namely:

- elimination of discrimination in decision-making;
- promotion of employee diversity;
- reduction of barriers to advancement of the disadvantaged; and
- introduction of measures and procedures for transformation.

All Group subsidiaries are required to maintain up-to-date employment equity plans that include specific goals for training and staff development, with compliance being monitored and reported on regularly. The companies in which the Group holds investments are encouraged to do the same.

Particular emphasis is placed on the identification and accelerated development of previously disadvantaged individuals ("PDIs") with the potential to rise to management and executive levels. Mvelaphanda Group is proud of its track record in developing and promoting its own employees, including employees from previously disadvantaged backgrounds, to senior positions within the Group. The profile of the Group's approximately 26 860 employees is represented in the table below:

	Black males		Black females		Non-black		
Category	Number	Percentage	Number	Percentage	Number	Percentage	Total
Board of directors	5	50	2	20	3	30	10
Executive management	7	22	1	3	25	75	33
Senior and middle management	355	33	156	14	570	53	1 081
Skilled employees	671	63	518	28	629	35	1 818
Semi-skilled employees	11 522	78	2 559	17	799	5	14 880
Unskilled employees	2 402	27	6 496	72	14	1	9 038

"Black" means "black" as defined in the BBBEE Act.

Skills development

Having the appropriately skilled people at all levels of our organisation is crucial to the Group's long-term success, while comprehensive and effective training also supports the fast-tracking of PDI employees up the management ladder.

The majority of Mvelaphanda Group companies and investments offer vocational and specific skills-based training to their staff. This training is essential to maintaining the high quality of service and expertise that has made many of the Group's operating businesses leaders in their industries.

To facilitate skills training, each of the businesses have established formal structures. These include, amongst others, the operation of in-house training facilities, on-site training programmes, participation in Group and industry training programmes and learnership programmes. Details of the specific training initiatives of the Group's largest operations (measured by number of employees) are set out below:

Sustainability report continued

Protea Coin Group has its own specialised training facilities to provide training to the security officers employed in these businesses. This training includes the grading of security officers in terms of SIRA regulations, training for the specialist divisions such as the VIP protection unit, canine and equestrian units, the critical situation unit, special investigations unit, asset-in-transit vehicle crews and armed reaction officers.

Mvelaserve Cleaning operates its own dedicated training teams. These teams provide on-site training to cleaners, supervisors and managers on subjects such as the use and operation of cleaning equipment, use of alternative cleaning materials and solvents and specialised cleaning techniques (particularly in the Mediguard division which provides cleaning services to hospitals).

TFMC provides comprehensive training programmes for its employees. These programmes range from competency training for technicians involved in the delivery of services to Telkom and other clients of TFMC, health and safety training for Occupational Health and Safety representatives, as well as functional training in a range of subjects, including computer systems and industrial relations. Adult basic education and life-skills training is also offered to employees. A management development programme, which provides training to middle management on business management techniques for problem-solving, communications, teambuilding, business processes and human behaviour in organisations has also been developed.

RoyalSechaba provided a wide range of training courses for its staff during the current year. These training courses covered a wide range of subjects, including manager and supervisor development, occupational health and safety, customer service, hazard analysis and critical control point procedures ("HACCP") compliance, and a range of functional training courses specific to their contract catering business such as basic cooking skills, and nutrition and dietary-related courses. In addition, basic life-skills courses as well as HIV/Aids awareness courses are run frequently.

The HIV/Aids challenge

As a large-scale employer, the Group recognises that the HIV/Aids pandemic is likely to have an impact on the Group. Certain of the Group's businesses are reporting increased levels of staff illness, absenteeism and employee deaths. This has a negative impact on occupational health/safety and employee productivity, employee benefit costs and staff morale.

The Group has accordingly adopted a life-threatening diseases policy aimed at preventing discrimination against HIV-positive employees in the workplace, who will be assisted to remain healthy and productive for as long as possible. This policy lays down universally accepted guidelines regarding HIV testing, confidentiality of medical information and disclosure of HIV status. All employees are briefed on the rights of those suffering from HIV/Aids or other life-threatening diseases, and sufferers of these illnesses are referred to independent medical and counselling service providers when needed.

Environment, health and safety

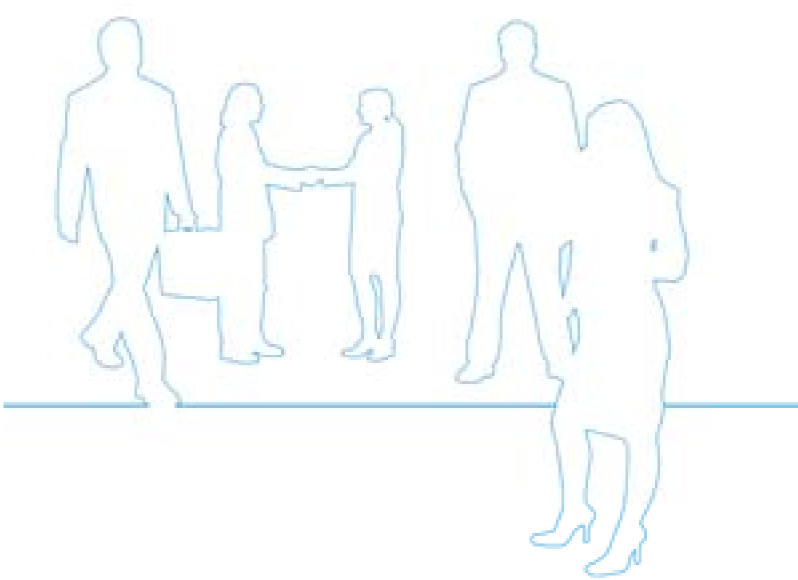
The Group is committed to achieving high standards of environmental care and to providing a safe and healthy workplace for employees, contractors and other affected persons; to implement accepted safety, occupational health and environmental management systems and complying with all applicable environment, health and safety legislation as a minimum requirement, as well as implementing programmes and processes to achieve greater protection, where appropriate.

Mvelaphanda Group's businesses and investments operate in a variety of industry sectors, and as such the responsibility for compliance with general and industry-specific environment, health and safety legislation has been devolved to individual Group companies. The Group encourages and supports compliance with all such legislation, which includes the Occupational Health and Safety Act, the Mine Health and Safety Act and the implementation of HACCP.

Training for the appointed Occupational Health and Safety representatives is provided by the individual Group companies. Mvelaphanda Group is not currently actively involved in operating businesses which have responsibility for the direct negative impact on the natural environments in which they operate. These responsibilities are largely retained by the clients of the Group's operating companies.

Financial statements

for the year ended 30 June



MVELAPHANDA GROUP LIMITED

Contents

Corporate governance

INTRODUCTION

Mvelaphanda Group Limited and its subsidiaries ("Group") endorse the principles of the South African Code of Corporate Practices and Conduct as recommended in the King II Report ("King II"). The board of directors ("board") recognises that good corporate governance is essential in achieving high standards of business integrity and ethics across all of its activities. Sound governance remains a priority to the board and the board continues to review and benchmark the Group's governance structures and processes.

CODE OF ETHICS AND CONDUCT

The board strives to ensure that the Group conducts its business with the utmost integrity towards all its stakeholders, including its shareholders, employees, customers, suppliers and society at large. The majority of Group companies have documented codes of conduct for staff designed to provide guidance as to the ethical conduct of staff in all areas, appropriate policies in respect of the safeguarding of assets and information, and the appropriate corrective measures to enforce these policies. The Group provides monitors and audits a safe system for employees to report any unethical behaviour by fellow employees, directors or shareholders of the Group.

BOARDS AND DIRECTORS

As at 30 June 2009 the board of directors comprised three executive directors and seven non-executive directors. All non-executive directors, except for Mr Stein, are considered to be independent in accordance with King II.

Messrs Sexwale and Mavimbela resigned as executive directors with effect from 12 May 2009 and 5 June 2009 respectively, and Mr Willcox resigned as non-executive director with effect from 2 February 2009. The offices of the Chairman and Chief Executive are separate. There is adequate division of responsibilities amongst board members to ensure a balance of power and authority.

The appointment of new directors is considered by the board as and when the need arises, and from time to time recommendations for the appointment of new directors are made by the nomination committee of the board and approved by the full board of directors. If appropriate, external consultants are engaged to recommend candidates for appointment to the board. Executive directors are appointed to the board on the basis of functional expertise, experience and overall contribution to the Group. Non-executive directors are selected on the basis of industry knowledge, professional skills and experience.

In terms of the Company's articles of association, one-third of the directors shall retire from office at every annual general meeting of the Company. The directors who retire in terms thereof shall be those who have been longest in office since their last election. In addition to the aforementioned retiring directors, any director appointed as such after the conclusion of the Company's preceding annual general meeting shall retire from office at the conclusion of the annual general meeting held immediately after his appointment. Any retiring director shall be eligible for re-election and if re-elected, shall be deemed not to have vacated his office.

Details of directors of the board are set out on pages 16 to 17.

1. Function of the board

The board has adopted a board charter which covers, *inter alia*, the following:

» The role and function of the board.

» The board structure.

» Meeting procedures.

» Monitoring of investment and operational performance.

» Risk management and internal control.

» Code of ethics.

Each board committee has its own charter which defines its purpose, authority and responsibility.

The process to entrench the sound principles of good governance throughout the Group has been implemented under the auspices of the audit committee.

All directors have access to the advice and services of the Company Secretary, whose appointment is in accordance with the South African Companies Act (as amended), and who is responsible to the board for ensuring the proper administration of board proceedings. The Company Secretary also provides guidance to the directors on their responsibilities within the prevailing regulatory and statutory environment and the manner in which such responsibilities (including not dealing in the Company's shares during restricted periods) should be discharged. The directors are entitled to seek independent professional advice at the Group's expense concerning the Company's affairs and have access to any information they may require in discharging their duties as directors.

The board meets four times per annum, and the attendance by each director was as follows:

	26 August 2008	26 November 2008	24 February 2009	9 June 2009
Executive directors				
T Sexwale	✓	✓	†	#
M Xayiya	✓	✓	✓	✓
Y Cuba	✓	✓	†	✓
V Mavimbela	✓	✓	✓	#
E Röth	✓	✓	✓	✓
Non-executive directors				
K Dlamini	✓	†	✓	†
B Hopkins	✓	✓	✓	✓
O Mabandla	✓	✓	†	✓
D Moshapalo	✓	✓	✓	✓
M Mpofu	✓	✓	✓	✓
R Patel	✓	✓	✓	✓
C Stein	✓	✓	✓	†
M Willcox	†	✓	#	#

✓ Indicates attendance † Indicates absence with apology # Indicates no longer a member of the board

The Group complies with the Listings Requirements of the JSE ("the JSE Listings Requirements") in relation to the restrictions applicable to trading in Mvelaphanda Group shares by directors and employees during closed periods. Closed periods endure from the end of a financial reporting period until the publication of financial results for that period. Additional closed periods, as defined in the JSE Listings Requirements, may be declared should such circumstances prevail.

2. Board committees

Several committees have been established to assist the board in carrying out its duties. The board has delegated to the committees specific roles of responsibility and these are set out the respective committee charters. There is full disclosure and transparency from the committees to the board. The board annually reviews the effective performance of each of its committees.

Corporate governance continued

2.1 Nomination committee

Members: M Xayiya (chairperson), D Moshapalo, C Stein, Y Cuba and M Mpofu. Of the five members three members are non-executives and, except for C Stein, are considered independent. The nomination committee assists the board in the appointment of new directors.

2.2 Remuneration and transformation committee

Members: M Mpofu (chairperson), D Moshapalo, C Stein and M Xayiya. With the exception of M Xayiya, all members are non-executive directors and with the exception of C Stein, all non-executive directors are considered to be independent. In line with King II the Chief Executive, Y Cuba, attends the meeting when invited to but leaves the meeting before any decisions are made.

The committee met three times, and the attendance by each member was as follows:

	25 August 2008	26 January 2009	1 June 2009	24 June 2009
M Mpofu	✓	✓	✓	✓
D Moshapalo	✓	✓	✓	✓
C Stein	†	✓	†	✓
M Xayiya	✓	✓	✓	✓
Y Cuba[1]	✓	✓	✓	✓

[1]Invitee ✓ Indicates attendance † Indicates absence with apology

2.3 Audit committee

Members: B Hopkins (chairperson), K Dlamini and O Mabandla. All members are independent non-executive directors. All members are financially and commercially literate and are able to carry out their responsibilities. The Chief Executive Officer, Chief Financial Officer, Group internal audit manager and external audit engagement partner are invited to attend all meetings. The internal and external auditors have access to all audit committee members.

The committee met four times, and the attendance by each member was as follows:

	22 August 2008	24 November 2008	23 February 2009	1 June 2009
B Hopkins	✓	✓	✓	✓
K Dlamini	✓	✓	✓	✓
O Mabandla	✓	✓	†	✓
Y Cuba[1]	✓	✓	†	✓
E Röth[1]	✓	✓	✓	✓
K van der Westhuizen[1]	✓	✓	✓	✓
A Hannington[1]	✓	✓	✓	✓
S Radebe[1]	✓	✓	†	†

[1] Invitees ✓ Indicates attendance † Indicates absence with apology

REPORT OF THE AUDIT COMMITTEE TO THE MEMBERS OF THE MVELAPHANDA GROUP LIMITED

The audit committee assists the board in discharging its responsibilities with regard to safeguarding the Group's assets and ensuring that proper accounting records are maintained.

The audit committee operates in accordance with a written charter authorised by the board, and provides assistance to the board with regard to:

» all matters to be dealt with by the audit committee in terms of the South African Corporate Laws Amendment Act, 2006 (promulgated on 14 December 2007);
» reviewing and recommending to the board for approval, the Group's annual report, interim report and provisional report;
» receiving the internal and external auditors' report;
» reviewing material litigation cases;
» evaluating the effectiveness of the internal audit function and approving the internal audit plan;
» reviewing alleged incidents reported through the whistle-blower facility;
» ensuring that non-audit services are not performed by the external auditor where the provision of such services could be seen to impair the auditor's independence; and
» satisfying itself regarding the independence of the Group's external auditors and the respective audit partners.

The committee reports its findings to the board at the next board meeting, which is always held within a week of the respective committee meeting. In addition, the committee chairman maintains regular contact with key executives to keep abreast of emerging issues.

In terms of the JSE Listings Requirements, the committee must satisfy itself, on an annual basis, of the appropriateness of the expertise and experience of the Chief Financial Officer ("CFO") and the Company must confirm this by reporting to the shareholders in its annual report that the audit committee has fulfilled this responsibility.

In respect of the above, we believe that Ernst Röth, the CFO, possessed the appropriate expertise and experience to meet the responsibilities in that position.

Audit committee
1 September 2009

RISK MANAGEMENT AND INTERNAL CONTROL

Effective risk management is integral to the Group's objective of consistently adding value to its businesses. The board of directors is ultimately responsible for the management of risk. The audit committee is responsible for overseeing the risk management procedures within the Group. The audit committee is continuously developing and enhancing its risk and control procedures to improve the mechanisms for identifying and monitoring risks and has established the minimum standards required of each business in identifying, analysing and monitoring the risks which each business faces. The results of these procedures are communicated to the audit committee regularly.

Operating risk is the potential for loss to occur through a breakdown in control information, business processes and compliance systems. Key policies and procedures are in place at each of the businesses to manage operating risk and include segregation of duties, transaction authorisation, supervision, monitoring, and financial and managerial reporting.

Financial risk management is disclosed on pages 105 to 115 of the financial statements. The Group meets its responsibility of providing reliable financial information by maintaining, at each business level, financial and operational systems of internal control.

A business continuity plan exists at each of the operating businesses.

INTERNAL AUDIT

While management is responsible for the development, implementation and monitoring of effective control systems, internal audit assists management in fulfilling this commitment. This is done by evaluating the adequacy and effectiveness of controls to support management in pursuit of sustainable achievement of business objectives. Its scope includes the appraisal of performance measures, the reliability of management information, operational controls and safeguarding of assets.

Corporate governance continued

The purpose, authority and responsibility of the internal audit function are formally defined in an internal audit charter, which has been approved by the audit committee. The charter conforms to the International Standards for the Professional Practice of Internal Auditing as defined by the Institute of Internal Auditors. The function is independent from all other organisational functions and reports directly to the audit committee and administratively to the Chief Executive Officer. Internal audit has easy and regular access to the Chief Executive Officer and the chairman of the audit committee, and free and unrestricted access to all areas within the Group.

A risk-based audit approach has been adopted and is continually being refined. Risk-focused audit plans are developed with input from the audit committee as well as management requests. Material significant control weaknesses and planned management remedial actions are reported to the audit committee and management. These issues are tracked to ensure that agreed remedial actions have been implemented.

There is communication between the internal audit function and the external auditors, who have full access to the results of the internal audit reports. Initiatives are being developed to increase the external auditor's reliance on the work performed by internal audit. The internal audit processes for the year did not highlight any breakdowns in internal control that were known to have had a material impact on the reported financial information.

SUSTAINABILITY

The Group supports the concept of triple bottomline reporting as set out in King II. For more information of the Group's social, transformation, environmental and ethical policies and procedures refer to the sustainable report set out on pages 44 to 50.

ACCOUNTING AND AUDITING

The board places strong emphasis on achieving the highest level of financial management, accounting and reporting to shareholders. The board is committed to compliance with International Financial Reporting Standards. The board is of the opinion that the external auditors observed the highest level of business and professional ethics and their independence has not been impaired in any way. The external auditors complement the work of the internal audit department and review all internal audit reports.

TAXATION

The board considers accountability an important characteristic of the Group and, as such, has placed significant emphasis on the importance of effective tax management. The board is formalising its approach to tax management by developing control procedures that will identify and limit its tax risks to an acceptable level.

STAKEHOLDER COMMUNICATION

The Group supports a policy of open communication with all stakeholders on matters of both a financial and non-financial nature. Regular communication sessions are held internally with management and senior executives, and externally with institutional shareholders and investment analysts.

DEALINGS IN SECURITY

The Group complies with the Listings Requirements of the JSE ("the JSE Listings Requirements") in relation to the restrictions applicable to trading in Mvelaphanda Group shares by directors and employees during closed periods. Closed periods endure from the end of a financial reporting period until the publication of financial results for that period. Additional closed periods, as defined in the JSE Listings Requirements, may be declared should such circumstances prevail. During non-closed periods directors and employees may only deal in Mvelaphanda Group shares with the approval of the deal approval committee.

Independent auditors' report

To the members of Mvelaphanda Group Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements and Group financial statements of Mvelaphanda Group Limited, which comprise the directors' report, the balance sheets as at 30 June 2009, the income statements, statements of changes in equity and cash flow statements for the year then ended of the Company and Group and a summary of significant accounting policies and other explanatory notes, as set out on pages 64 to 116.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

OPINION

In our opinion, the financial statements and Group financial statements present fairly, in all material respects, the financial position of Mvelaphanda Group Limited as of 30 June 2009, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act in South Africa.

PKF (Jhb) Inc.

Per: Paul Badrick

Registered Auditors

Chartered Accountants (SA)

Registration number 1994/001166/21

Sandton

1 September 2009

Directors' responsibility statement

The directors are required by the South African Companies Act to maintain adequate accounting records and are responsible for the content and integrity of the 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 their operations and cash flows for the financial year, in conformity with International Reporting Standards, JSE Listings Requirements and applicable legislation. The Group's external auditors are engaged to express a statutory independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Reporting Standards and incorporate disclosure in line with the accounting policies of the Group. The financial statements are based upon appropriate accounting policies consistently applied throughout the Group and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clear 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, the internal auditors and the external auditors, 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 going-concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the Group will not be a going concern in the foreseeable future based on forecasts and available cash resources. The financial statements support the viability of the Group.

The financial statements have been audited by the independent auditing firm, PKF (Jhb) Inc., who have been given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors and committees of the board. The directors believe that all representations made to the independent auditors during the audit were valid and appropriate. PKF (Jhb) Inc.'s unqualified audit report is presented on page 57. The financial statements were approved by the directors on 1 September 2009 and are signed on their behalf by:

Mikki Xayiya
Executive Chairman

Yolanda Cuba
Chief Executive Officer

Ernst Röth
Chief Financial Officer

Statement of compliance by the Company Secretary

In my capacity as the Company Secretary, I hereby confirm, in terms of the South African Companies Act, 1973 ("the Act"), that for the year ended 30 June 2009 Mvelaphanda Group Limited has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Act, and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.

Ernst Röth
For: **Mvelaphanda Management Services (Proprietary) Limited**
Company Secretary

1 September 2009

Directors' report

NATURE OF BUSINESS

Mvelaphanda Group is a broad-based, black-controlled, owned and managed diversified industrial group. The Group holds investments in a range of companies operating in the financial services, healthcare and general industrial sectors. The Group's operating businesses provide a range of facilities management and professional services, food services and support services extending countrywide.

GROUP RESULTS

The financial statements on pages 64 to 116 set out fully the financial position, results of operation and cash flows for the Group for the financial year ended 30 June 2009.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

The interest in subsidiaries, joint ventures and associated companies are set out on pages 118 to 119 of this report.

The Group has disposed of its 100% shareholding in Trollope Mining Service (Proprietary) Limited on 1 October 2008.

The aggregate headline net profit/(loss) after taxation of subsidiaries attributable to the Company amounted to R13 260 000 (2008: R575 403 000).

SHARE CAPITAL

Ordinary shares

There were no changes to the number of authorised and issued share capital during the current year. All issued shares have been fully paid up. The authorised and issued number of ordinary shares is disclosed in note 12 to the financial statements.

Treasury shares

The total number of ordinary shares held by a subsidiary of the Group at 30 June 2009 is 35 765 285 (2008: 35 765 285) as disclosed in note 12 to the financial statements.

Preference shares

There were no changes in the number of preference shares authorised or issued and are disclosed in note 12 to the financial statements.

The 54 700 000 convertible perpetual cumulative preference shares are convertible at the instance of the holder into 1,08 ordinary shares for each preference share held between 4 November 2009 and 4 November 2010, after which date the preference shares are redeemable either at the instance of Mvelaphanda Group or remain as perpetual preference shares. The reduction in the conversion price of the preference shares to R9,30 per share from R10,00 per share (2008: R9,53) was published on SENS on 4 December 2008 in line with the terms of the offering circular issued to the Group's shareholders dated 4 November 2005.

Redeemable option-holding shares

There were no changes to the issued redeemable option-holding shares, neither were there any changes to the terms and conditions of those shares as disclosed in note 12 to the financial statements.

SHARE INCENTIVE SCHEME

569 746 (2008: 569 746) of Mvelaphanda Group's ordinary shares were held by the Share Incentive Scheme at 30 June 2009.

	2009		2008	
	Number	**Strike price (cents)**	Number	Strike price (cents)
Number of options/scheme shares outstanding at 30 June	**23 958 634**	**710 – 880**	8 363 664	710 – 880
New options/scheme shares granted	**—**	**—**	17 548 000[1]	753
Options/scheme shares exercised/sold	**—**	**—**	(1 950 000)	880
Options/scheme shares cancelled/lapsed	**(401 211)**	**710 – 880**	(3 030)	625
Number of options/scheme shares outstanding at 30 June	**23 557 423**	**710 – 880**	23 958 634	710 – 880

[1]*Issued for the 2007 and 2008 financial year.*

Directors' report continued

SHAREHOLDERS' SPREAD

Details of shareholder categories are set out on page 117 of this report.

FINAL DIVIDEND

Ordinary shares

The directors of Mvelaphanda Group have resolved not to declare a final dividend for the year ended 30 June 2009. This is due to the Group reviewing specific assets within the context of the restructuring plan. Should the cash not be used, it will be returned to shareholders in the most efficient manner.

PREFERENCE SHARES

Details of preference dividends paid are set out in note 36 to the financial statements.

EVENT	DATE
Last day to trade *"cum"* preference dividend	Thursday, 17 September 2009
Preference share to commence trading *"ex"* preference dividend	Friday, 18 September 2009
Record date (date preference shareholders are recorded in books)	Friday, 25 September 2009
Payment date	Monday, 28 September 2009

Preference share certificates may not dematerialised or materialised between Friday, 18 September 2009 and Friday, 25 September 2009, both days inclusive.

DIRECTORS AND SECRETARY

The names and brief curricula vitae of the directors appear on pages 16 to 17 of this report and further information on the directors, including their interest in the shares of the Company and share-based remuneration schemes and the emoluments paid to directors, are provided on pages 60 and 62 of this report.

Messrs Sexwale and Mavimbela resigned as executive directors with effect from 12 May 2009 and 5 June 2009 respectively, and Mr Willcox resigned as non-executive director with effect from 2 February 2009.

Mr Xayiya was appointed as the Chairman of the Group with effect from 1 June 2009.

In terms of clause 53.2 of the articles of association, Ms Cuba, Ms Mpofu and Mr Moshapalo retire at the forthcoming annual general meeting, but, being eligible, offer themselves for re-election.

DIRECTORS' INTEREST AND EMOLUMENTS FOR 30 JUNE 2009

Details of emoluments paid to the directors are set out below. All emoluments were paid by a subsidiary of Mvelaphanda Group.

	Salaries, directors' fees R'000	Allowances and fringe benefits R'000	Bonus R'000	Other[1] R'000	Retirement benefit and medical aid contributions and other payments R'000	**Total R'000**
Executive						
YZ Cuba	3 360	101	1 500	—	430	**5 391**
WV Mavimbela[2]	1 285	168	400	1 100	—	**2 953**
GE Röth	1 373	120	900	—	7	**2 400**
TMG Sexwale[2]	3 097	165	2 600	4 900	—	**10 762**
MSM Xayiya	3 049	180	1 000	—	—	**4 229**
Non-executive						
KD Dlamini	190	—	—	—	—	**190**
BD Hopkins	336	—	—	—	—	**336**
OA Mabandla	256	—	—	—	—	**256**
D Moshapalo	182	—	—	—	—	**182**
MZ Mpofu	189	—	—	—	—	**189**
RM Patel	110	—	—	—	—	**110**
CD Stein	248	—	—	—	—	**248**
MJ Willcox[3]	64	—	—	—	—	**64**
	13 739	734	6 400	6 000	437	**27 310**

[1]*Paid on 30 June 2009 in respect of payment on termination of employment.*

[2]*Messrs Sexwale and Mavimbela resigned as directors of the Group with effect from 12 May 2009 and 5 June 2009 respectively.*

[3]*Mr Willcox resigned as executive director and appointed as non-executive director with effect from 1 June 2008. On 2 February 2009 he resigned as a non-executive director.*

DIRECTORS' INTEREST AND EMOLUMENTS FOR 30 JUNE 2008

	Salaries, directors' fees R'000	Allowances and fringe benefits R'000	Bonus R'000	Retirement benefit and medical aid contributions and other payments R'000	Total R'000
Executive					
YZ Cuba	3 750	120	2 129	325	6 324
WV Mavimbela	1 384	168	621	—	2 173
GE Röth[1]	1 373	120	1 050	7	2 550
TMG Sexwale	3 545	180	1 676	—	5 401
BC Till[2]	568	45	—	103	716
MJ Willcox[3]	2 526	165	—	—	2 691
MSM Xayiya	3 049	180	1 453	—	4 682
Non-executive					
KD Dlamini	160	—	—	—	160
BD Hopkins	220	—	—	—	220
OA Mabandla	160	—	—	—	160
D Moshapalo	172	—	—	—	172
MZ Mpofu	172	—	—	—	172
RM Patel	100	—	—	—	100
CD Stein	172	—	—	—	172
	17 351	978	6 929	435	25 693

[1]*Mr Röth was appointed as a director with effect from 5 September 2007.*

[2]*Mr Till resigned as a director with effect from 31 July 2007.*

[3]*Emoluments earned while serving as an executive director.*

The remuneration of the executive directors is structured on the basis of a market-related guaranteed cost to company remuneration package (including current medical aid and retirement benefit contributions), plus a discretionary bonus (with the maximum bonus in any one year not exceeding an amount equal to one year's cost to company package) based on performance of the executive and merit. The allocation of the guaranteed cost to company package as between salary, allowances and fringe benefits is not considered relevant. Mr Xayiya and Ms Cuba have signed service and restraint agreements with Mvelaphanda Group.

The salient terms of the service and restraint agreements are as follows:

» In respect of Mr Xayiya, the service agreement can be terminated on three months' written notice by either Mvelaphanda Group or the executive.

» In respect of Ms Cuba, the service agreement provides for a minimum period of four years' service from 1 July 2007 and can be terminated on three months' written notice by either Mvelaphanda Group or Ms Cuba, provided such termination shall not take effect before 30 June 2011.

» Restraint period of one year after termination of employment with no monetary consideration payable by Mvelaphanda Group in respect of such restraints.

» Standard confidentiality undertakings are given by each executive in favour of Mvelaphanda Group.

Executive directors' share options and share appreciation rights

On 30 June 2009 the directors of Mvelaphanda Group held, in aggregate, 121 205 427 (2008: 116 565 641) Mvelaphanda Group ordinary shares, representing 27,4% (2008: 25,2%) of the issued ordinary share capital of Mvelaphanda Group and 18 858 446 (2008: 18 858 446) redeemable option-holding shares, representing 15,2% (2008: 15,2%) of the issued redeemable option-holding share capital of Mvelaphanda Group.

The directors of Mvelaphanda Group had the following direct, indirect, beneficial and non-beneficial interests in Mvelaphanda Group ordinary shares and redeemable option-holding shares at 30 June 2009:

Directors' report continued

	Mvelaphanda Group ordinary shares				Mvelaphanda Group redeemable option-holding shares	
	Direct beneficial	Indirect beneficial	Total	%	Indirect beneficial	%
Executive directors						
YZ Cuba	100	697 438	697 538	[1]	1 000 000[3]	0,8
WV Mavimbela	—	312 500	312 500	[1]	750 000[3]	0,6
GE Röth[1]	—	—	—	—	—	—
TMG Sexwale	100	71 736 732[2]	71 736 832	16,2	—	—
MSM Xayiya	100	11 956 122[2]	11 956 222	2,7	—	—
Non-executive directors						
KD Dlamini	—	—	—	—	2 592 189[4]	2,1
BD Hopkins	27 173	5 357	32 530	[1]	—	—
OA Mabandla	—	393 750	393 750	[1]	6 221 253[4]	5,0
D Moshapalo	—	196 875	196 875	[1]	2 592 189[4]	2,1
MZ Mpofu	—	—	—	—	3 110 626[4]	2,5
RM Patel	—	—	—	—	2 592 189[4]	2,1
CD Stein	10 714	—	10 714	[1]	—	—
MJ Willcox[5]	100	35 868 366[2]	35 868 466	8,1	—	—
	38 287	121 167 140	121 205 427	27,4	18 858 446	15,2

[1]*Less than 0,1%.*
[2]*Held via Mvelaphanda Holdings.*
[3]*Held via the Mvelaphanda Group Management Trust.*
[4]*Held via the Mvelaphanda Group Strategic BEE Partners Trust.*
[5]*Mr Willcox resigned as director of the Group with effect from 2 February 2009.*

Details of Mvelaphanda Group options/scheme shares in respect of Mvelaphanda Group ordinary shares held by the directors at 30 June 2009 and/or exercised/sold by directors during the year ended 30 June 2009 are set out below:

	Date granted	Number granted/ (exercised/sold)	Strike price (cents)	Number at 30 June 2008	Number granted/ (exercised/sold)	Number at 30 June 2009
YZ Cuba	08/09/2006	—	880	1 000 000	—	1 000 000
	03/08/2008	—	753	3 600 000	—	3 600 000
WV Mavimbela[1]	08/09/2006	—	880	500 000	—	500 000
	03/08/2008	—	753	1 000 000	—	1 000 000
GE Röth	03/06/2008	—	753	1 400 000	—	1 400 000
TMG Sexwale[1]	08/09/2006	—	880	1 600 000	—	1 600 000
	03/08/2008	—	753	2 000 000	—	2 000 000
MJ Willcox[1]	08/09/2006	—	880	1 000 000	—	1 000 000
MSM Xayiya	08/09/2006	—	880	1 000 000	—	1 000 000
	03/06/2008	—	753	2 000 000	—	2 000 000
				15 000 000		15 000 000

[1]*Messrs Sexwale, Mavimbela and Willcox resigned as directors of the Group with effect from 12 May 2009, 5 June 2009 and 2 February 2009 respectively.*

Directors' report continued

BORROWING POWERS

In terms of the articles of association, the Company has unlimited borrowing powers.

GOING CONCERN

The directors believe that the Group has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going-concern basis. The board is not aware of any new material changes that may adversely impact the Group. The board is not aware of any material non-compliance with statutory or regulatory requirements.

RESTRUCTURING

Over the past five years, significant value has been created for shareholders in the underlying investments of Mvelaphanda Group, excluding those in the telecoms and media and technology sectors. However, this is not reflected in the Mvelaphanda Group's share price which still trades at a significant discount to its intrinsic NAV. Considering this, together with the current corporate structure not being appropriate to take advantage of the changed BEE landscape, the board has agreed to the realisation and unbundling of the Group's assets and distribution to shareholders in the most efficient and orderly manner over a period of time. No new investments will be made by the Group.

CORPORATE GOVERNANCE

A full detail on the Group's corporate governance policies and procedures are set out in the corporate governance report on pages 52 to 56.

EVENTS SUBSEQUENT TO BALANCE SHEET DATE

There have been no events between 30 June 2009 and the date of this report which necessitate adjustment to the income statement or balance sheet at that date.

SPECIAL RESOLUTION

On 10 November 2008 the directors of Mvelaphanda Group were authorised to facilitate, *inter alia,* the acquisition by Mvelaphanda Group or a subsidiary of Mvelaphanda Group, from time to time, of the issued ordinary shares of Mvelaphanda Group upon such terms and conditions and in such numbers as the directors of Mvelaphanda Group may from time to time decide, but subject to the provisions of the Companies Act, and the Listings Requirements of the JSE.

AUDITORS

The audit committee has satisfied itself with regard to the following:

- The Group's external auditors and the respective audit partners are independent.
- Non-audit services are not performed by the external auditors where the provision of such services could be seen to impair the auditor's independence.
- The audit fees for the financial year ending 30 June 2009, has been reviewed and recommended to the board.

ANNUAL GENERAL MEETING

Details of the annual general meeting are set out on pages 121 to 124.

Accounting policies

1. GENERAL INFORMATION

Mvelaphanda Group Limited is the holding company of the Mvelaphanda Group ("the Group") and is incorporated in the Republic of South Africa. The financial statements incorporate the following principal accounting policies, which are, except where otherwise disclosed, consistent with those applied in the previous year.

2. STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), the JSE Listings Requirements and the South African Companies Act of 1973, as amended.

3. BASIS OF PREPARATION

The financial statements are prepared on the historical-cost convention, modified by the restatement of financial instruments to fair value where applicable.

4. PRINCIPAL ACCOUNTING POLICIES

4.1 Basis of consolidation

4.1.1 Investments in subsidiaries

The Group financial statements incorporate the assets, liabilities and results of the operations of the Company and its subsidiaries. Subsidiaries are all entities, including special-purpose entities, controlled by the Group. Control exists when the Group, directly or indirectly, has an interest of more than one half of the voting rights or otherwise 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 acquired and disposed of during a financial year are included from the date on which control is transferred to the Group and deconsolidated from the date that control ceases.

The assets and liabilities of the companies acquired are assessed and included in the balance sheet at their estimated fair values to the Group at acquisition date. Where the fair value of the consideration paid exceeds the fair value of the identifiable assets acquired and liabilities and contingent liabilities assumed, the difference is recorded as goodwill and is accounted for in terms of accounting policy note 4.2. Where the fair value of the identifiable assets acquired and liabilities and contingent liabilities assumed exceed the fair value of the consideration given, the excess is recognised immediately in the income statement.

The Group's Share Incentive Scheme is included in the consolidated financial statements as a subsidiary.

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the income statement. Purchases from minority interests result in goodwill, being where the consideration paid exceeds the relevant share acquired of the carrying value of net assets of the subsidiary.

Accounting policies of subsidiaries have been changed, where necessary, to ensure consistency with the policies adopted by the Group.

4.1.2 Investments in associates

An associate is an entity over whose financial and operating policies the Group has the ability to exercise significant influence, but not control, and is neither a subsidiary nor a jointly controlled entity of the Group. Investments in associates are accounted for using the equity method of accounting, except for investments that are managed and whose performances are evaluated on a fair value basis in accordance with the Group's investment strategy, in which case it is accounted for as designated as at fair value through profit and loss in accordance with IAS 39 of the International Financial Reporting Standards, as per accounting policy note 4.14.2.

Equity accounting involves recognising, in the income statement, the Group's share of the associates' earnings for the year. The results of associate companies acquired and disposed of during the year are included from the effective dates of acquisition to the effective dates of disposal.

Where the fair value of the consideration paid exceeds the fair value of the identifiable assets acquired and liabilities and contingent liabilities assumed, the difference is recorded as goodwill and is included as part of the carrying value of the investment in associates.

The Group's interest in associates is carried in the balance sheet at an amount that reflects its share of the net assets of the associate and goodwill identified on acquisition of the associate, net of accumulated impairment loss. The total carrying amount of associates is evaluated annually for impairment.

The most recent financial information of associates is used. Adjustments are made to the associates' financial results for material transactions and events in the intervening period. Losses of associates in excess of the Group's interest are not recognised unless there is a binding obligation to contribute to the losses.

4.1.3 Investments in jointly controlled entities

Jointly controlled entities are those entities over which the Group exercises joint control in terms of a contractual agreement. Investments in jointly controlled entities are accounted for by way of the proportionate consolidation method whereby the Group's proportional share of the assets, liabilities, revenue and expenses of jointly controlled entities are combined on a line-by-line basis, with similar items in the financial statements of the Group. The results of jointly controlled entities are included from the effective dates when joint control commences to the effective dates when joint control ceases. Any goodwill arising on the acquisition of the Group's interest in a jointly controlled entity is accounted for in terms of accounting policy note 4.2.

4.1.4 Transactions eliminated on consolidation

Intra-group balances and transactions, and unrealised gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains resulting from the transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in the entity.

Unrealised gains resulting from transactions with associates are eliminated against the investment in associates. Unrealised losses on transactions with associates are eliminated in the same way as unrealised gains, except that they are only eliminated to the extent that there is no evidence of impairment.

4.2 Goodwill

Goodwill represents amounts arising on acquisition of subsidiaries and joint ventures. All business combinations are accounted for by applying the purchase method.

Goodwill arising from a business combination for which the agreement date is prior to 31 March 2004, is included in the balance sheet at its deemed cost, being its cost less accumulated amortisation up to 31 March 2004, as previously recorded under SA GAAP.

Goodwill arising from a business combination, for which the agreement date is on or after 31 March 2004, is not amortised but is carried at cost less accumulated impairment losses.

Goodwill is tested annually for impairment. For the purpose of impairment testing, goodwill is allocated to the cash-generating unit(s) expected to benefit from the business combination in which the goodwill arose, identified according to operating segments. An impairment loss is recognised if the carrying amount of the cash-generating unit, including the associated goodwill, exceeds its recoverable amount.

On disposal of a subsidiary or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

4.3 Intangible assets

Intangible assets, other than goodwill (refer to policy note 4.2) are recognised if it is probable that future economic benefits will flow to the entity from the intangible assets and the costs of the intangible assets can be reliably measured.

4.3.1 Trademarks

Internally generated trademarks are classified as indefinite useful life intangible assets as they are inherent to the continuous operation of the businesses to which they relate, and are stated at cost less accumulated impairment losses.

Trademarks are tested for impairment on an annual basis.

Accounting policies continued

4. PRINCIPAL ACCOUNTING POLICIES *(continued)*

4.3 Basis of consolidation *(continued)*

4.3.2 Computer software

Direct software development costs that enhance the benefits of computer software programs and are clearly associated with an identifiable and unique software system, which will be controlled by the Group and has a probable benefit exceeding one year, are recognised as intangible assets. Computer software, including software development costs recognised as intangible assets, is amortised on the straight-line basis over the expected useful lives of the assets, being between three and five years.

Capitalised computer software is carried at cost less accumulated amortisation and impairment losses. Computer software is tested annually for impairment or changes in estimated future benefits.

4.3.3 Manufacturing and distribution rights

Acquired manufacturing and distribution rights are classified as indefinite useful life intangible assets as they are inherent to the continuous operation of the businesses to which they relate, and are stated at cost less accumulated impairment losses.

Manufacturing and distribution rights are tested annually for impairment.

4.4 Property, plant and equipment

Furniture, fittings, computer equipment, plant and equipment, improvements to leasehold premises, office equipment and motor vehicles are stated at cost less accumulated depreciation and impairment calculated on the component method, and on a straight-line basis, at the rates set out below, which rates are considered appropriate to write off the cost of the asset to the estimated residual value over the estimated useful life of the asset thereof. The estimated useful lives and residual values are reviewed annually. The current rates used are:

Plant and equipment 15 – 20%

Office equipment 15%

Computer equipment 33%

Furniture and fittings 15%

Motor vehicles – passenger 20%

Motor vehicles – commercial 25%

Improvements to leasehold premises – period of lease

Land and buildings owned and occupied by Group companies are classified as own-use property. Land is carried at cost. Buildings are carried at cost less depreciation calculated on a straight-line basis, at rates considered appropriate to write off the cost thereof to the estimated residual value over the estimated useful life of the buildings.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between sales proceeds and the carrying amount of the asset and is recognised in the income statement.

Property, plant and equipment are tested annually for impairment.

4.5 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a first-in first-out basis. The cost of finished goods includes direct expenditure and production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

4.6 Trade and other receivables

Trade and other receivables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Indicators that trade receivables may be impaired are significant financial difficulty experienced by the debtor, the probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. 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 income statement. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to the income statement.

4.7 Foreign currency transactions

Foreign currency transactions are recorded at the exchange rate ruling on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Translation differences are recognised in the income statement.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to South African rand at foreign exchange rates ruling at the dates that the fair value was determined.

Exchange differences are taken to income in the year in which they arise.

4.8 Taxation

The taxation expense represents the sum of the current taxation payable (local and international), deferred taxation and secondary taxation on companies.

The current taxation currently payable is based on the taxable income for the year. Taxable income differs from net income as reported in the income statement where it includes items of income and expense that are taxable or deductible in other periods and it further excludes items that are not taxable or deductible. The Group's liability for current taxation uses the current enacted taxation rates.

Deferred taxation is accounted for using the balance sheet liability method in respect of temporary differences which arise from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding taxation basis used in the computation of taxable income. Deferred taxation liabilities are recognised for all taxable temporary differences and deferred taxation assets are recognised to the extent that it is probable that taxable income will be available against which deductible temporary differences can be utilised. The carrying value of deferred taxation assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow part of the asset to be recovered.

Current enacted taxation rates are used to determine deferred income taxation. The principal temporary differences arise from depreciation on property, plant and equipment, various provisions, fair value adjustments on strategic investments and taxation losses carried forward.

Secondary taxation on companies is recognised as part of the taxation charge in the income statement when the related dividend is declared.

4.9 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held on call with banks, other current highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are included as part of current liabilities on the balance sheet. Cash and cash equivalents are carried on the balance sheet at fair value.

4.10 Trade and other payables

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

4.11 Liabilities

Liabilities are recognised initially at fair value, net of transaction costs incurred. Liabilities are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the liabilities using the effective interest method.

4.12 Revenue

Revenue, which excludes value-added tax, comprises the net amounts invoiced to customers, after trade discounts, for goods supplied and services rendered. Under certain service contracts the Group manages customer expenditure and is obliged to purchase goods and services from third-party contractors and recharge them to the customer at cost. These "flow through" amounts charged by contractors and recharged to customers at cost are excluded from turnover and cost of sales. Debtor and creditor balances relating to these transactions are recorded in the balance sheet.

Accounting policies continued

4. PRINCIPAL ACCOUNTING POLICIES *(continued)*

4.12 Revenue *(continued)*

4.12.1 Revenue recognition

Revenue from service-based activities is recognised when the service is completed.

Revenue from the sale of merchandise and finished goods is brought to account when the risk in the goods passes to the customer.

Interest earned is accrued on a time proportion basis.

Dividends are recognised when the right to receive payment is established.

Of total revenue, 4% is in respect of the sale of goods from Khuseti and Zonke.

4.13 Leased assets

Lease contracts, where the Group has substantially all the risks and rewards of ownership of the leased assets, are classified as finance leases.

Assets held under finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset or the present value of the minimum lease payments, and are depreciated over the shorter of the useful life of the asset, on the same basis as owned assets, or the lease term.

The corresponding rental obligations, net of finance charges, are included in liabilities. Each lease payment is allocated between capital and finance charges. Finance charges are expensed using the effective interest method.

Leases of assets, where a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

4.14 Investments

4.14.1 Investments in subsidiaries, associates and jointly controlled entities

Investments in subsidiaries, associates and jointly controlled entities are recognised at cost less accumulated impairment losses in the Company's separate financial statements.

4.14.2 Strategic investments

Strategic investments are designated as "available for sale" or "fair value through profit or loss" in accordance with IAS 39 – Financial Instruments: Recognition and Measurement, although these are held and structured as non-current investments. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates the classification at every reporting date. Strategic investments are initially recorded at cost on acquisition. After initial recognition, investments which are designated as "available for sale" or "fair value through profit or loss" are measured at fair value. Fair value gains and losses are accounted for in the income statement.

4.15 Financial instruments

Financial instruments include all financial assets, financial liabilities and equity instruments including derivative instruments. Financial instruments carried on the balance sheet include cash and cash equivalents (as defined), current liabilities, strategic investments, trade and other receivables, trade and other payables, interest-bearing liabilities and derivative financial instruments. The particular recognition methods adopted are disclosed in the individual policy statements or notes associated with each item.

4.15.1 Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss or loans and receivables. The classification depends on the nature and purpose of the financial instrument and is determined at the time of initial recognition.

Financial assets at fair value through profit and loss are financial assets held for trading or those designated as fair value through profit and loss on initial recognition. These assets are reflected in current and non-current assets respectively and mainly include strategic investments. Derivatives are classified as held for trading unless they are designated as hedges.

Financial assets carried at fair value through profit and loss are initially recognised at fair value and subsequently carried at fair value. Gains and losses arising from changes in the fair value of the financial assets at fair value through profit and loss category are presented in the income statement in the period in which they arise. The method for estimation of fair value is described within the disclosure on judgements and estimates.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables include trade and other receivables and cash and cash equivalents in the balance sheet. Loans and receivables are initially recognised at fair value, plus transaction costs, and subsequently carried at amortised cost using the effective interest method.

The Group derecognises a financial asset only when the contractual right to the cash flows from the asset expires, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

4.15.2 Financial liabilities

The Group classifies its financial liabilities as either financial liabilities at fair value through profit or loss or other financial liabilities.

Financial liabilities at fair value through profit and loss are similar, in principle, to financial assets at fair value through profit and loss and consist mainly of preference shares issued to the Industrial Development Corporation of South Africa Limited as disclosed in note 12.

Other financial liabilities include trade payables, loans and liabilities (interest-bearing and non-interest-bearing) and other payables that are not held for trading purposes and have fixed or determinable payments that are not quoted in an active market. Other financial liabilities are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

4.15.3 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged.

The Group documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as the risk management objectives and strategy for undertaking the hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, on whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

A change in the fair value of derivatives, in respect of the effective portion, that is designated and qualifies as a cash flow hedge is recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within "Fair value adjustments". Amounts accumulated in equity are transferred to the income statement in the period when the hedged item affects profit or loss. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset, the gains and losses previously recognised in equity are transferred from equity and are included in the initial measurement of the cost of the asset.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. If the hedging relationship no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used, is amortised to profit or loss over the period to maturity.

Accounting policies continued

4. PRINCIPAL ACCOUNTING POLICIES *(continued)*

4.15 Financial instruments *(continued)*

4.15.3 Derivative financial instruments and hedging activities *(continued)*

Certain derivative instruments do not qualify for hedge accounting and are accounted for at fair value through profit or loss. Changes in the fair value of these derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement within "Fair value adjustments". The full fair value of a derivative at fair value through profit and loss is classified as a non-current asset or liability when the remaining period is more than 12 months; it is classified as a current asset or liability when the remaining period is less than 12 months.

4.16 Impairment of assets

The carrying amount of the Group's assets is reviewed at each balance sheet date to determine whether there is any indication of impairment. If there is an indication that an asset may be impaired, its recoverable amount is estimated.

Except for goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated annually. The recoverable amount of an asset is calculated as the higher of its net selling price and its value in use.

In assessing the value in use, the expected future cash flows from the asset are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised in the income statement whenever the carrying amount of an asset exceeds its recoverable amount.

A previously recognised impairment loss, except for an impairment in respect of goodwill which is never reversed, is reversed if the recoverable amount of the asset increases as a result of a change in the estimates used to determine the recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

4.17 Provisions

A provision is recognised when, and only when, the Group has a present legal constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect 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 expenditure expected to be required to settle the obligation.

4.18 Segment reporting

A segment is a distinguishable component of the Group that is engaged in activities which are subject to risks and rewards that are different from those of other segments. Segment assets and liabilities comprise those assets and liabilities that are directly attributable to the segment or can be allocated to the segment on a reasonable basis. For management purposes, the Group's investments are managed and allocated into four sectors: Financial services; consumer services; construction and infrastructure, Telecoms, media and technology. These are the basis on which the Group reports its primary segment information.

4.19 Employee benefits

The Group provides for retirement benefits for the majority of employees by payments to independently administered defined-contribution pension and provident funds. Current contributions are charged against income as incurred.

4.20 Dividends declared

Dividends, and the related tax thereon, are recognised when the dividends are declared by the board of directors.

4.21 Share capital

4.21.1 Ordinary shares

Ordinary shares are classified as equity. Issued share capital is stated at the amount of the proceeds received less directly attributable issue costs.

4.21.2 Treasury shares

Shares in the Company held by wholly owned Group companies, as well as shares held by the Group's Share Incentive Scheme, are classified as treasury shares. These treasury shares are treated as a deduction from the issued number of shares and are not taken into account in the calculation of the weighted average number of shares in the Group financial statements. The cost price of the treasury shares is deducted from the Group's equity.

4.21.3 Preference shares

Preference shares issued, which are convertible at the instance of the holder into other equity instruments, or if not convertible are redeemable at the instance of the issuer, are classified as equity. Distributions to the holders of preference shares which are classified as equity are shown in the statement of changes in equity as part of transactions with equity holders. Preference shares which do not meet the definition of an equity instrument are classified as liabilities. Distributions to the holders of preference shares which are classified as liabilities are included in interest paid in the income statement.

4.22 Non-current assets (or disposal group) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continued use.

4.23 Related-party transactions

All subsidiaries, joint ventures and associated companies of the Group are related parties. A list of the major subsidiaries, joint ventures and associated companies is included on pages 118 to 119 of this annual report. All transactions entered into with subsidiaries and associated companies were under terms no more favourable than those with third parties and have been eliminated in the consolidated Group accounts. Directors' emoluments, as well as transactions with other related parties are set out in note 29. There were no other material contracts with related parties.

4.24 Share-based payments

Executive directors and senior executives have been granted equity/cash-settled share appreciation rights in terms of the Share Incentive Scheme. The Group granted share options to its employees as well as historically disadvantaged individuals and organisations in terms of the broad-based BEE ownership initiative.

Equity-settled share-based payments are measured at fair value at the date of grant and recognised in profit or loss on a straight-line basis over the vesting period based on the estimated number of shares that will eventually vest and adjusted for the effect of non-market-based vesting conditions. Fair value is measured using a trinomial-based option-pricing model.

Share appreciation rights granted to employees for the services rendered or to be rendered are raised as a liability and recognised in profit and loss immediately or, if vesting requirements are applicable, over the vesting period. The liability is measured annually until settled and any changes in value are recognised in profit and loss. Fair value is measured using the trinomial-based option model.

In a BEE transaction, the share-based payment is measured as the difference between the fair value of the equity instruments granted and the fair value of the cash and other assets received (eg the BEE equity credentials) and are recognised in profit and loss at the grant date unless there are service conditions in which case it is recognised over the relevant period of the service conditions.

4.25 Borrowing costs

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

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

reporting period, based on management's best knowledge of current events and actions and anticipated future events. The accounting estimates may, by definition, differ from the ultimate actual results. Estimates are continually evaluated and are based on historical experiences and other factors, including expectations of future events, which are considered to be reasonable in the circumstances. The most critical accounting estimates and assumptions relate to the valuation of the Group's strategic investments. Details of the methodology used to calculate the fair value of the Group's strategic investments are set out in note 6.

5.1 Fair value methods and assumptions

The best evidence of the fair value of a financial instrument (strategic investments, both listed and unlisted, derivative instruments and funding liabilities) on initial recognition is the transaction price, ie the fair value of the consideration paid or received, unless the fair value is evidenced by comparison with other observable current market transactions in the same instrument, without modification or repackaging, or based on discounted cash flow models and option-pricing valuation techniques whose variables include only data from observable markets.

When such valuation models, with only observable market data as input, indicate that the fair value differs from the transaction price, this initial difference, commonly referred to as day one profit or loss, is recognised in the income statement immediately. If non-observable market data is used as part of the input to the valuation models, any resulting difference between the transaction price and the model value is deferred.

The timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the transaction, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement, depending on the nature of the instrument and availability of market observable inputs.

Subsequent to initial recognition, the fair values of financial assets and liabilities are based on quoted market prices or dealer price quotations for financial instruments traded in active markets. In situations where an investment vehicle is established to house the investment, the Group determines fair values of its investments through valuation of the underlying assets in the respective investment companies.

If the market for a financial asset is not active or the instrument is an unlisted instrument, the fair value is determined using applicable valuation techniques such as price-earnings multiple, EBITDA multiple, net asset value and discounted cash flow methods.

Where earnings multiple and discounted cash flow analyses are used, estimated multiples and future cash flows are based on management's best estimates and is the discount rate at market-related rates at the balance sheet date for a financial asset with similar terms and conditions. Management follows a more conservative approach when determining estimates of earnings and multiples used for valuation purposes.

Where pricing models are used, inputs are based on observable market indicators at the balance sheet date and profits or losses are only recognised to the extent that they relate to changes in factors that market participants will consider in setting a price.

5.2 Estimates regarding the impairment of goodwill

The recoverable amount of the cash-generating unit(s) is determined using appropriate EBITDA multiples, net asset value and discounted cash flow valuation methodologies. EBITDA multiple valuations are based on, *inter alia*, the EBITDA achieved by a cash-generating unit for the year under review and budgets and forecasts prepared by management. The EBITDA multiples used are determined with reference to the EBITDA multiples of comparable listed companies (both locally and overseas) and are adjusted for industry and other specific factors affecting the cash-generating unit. Net asset value-based valuations are calculated based on the audited net asset value of the cash-generating unit at the end of the current year. Discounted cash flow valuations are based on cash flow budgets and forecasts prepared by management.

Cash flows are discounted at an appropriate weighted average cost of capital determined for the cash-generating unit based on market interest rates and specific factors affecting the cash-generating unit. For the year ended 30 June 2009, the value-in-use calculations were based on EBITDA multiples ranging between 4 and 7. The key assumptions used in determining EBITDA over a period of one year were:

» Growth – 8,5%

» Borrowings rate – 13%

» Investment rate – 9%

Management has used past experiences, together with external sources such as inflation rate and prime overdraft rate, to determine the above key assumptions.

5.3 Estimates regarding the impairment of intangible assets other than goodwill

The recoverable amount of the trademarks is calculated using an appropriate trademark royalty rate and revenue budgets and forecasts prepared by management. The recoverable amounts of the manufacturing and distribution rights are calculated based on revenue budgets and forecasts prepared by management.

5.4 Estimates regarding the impairment of associates

In view of the current economic climate, management has taken a conservative approach in determining the recoverable amount of its investment in associates, in particular Avusa Limited. The recoverable amount is based on the value in use, computed on a discounted cash flow method using a WACC of 14,8%.

6. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

During the current financial year the following accounting standards, interpretations and amendments to published accounting standards were adopted:

Accounting standard/interpretation	Type	Description
IFRIC Interpretation 12 – Service Concession Arrangements	New interpretation	This Interpretation sets out general principles on recognising and measuring the obligations and related rights in service concession arrangements. This statement had no effect on Group and Company to date.
IFRIC Interpretation 13 – Customer Loyalty Programme	New interpretation	The Interpretation addresses accounting by the entity that grants award credits to its customers. This statement had no effect on Group and Company to date.
IFRIC 14 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	New interpretation	This Interpretation applies to all post-employment defined benefits and other long-term employee defined benefits. This statement had no effect on Group and Company to date.

At the date of issue of these financials, the following accounting standards, interpretations and amendments to published accounting standards were in issue but not yet effective:

Accounting standard/interpretation	Type	Effective date
IAS 1 – Presentation of Financial Statements	Amendment	Financial years commencing on or after 1 January 2009
IAS 1 – Presentation of Financial Statements – Classification of convertible instruments as either non-current or current	Amendment	Financial years commencing on or after 1 January 2010
IAS 7 – Statement of Cash Flows	Amendment	Financial years commencing on or after 1 January 2010
IAS 17 – Leases	Amendment	Financial years commencing on or after 1 January 2010

Accounting policies continued

6. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS *(continued)*

Accounting standard/interpretation	Type	Effective date
IAS 18 – Revenue	Amendment	Financial years commencing on or after 1 January 2010
IAS 23 – Borrowing Costs	Amendment	Financial years commencing on or after 1 January 2009
IAS 27 – Consolidated and Separate Financial Statements	Amendment	Financial years commencing on or after 1 July 2009
IAS 32 and IAS 1 – Financial Instruments Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation	Amendment	Financial years commencing on or after 1 January 2009
IFRS 2 – Share-based Payments – Vesting Conditions and Cancellations	Amendment	Financial years commencing on or after 1 January 2009
IFRS 2 – Share-based Payments – Group Cash-settled Share-based Payment Transactions	Amendment	Financial years commencing on or after 1 January 2010
IFRS 3 – Business Combinations	Amendment	Financial years commencing on or after 1 July 2009
IFRS 5 – Non-current assets Held for Sale and Discontinued Operations	Amendment	Financial years commencing on or after 1 July 2009
IFRS 8 – Operating Segments	New Statement	Financial years commencing on or after 1 January 2009
IFRS 8 – Operating Segments – Disclosure of information regarding Profit and Loss, Assets and Liabilities	Amendment	Financial years commencing on or after 1 January 2010
IFRIC 9 – Reassessment of Embedded Derivatives	Amendment	Financial years commencing on or after 1 July 2009
IFRIC 9 and IAS 39 – Embedded Derivatives	New interpretation	Financial years commencing on or after 30 June 2009
IFRIC 16 – Hedges of a net investment	New interpretation	Financial years commencing on or after 1 October 2008
IFRIC 16 – Hedges of a net investment in a Foreign Operation	Amendment	Financial years commencing on or after 1 July 2009
IFRIC 15 – Agreements for the Construction of Real Estate	New interpretation	Financial years commencing on or after 1 January 2009

6. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS *(continued)*

Accounting standard/interpretation	Type	Effective date
IFRIC 17 – Distributions of Non-cash Assets to Owners	New interpretation	Financial years commencing on or after 1 July 2009
IFRIC 18 – Transfers of Assets from Customers	New interpretation	For assets transferred from customers received on or after 1 July 2009
IAS 36 – Impairment of Assets	Amendment	Financial years commencing on or after 1 January 2010
IAS 38 – Intangible Assets	Amendment	Financial years commencing on or after 1 July 2009
IAS 39 – Financial Instruments: Recognition and Measurement – Eligible Hedged items	Amendment	Financial years commencing on or after 1 July 2009
IAS 39 – Financial Instruments: Recognition and Measurement – Scope Exemption for Business Combination Contracts and Cash Flow Hedge Accounting	Amendment	Financial years commencing on or after 1 January 2010
AC 504 – IAS 19 (AC 116) – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction in the South African Pension Fund Environment	New interpretation	Financial years commencing on or after 1 April 2009
AC 503 – Accounting for Black Economic Empowerment (BEE) Transactions	Revised	Financial years commencing on or after 1 January 2009
IFRS 1 – First-time Adoption of International Financial Reporting Standards	Amendment	Financial years commencing on or after 1 July 2009
IAS 27 – Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	Amendment	Financial years commencing on or after 1 January 2009
IFRS 7 – Financial Instruments disclosures Improving Disclosures about Financial Instruments	Amendment	Financial years commencing on or after 1 January 2009
Improvements Projects	Improvements to IFRSs	Financial years commencing on or after 1 January 2009 and 1 January 2010

The directors have not yet determined what the impact of these new standards and interpretations on the Company will be.

Segmental report

GROUP 2009	Financial services R'000	Consumer services R'000	Construction and infrastructure R'000	Telecoms, media and technology R'000	Total R'000
BALANCE SHEET INFORMATION					
Assets					
Property, plant and equipment	—	322 610	—	—	322 610
Goodwill and other intangible assets	—	860 812	—	—	860 812
Strategic investments and associates	732 295	2 898 485	164 805	789 904	4 585 489
Deferred taxation	—	33 671	—	—	33 671
Current strategic investments	—	11 254	—	—	11 254
Other current assets	—	765 863	—	15 885	781 748
Cash and cash equivalents	—	365 035	—	104 517	469 552
Total assets	732 295	5 257 730	164 805	910 306	7 065 136
Liabilities					
Non-current interest-bearing liabilities	—	989 638	—	710 989	1 700 627
Non-current non-interest-bearing liabilities	—	—	—	—	—
Deferred taxation	118 723	338 607	18 667	—	475 997
Current interest-bearing liabilities	—	64 084	—	—	64 084
Financial liability – derivative financial instrument	—	34 199	—	—	34 199
Current non-interest-bearing liabilities	—	765 636	—	7 049	772 685
Total liabilities	118 723	2 192 164	18 667	718 038	3 047 592
Net assets	613 572	3 065 566	146 138	192 268	4 017 544
INCOME STATEMENT INFORMATION					
Revenue[1]	—	3 745 662	—	—	3 745 662
Profit from operations	—	255 590	—	—	255 590
Net interest expensed	—	(63 929)	—	(80 752)	(144 681)
Dividend income	—	37 555	12 932	—	50 487
Fair value adjustments and net profit/(loss) from investments	232 182	449 324	(163 241)	(203 289)	314 976
Share of profit/(loss) from associates	—	3 463	—	(37 594)	(34 131)
Net profit/(loss) before taxation and BEE costs	232 182	682 003	(150 309)	(321 635)	442 241
Taxation	(32 505)	(157 774)	22 854	(82 194)	(249 619)
Net profit/(loss) before BEE costs	199 677	524 229	(127 455)	(403 829)	192 622
Cost of BEE transaction					(16 175)
Net profit/(loss) for the year					176 447

[1]*Revenue is revenue received from external customers. Intersegment revenue represents 0,003% of total revenue.*

CASH FLOW STATEMENT INFORMATION					
Cash flow from operating activities	—	217 628	12 932	(29 970)	200 590
Cash flow from investing activities	—	(49 762)	(2 638)	—	(52 400)
Cash flow from financing activities	—	(561 371)	(10 294)	137 428	(434 237)
	—	(393 505)	—	107 458	(286 047)
Cash flows with shareholders					
– Dividends paid					(115 481)
Net movement in cash and cash equivalents					(401 528)

Segmental report continued

GROUP 2008[1]	Financial services R'000	Consumer services R'000	Construction and infrastructure R'000	Telecoms, media and technology R'000	Total R'000
BALANCE SHEET INFORMATION					
Assets					
Property, plant and equipment	—	268 150	—	—	268 150
Goodwill and other intangible assets	—	851 429	—	—	851 429
Strategic investments and associates	500 113	2 442 955	315 114	1 046 672	4 304 854
Financial asset – derivative financial instrument	—	3 242	—	—	3 242
Deferred taxation	—	19 038	—	74 337	93 375
Current strategic investments	—	23 358	10 294	—	33 652
Other current assets	—	641 791	—	771	642 562
Cash and cash equivalents	—	870 013	—	—	870 013
Assets in disposal group held for sale	—	280 295	—	—	280 295
Total assets	500 113	5 400 271	325 408	1 121 780	7 347 572
Liabilities					
Non-current interest-bearing liabilities	—	460 439	—	309 102	769 541
Non-current non-interest-bearing liabilities	—	2 653	—	—	2 653
Deferred taxation	86 217	261 672	41 520	—	389 409
Current interest-bearing liabilities	—	51 251	10 294	—	61 545
Accrued interest-bearing liabilities	—	—	—	1 288 943	1 288 943
Current non-interest-bearing liabilities	—	714 802	—	296	715 098
Liabilities in disposal group held for sale	—	176 895	—	—	176 895
Total liabilities	86 217	1 667 712	51 814	1 598 341	3 404 084
Net assets	413 896	3 732 559	273 594	(476 561)	3 943 488
INCOME STATEMENT INFORMATION					
Revenue[2]	—	3 538 918	—	—	3 538 918
Profit from operations	—	246 747	—	—	246 747
Net interest income/(expensed)	—	73 134	—	(16 006)	57 128
Dividend income	—	1 846	9 368	—	11 214
Fair value adjustments and net loss from investments	(783 166)	(721 348)	(113 394)	(13 411)	(1 631 319)
Share of profit/(loss) from associates	—	624	—	(526 886)	(526 262)
Net loss before taxation, BEE costs and goodwill impairment	(783 166)	(398 997)	(104 026)	(556 303)	(1 842 492)
Taxation	116 060	(23 066)	17 925	74 041	184 960
Net loss before BEE costs and goodwill impairment	(667 106)	(422 063)	(86 101)	(482 262)	(1 657 532)
Impairment to goodwill					(11 486)
Cost of BEE transaction					(16 175)
Net loss for the year					(1 685 193)

[1]*Segmental information for 30 June 2008 has been reclassified to reflect the sectors in which the Group's investments are managed.*
[2]*Revenue is revenue received from external customers. Intersegment revenue represents 0,003% of total revenue.*

	Financial services R'000	Consumer services R'000	Construction and infrastructure R'000	Telecoms, media and technology R'000	Total R'000
CASH FLOW STATEMENT INFORMATION					
Cash flow from operating activities	—	202 396	9 368	(2 961)	208 803
Cash flow from investing activities	—	(316 872)	(343)	(1 586 968)	(1 904 183)
Cash flow from financing activities	—	16 383	(9 025)	1 589 929	1 597 287
	—	(98 093)	—	—	(98 093)
Cash flows with shareholders					
– Share buy-backs net of proceeds from issue of shares					(92 971)
– Share issue costs					(259 546)
– Distributions/dividends paid					(30 016)
Net movement in cash and cash equivalents					(480 626)

Balance sheets

at 30 June

		Group		Company	
	Notes	2009 R'000	2008 R'000	2009 R'000	2008 R'000
ASSETS					
Non-current assets		**5 802 582**	5 521 050	**3 252 754**	3 305 176
Property, plant and equipment	1	**322 610**	268 150	**—**	—
Goodwill	2	**730 976**	723 639	**101 251**	101 251
Intangible assets	3	**129 836**	127 790	**—**	—
Interest in subsidiaries	4	**—**	—	**2 646 976**	2 857 865
Investments in associates	5	**720 580**	779 995	**—**	—
Strategic investments	6	**3 864 909**	3 524 859	**504 527**	346 060
Financial assets – derivative financial instrument	7	**—**	3 242	**—**	—
Deferred taxation	15	**33 671**	93 375	**—**	—
Current assets		**1 262 554**	1 546 227	**78 030**	18 760
Strategic investments	6	**11 254**	33 652	**—**	—
Inventories	8	**40 906**	37 664	**—**	—
Trade and other receivables	9	**740 842**	604 898	**140**	1 125
Cash and cash equivalents	10	**469 552**	870 013	**77 890**	17 635
Assets in disposal group held for sale	11	**—**	280 295	**—**	—
Total assets		**7 065 136**	7 347 572	**3 330 784**	3 323 936
EQUITY AND LIABILITIES					
Capital and reserves		**4 017 544**	3 943 488	**3 290 164**	3 287 135
Share capital	12	**585**	585	**622**	622
Share premium		**2 021 612**	2 021 612	**2 047 803**	2 047 803
Non-distributable reserve		**97 725**	81 550	**97 725**	81 550
Distributable reserves		**1 719 966**	1 716 512	**1 144 014**	1 157 160
Total attributable to ordinary equity holders		**3 839 888**	3 820 259	**3 290 164**	3 287 135
Minority interests		**177 656**	123 229	**—**	—
Non-current liabilities		**2 210 823**	1 161 603	**36 619**	14 863
Interest-bearing liabilities	13	**1 700 627**	769 541	**—**	—
Non-interest-bearing liabilities	14	**—**	2 653	**—**	—
Financial assets – derivative financial instrument	7	**34 199**	—	**—**	—
Deferred taxation	15	**475 997**	389 409	**36 619**	14 863
Current liabilities		**836 769**	2 065 586	**4 001**	21 938
Trade and other payables	16	**740 538**	667 352	**1 110**	1 242
Accrued interest-bearing liabilities		**—**	1 288 943	**—**	—
Interest-bearing liabilities	13	**64 084**	61 545	**—**	—
Non-interest-bearing liabilities	14	**25 021**	3 977	**2 577**	2 577
Provisions	17	**—**	17 553	**—**	—
Taxation liabilities		**7 126**	26 216	**314**	18 119
Liabilities in disposal group held for sale	11	**—**	176 895	**—**	—
Total equity and liabilities		**7 065 136**	7 347 572	**3 330 784**	3 323 936

Income statements

for the year ended 30 June

		Group		Company	
	Notes	**2009 R'000**	2008 R'000	**2009 R'000**	2008 R'000
Revenue		**3 745 662**	3 538 918	**—**	—
Cost of sales and direct expenses		**(2 721 682)**	(2 635 688)	**—**	—
Gross profit		**1 023 980**	903 230	**—**	—
Other operating income		**49 926**	48 941	**—**	96
Operating expenses		**(818 316)**	(705 424)	**(599)**	(6 174)
Profit/(loss) from operations	18	**255 590**	246 747	**(599)**	(6 078)
Interest received		**60 111**	97 052	**8 826**	80 970
Interest paid	19	**(204 792)**	(39 924)	**(195)**	—
Dividend income		**50 487**	11 214	**—**	—
Fair value adjustments and net profit/(loss) from investments	20	**314 976**	(1 631 319)	**155 398**	(521 305)
Share of loss from associates	21	**(34 131)**	(526 262)	**—**	—
Impairment of goodwill		**—**	(11 486)	**—**	—
Cost of BEE transaction	22	**(16 175)**	(16 175)	**(16 175)**	(16 175)
Net profit/(loss) before taxation		**426 066**	(1 870 153)	**147 255**	(462 588)
Taxation	23	**(249 619)**	184 960	**(37 410)**	53 587
Net profit/(loss) for the year		**176 447**	(1 685 193)	**109 845**	(409 001)
Attributable to:					
Ordinary shareholders		**88 973**	(1 532 789)	**79 883**	(439 017)
Other shareholders		**87 474**	(152 404)	**29 962**	30 016
Preference shareholders		**29 962**	30 016	**29 962**	30 016
Minority interests		**57 512**	(182 420)	**—**	—
		176 447	(1 685 193)	**109 845**	(409 001)
Basic earnings/(loss) per ordinary share (cents)		**21,9**	(368,0)	**—**	—
Diluted earnings/(loss) per ordinary share (cents)		**25,6**	(317,1)	**—**	—
Fully diluted earnings/(loss) per ordinary share (cents)		**25,6**	(228,9)	**—**	—

Cash flow statements

for the year ended 30 June

		Group		Company	
	Notes	**2009 R'000**	2008 R'000	**2009 R'000**	2008 R'000
Cash flows from operating activities		**200 590**	208 803	**(24 574)**	(15 608)
Cash received from customers	25	**3 620 688**	3 374 452	**—**	—
Cash paid to suppliers and employees	26	**(3 257 743)**	(3 103 303)	**—**	—
Cash generated from/(utilised in) operations	27	**362 945**	271 149	**254**	(12 220)
Interest received		**60 111**	97 052	**8 826**	80 970
Interest paid		**(153 290)**	(23 918)	**(195)**	—
Investment income		**51 751**	11 263	**—**	—
Taxation paid	29	**(120 927)**	(146 743)	**(33 459)**	(84 358)
Cash flows from investing activities		**(52 400)**	(1 904 183)	**207 820**	157 784
Net disposals/(acquisitions) of subsidiaries	30	**87 357**	(15 693)	**—**	—
Additions to property, plant and equipment and other intangible assets		**(226 797)**	(309 864)	**—**	—
Proceeds from disposal of property, plant and equipment		**7 653**	21 439	**—**	—
Proceeds from disposal of investments		**7 276**	—	**—**	—
Decrease/(increase) in investments		**72 111**	(1 600 065)	**207 820**	157 784
Cash flows from financing activities		**(549 718)**	1 214 754	**(122 991)**	(127 476)
Net increase in non-current liabilities		**905 040**	332 726	**—**	—
(Decrease)/increase in current liabilities		**(1 336 619)**	1 270 457	**—**	—
Decrease in minority interest		**(2 658)**	(5 896)	**—**	—
Share buy-backs net of proceeds from issue of shares		**—**	(259 546)	**—**	—
Distributions to ordinary shareholders		**—**	(92 971)	**—**	(97 460)
Dividends paid		**(115 481)**	(30 016)	**(122 991)**	(30 016)
Net (decrease)/increase in cash and cash equivalents		**(401 528)**	(480 626)	**60 255**	14 700
Cash and cash equivalents at the beginning of the year[1]		**871 080**	1 351 706	**17 635**	2 935
Cash in disposal group held for sale	11	**—**	(1 067)	**—**	—
Cash and cash equivalents at the end of the year	10	**469 552**	870 013	**77 890**	17 635

[1]*R870 013 000 plus R1 067 000 reclassified to disposal Group held for sale at 30 June 2008.*

Statements of changes in equity

for the year ended 30 June

	Share capital R'000	Share premium R'000	Non-distri-butable reserves R'000	Distri-butable reserves R'000	Total attributable to equity holders R'000	Minority interests R'000	Capital and reserves R'000
GROUP							
Balance at 30 June 2007	612	2 114 583	65 375	3 508 820	5 689 390	311 100	6 000 490
Shares bought back	(27)	—	—	(259 519)	(259 546)	—	(259 546)
Cost of BEE transaction	—	—	16 175	—	16 175	—	16 175
Net acquisitions of subsidiaries	—	—	—	—	—	445	445
Net loss for the year	—	—	—	(1 502 773)	(1 502 773)	(182 420)	(1 685 193)
Distribution/dividends paid	—	(92 971)	—	(30 016)	(122 987)	(5 896)	(128 883)
Balance at 30 June 2008	**585**	**2 021 612**	**81 550**	**1 716 512**	**3 820 259**	**123 229**	**3 943 488**
Cost of BEE transaction	**—**	**—**	**16 175**	**—**	**16 175**	**—**	**16 175**
Net disposals of subsidiaries	**—**	**—**	**—**	**—**	**—**	**(427)**	**(427)**
Net profit for the year	**—**	**—**	**—**	**118 935**	**118 935**	**57 512**	**176 447**
Dividends paid	**—**	**—**	**—**	**(115 481)**	**(115 481)**	**(2 658)**	**(118 139)**
Balance at 30 June 2009	**585**	**2 021 612**	**97 725**	**1 719 966**	**3 839 888**	**177 656**	**4 017 544**
COMPANY							
Balance at 30 June 2007	622	2 145 263	65 375	1 596 177	3 807 437	—	3 807 437
Cost of BEE transaction	—	—	16 175	—	16 175	—	16 175
Net loss for the year	—	—	—	(409 001)	(409 001)	—	(409 001)
Distribution/dividends paid	—	(97 460)	—	(30 016)	(127 476)	—	(127 476)
Balance at 30 June 2008	**622**	**2 047 803**	**81 550**	**1 157 160**	**3 287 135**	**—**	**3 287 135**
Cost of BEE transaction	**—**	**—**	**16 175**	**—**	**16 175**	**—**	**16 175**
Net profit for the year	**—**	**—**	**—**	**109 845**	**109 845**	**—**	**109 845**
Dividends paid	**—**	**—**	**—**	**(122 991)**	**(122 991)**	**—**	**(122 991)**
Balance at 30 June 2009	**622**	**2 047 803**	**97 725**	**1 144 014**	**3 290 164**	**—**	**3 290 164**

Notes to the financial statements

1. PROPERTY, PLANT AND EQUIPMENT

Group: 2009

	Cost R'000	Accumulated depreciation and impairment R'000	Net book value R'000
Land and buildings	12 831	—	12 831
Plant and equipment	264 746	(128 040)	136 706
Office equipment	17 744	(14 410)	3 334
Computer equipment	98 476	(79 138)	19 338
Furniture and fittings	31 279	(23 851)	7 428
Motor vehicles	253 938	(121 335)	132 603
Improvements to leasehold premises	22 339	(11 969)	10 370
	701 353	(378 743)	322 610

Reconciliation of net book value

	Net book value 30 June 2008 R'000	Additions R'000	Disposals[1] R'000	Depreciation and impairment[2] R'000	Net book value 30 June 2009 R'000
Land and buildings	4 951	7 880	—	—	12 831
Plant and equipment	114 676	117 678	(43 934)	(51 714)	136 706
Office equipment	4 832	915	(494)	(1 919)	3 334
Computer equipment	16 141	12 830	(46)	(9 587)	19 338
Furniture and fittings	7 957	3 059	(815)	(2 773)	7 428
Motor vehicles	107 909	68 207	(5 732)	(37 781)	132 603
Improvements to leasehold premises	11 684	2 276	(871)	(2 719)	10 370
	268 150	212 845	(51 892)	(106 493)	322 610
Analysis of additions					
Replacement of assets		53 355			
Expansion of businesses		159 490			
		212 845			

[1] *Excluded from disposal is R154 006 000 in property, plant and equipment reclassified in the prior period now disposed of with the disposal of Trollope Mining Services (Proprietary) Limited. Refer to note 11.*

[2] *Included in depreciation and impairment is an impairment of R6 000 for 30 June 2009 (2008: Rnil).*

Notes to the financial statements continued

1. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Group: 2008

	Cost R'000	Accumulated depreciation impairment R'000	Net book value R'000
Land and buildings	4 951	—	4 951
Plant and equipment	274 541	(159 865)	114 676
Office equipment	17 652	(12 820)	4 832
Computer equipment	87 664	(71 523)	16 141
Furniture and fittings	30 212	(22 255)	7 957
Motor vehicles	210 558	(102 649)	107 909
Improvements to leasehold premises	21 376	(9 692)	11 684
	646 954	(378 804)	268 150

Reconciliation of net book value

	Net book value 30 June 2007 R'000	Additions R'000	Disposals R'000	Depreciation impairment[1] R'000	Reclassified as held for sale R'000	Net book value 30 June 2008 R'000
Land and buildings	4 951	—	—	—	—	4 951
Plant and equipment	250 983	176 896	(21 169)	(143 986)	(148 048)	114 676
Office equipment	6 472	1 313	(25)	(2 928)	—	4 832
Computer equipment	18 158	9 313	(726)	(10 321)	(283)	16 141
Furniture and fittings	7 851	5 182	(290)	(3 393)	(1 393)	7 957
Motor vehicles	95 697	57 887	(7 027)	(34 366)	(4 282)	107 909
Improvements to leasehold premises	5 506	9 438	(815)	(2 445)	—	11 684
	389 618	260 029	(30 052)	(197 439)	(154 006)	268 150

Analysis of additions

Replacement of assets		102 394
Expansion of businesses		157 635
		260 029

[1]*Included in depreciation and impairment is the fair value writedown of disposal group held for sale (refer to note 11).*

Property, plant and equipment reclassified to disposal group classified as held for sale amounts to R154 006 000 and relates to assets which belong to Trollope Mining Services (part of the consumer segment). Trollope Mining Services was disposed of on 1 October 2008.

Land and buildings comprise portion 135, Farm Waterval 273, Pretoria, and the third floor of The Cliffs office block, Niagara Way, Tyger Falls. The useful life of the buildings is estimated to be 50 years. No depreciation was provided for on land and buildings as the estimated residual values equal or exceed the carrying value.

Certain of the Group's assets are encumbered by instalment sale agreements and capitalised finance leases as described in note 13.

Bank borrowings to the value of R5 867 000 are secured on land and buildings (note 13).

Plant and equipment and motor vehicles include the following amounts where the Group is a lessee under a finance lease:

	Group	
	2009 R'000	2008 R'000
Cost – capitalised finance leases	**344 317**	264 482
Accumulated depreciation	**(187 755)**	(149 618)
	156 562	114 864

The Group leases various vehicles, plant and equipment under non-cancellable finance lease agreements. The lease terms are between 1 and 4 years, and ownership of the assets lies within the Group.

Notes to the financial statements continued

	Group		Company	
	2009 R'000	2008 R'000	**2009 R'000**	2008 R'000
2. GOODWILL				
Deemed cost	**743 175**	735 838	**101 251**	101 251
Accumulated impairments	**(12 199)**	(12 199)	**—**	—
	730 976	723 639	**101 251**	101 251
Reconciliation of net book value				
Net book value at the beginning of the year	**723 639**	718 503	**101 251**	101 251
Acquisitions of subsidiaries	**7 337**	27 126	**—**	—
Disposals of subsidiaries	**—**	(10 504)	**—**	—
Impairment losses	**—**	(11 486)	**—**	—
	730 976	723 639	**101 251**	101 251

The impairment testing on goodwill is documented as part of estimates and judgements on pages 72 to 73 to this report.

Additions to goodwill of R7 337 000 relates mainly to the acquisition of the remaining 22,5% interest in RoyalSechaba Food Services (Proprietary) Limited by RoyalSechaba.

The impairment of goodwill of R11 486 000 in the prior year relates to Trollope Mining Services (Proprietary) Limited which was disposed of on 1 October 2008.

3. INTANGIBLE ASSETS

Group: 2009

	Cost R'000	Accumulated amortisation and impairment R'000	Net book value R'000
Trademarks	**61 539**	**(526)**	**61 013**
Computer software	**37 584**	**(33 590)**	**3 994**
Manufacturing and distribution rights	**64 829**	**—**	**64 829**
	163 952	**(34 116)**	**129 836**

Reconciliation of net book value

	Net book value 30 June 2008 R'000	Additions R'000	Disposals R'000	Amortisation and impairment R'000	Net book value 30 June 2009 R'000
Trademarks	**61 539**	**—**	**—**	**(526)**	**61 013**
Computer software	**8 344**	**7 030**	**—**	**(11 380)**	**3 994**
Manufacturing and distribution rights	**57 907**	**6 922**	**—**	**—**	**64 829**
	127 790	**13 952**	**—**	**(11 906)**	**129 836**

Notes to the financial statements continued

3. INTANGIBLE ASSETS *(continued)*

Group: 2008

	Cost R'000	Accumulated amortisation R'000	Net book value R'000
Trademarks	61 539	—	61 539
Computer software	30 554	(22 210)	8 344
Manufacturing and distribution rights	57 907	—	57 907
	150 000	(22 210)	127 790

Reconciliation of net book value

	Net book value 30 June 2007 R'000	Additions R'000	Disposals R'000	Amortisation R'000	Net book value 30 June 2008 R'000
Trademarks	61 539	—	—	—	61 539
Computer software	19 549	—	—	(11 205)	8 344
Manufacturing and distribution rights	—	57 907	—	—	57 907
	81 088	57 907	—	(11 205)	127 790

Trademarks comprise the trademarks used by Coin Security, King Pie and Blacksteer. During the financial year trademark to the value of R526 000 used by Blacksteer was impaired.

Computer software has a remaining useful life of one year.

	Company 2009 R'000	Company 2008 R'000
4. INTEREST IN SUBSIDIARIES		
Shares at cost	**607 001**	607 001
Loans receivable	**2 139 623**	2 350 512
Goodwill and trademarks previously written off	**(99 648)**	(99 648)
	2 646 976	2 857 865

Details of principal subsidiary companies are set out on page 118.

Notes to the financial statements continued

	Group 2009 R'000	Group 2008 R'000
5. INVESTMENTS IN ASSOCIATES		
Shares at cost	**1 293 946**	1 299 298
Group's share of post-acquisition reserves	**70 715**	5 663
Loan receivables	**—**	2 784
Accumulated impairment of investments in associates	**(644 081)**	(527 750)
	720 580	779 995
Reconciliation of the carrying value of investments in associates		
Carrying value at the beginning of the year	**779 995**	11 215
Share of net attributable profit of associated companies[1]	**65 052**	1 439
Net acquisitions of investments in associates	**—**	1 296 292
Disposal of investments in associates	**(5 352)**	—
Decrease in loan receivables	**(2 784)**	(1 201)
Impairment of investment in associated companies	**(116 331)**	(527 750)
Carrying value at the end of the year	**720 580**	779 995
Directors' valuation of shares[2]		
Listed shares	**714 279**	767 757
Unlisted shares	**6 301**	5 380

[1]*Share of profit is after tax and minority interest in associates.*

[2]*Directors' valuation of shares is indicative of the fair value of the Group's investment in associates.*

The impairment of investments in associates of R116 331 000 (2008: R527 750 000) relates mainly to the investment in Avusa Limited (part of the Telecoms, media and technology segment). The recoverable amount of the investment in Avusa was based on its value in use, and the value in use has been computed using projected future cash flows and a WACC of 14,8% (2008: 17,1%).

The Group's share of the results of principal associates, all, except for Avusa Limited, are unlisted, and its aggregated assets (including goodwill) and liabilities, are as follows:

Name of associated company	% interest held	Country of incorporation	Assets R'000	Liabilities R'000	Revenues R'000	Profit R'000
2009						
Experience Delivery Company (Proprietary) Limited	**48,0**	**RSA**	**25 693**	**17 153**	**30 980**	**2 003**
Avusa Limited	**25,5**	**RSA**	**3 112 000**	**1 600 000**	**4 875 000**	**329 000**
			3 137 693	**1 617 153**	**4 905 980**	**331 003**

Name of associated company	% interest held	Country of incorporation	Assets R'000	Liabilities R'000	Revenues R'000	Profit/(loss) R'000
2008						
Telesafe (Proprietary) Limited	49,0	RSA	16 194	12 229	62 662	(72)
Resolution Insurance Company (Proprietary) Limited	40,0	RSA	20 981	14 504	19 480	1 337
Experience Delivery Company (Proprietary) Limited[1]	48,0	RSA	—	—	—	—
Matrixcity SDN BHD	30,0	Malaysia	5 465	3 689	3 881	(1 778)
Avusa Limited (formerly Johncom)[2]	25,5	RSA	—	—	—	—
Al-Jaber Coin LLC[3]	49,0	UAE	—	—	—	—
			42 640	30 422	86 023	(513)

[1]*No financial management information at date of signing of financials.*

[2]*No financial management information for Avusa Limited was available at date of signing of financials.*

[3]*Proportionate consolidation since December 2007.*

Notes to the financial statements continued

	Group		Company	
	2009 R'000	2008 R'000	**2009 R'000**	2008 R'000
6. STRATEGIC INVESTMENTS				
Investments designated as "fair value through profit and loss"				
Listed shares at cost	**410 987**	398 055	**—**	—
Unlisted shares at cost	**1 100 088**	1 255 305	**418 390**	418 390
Shares at cost	**1 511 075**	1 653 360	**418 390**	418 390
Loan receivables	**323 066**	330 340	**17 231**	14 161
Accumulated net fair value gains/(losses) arising on revaluation of strategic investments	**2 042 022**	1 574 811	**68 906**	(86 491)
	3 876 163	3 558 511	**504 527**	346 060
Comprising				
Non-current strategic investments	**3 864 909**	3 524 859	**504 527**	346 060
Current strategic investments	**11 254**	33 652	**—**	—
	3 876 163	3 558 511	**504 527**	346 060
Reconciliation of the carrying value of other investments				
Carrying value at the beginning of the year	**3 558 511**	4 767 556	**346 060**	856 928
Acquisitions of subsidiaries	**1 200**	1 497	**—**	—
Net (investments disposed)/new investments	**(150 759)**	247 570	**3 070**	10 437
Net fair value gains/(losses) arising on revaluation of strategic investments	**467 211**	(1 458 112)	**155 397**	(521 305)
	3 876 163	3 558 511	**504 527**	346 060
Directors' valuation of shares				
Listed investments	**309 940**	683 911	**—**	—
Unlisted investments	**3 566 223**	2 874 600	**504 527**	346 060

Full details of strategic investments held are available for inspection by members or their nominees at the company's registered office.

A list of principal investments held is set out on page 119.

Loans receivable of R54 150 000 (2008: R92 333 000) earn interest at variable rates linked to the prime overdraft rate and/or at rates determined from time to time. Loans with a carrying value of R78 074 000 (2008: R112 056 000) are secured by cessions of debtors, general notarial bonds and pledges of specific assets of the debtor companies, and, in certain circumstances, personal suretyships from the directors of the debtor companies.

Certain of the Group's other investments are subject to selling and other restrictions as set out below:

Absa

Nature of investment	The Group owns an effective 44,7% (after deducting minority interests) interest in Batho Bonke, who owns ordinary shares equating to an effective 5,01% stake in Absa. The Group therefore owns an effective 2,23% interest in Absa.
Valuation methodology	The closing Absa share price of R110,00 per share on the JSE on 30 June 2009.
Selling and other restrictions	Batho Bonke exercised its options on 1 June 2009 in Absa Group and this resulted in Batho Bonke owning directly 5,1% of Absa Group's ordinary shares. This was funded through a bridging facility provided by Absa Group. The temporary facility has been replaced by permanent funding from a consortium of financial institutions.

Life Healthcare

Nature of investment	The Group owns an effective 22% interest in the equity and shareholders' loans of Life Healthcare.
Valuation methodology	EBITDA multiple based on historic financial results, less associated debt.

Notes to the financial statements continued

6. STRATEGIC INVESTMENTS *(continued)*

Selling and other restrictions	Subject to pre-emptive rights in favour of the other shareholders of Life Healthcare. The ordinary shares and claims held by the Group are pledged to the Industrial Development Corporation of South Africa as security for the preference share obligations of the Group to the Industrial Development Corporation of South Africa as disclosed in note 13 to the financial statements.

Group Five

Nature of investment	The Group holds 13,5 million Group Five ordinary shares.
Valuation methodology	Option-pricing model based on the closing Group Five share price of R34,70 on the JSE on 30 June 2009.
Selling and other restrictions	10,7 million of the Group Five shares are pledged as security to Group Five for the obligations disclosed in this note. The Group has an obligation to sell back to Group Five, at par value, such number of Group Five ordinary shares (calculated based on the Group Five ordinary share price in 2011) as is equivalent to the value of a "notional loan amount" in 2011, subject to a maximum number of 10,7 million Group Five ordinary shares. The notional loan amount is calculated based on an initial value of R14,43 per Group Five ordinary share plus notional interest at 12% per annum compounded annually. The remaining 2,8 million Group Five ordinary shares are not subject to any selling or other restrictions.

Vox Telecom

Nature of investment	The Group holds 135,5 million Vox Telecom ordinary shares.
Valuation methodology	The closing Vox Telecom share price of R0,55 per share on the JSE AltX on 30 June 2009.
Selling and other restrictions	The ordinary shares held by the Group are pledged to Absa Capital as security for the preference share obligation of the Group to Absa Capital as disclosed in note 13 to the financial statements.

Other

Nature of investment	Shares in unlisted companies and loans receivable.
Valuation methodology	Market values of listed shares, PE multiple, net asset value methodologies, less associated debt. Loans receivable are carried at amortised cost, being sums advanced less capital amounts repaid.
Selling and other restrictions	Investments with a carrying value of R21 568 000 have been pledged as security for the obligations of the special-purpose vehicles used to finance the original acquisition of these investments, to the relevant financiers.

	Group			
	2009		2008	
	Financial asset R'000	**Financial liability R'000**	Financial asset R'000	Financial liability R'000
7. DERIVATIVE FINANCIAL INSTRUMENT				
Derivative financial instrument classified as held for trading with fair value through profit and loss				
Interest rate swap – "zero premium knock-in swap"	**—**	**34 199**	3 242	—

On 20 June 2008 the Group entered into a "zero premium knock-in swap" with Absa Capital on a notional amount of R330 000 000. The cap or floor rate is at 12,53% and the barrier level is at 11,05%. The floating rate is based on three-month JIBAR with reset dates on 30 March, June, September and December. The knock-in event occurs when on any reset date the floating rate is equal to or lower than the barrier level. A fair value loss on the interest rate swap is as a result of the forward prime curve (used to predict three-month JIBAR) predicting lower interest rates.

Notes to the financial statements continued

	Group	
	2009 R'000	2008 R'000
8. INVENTORIES		
Raw materials	**12 274**	12 475
Work in progress	**2 834**	711
Consumables	**7 797**	10 819
Merchandise and finished goods	**18 001**	14 400
Reclassified to assets in disposal group held for sale	**—**	(741)
	40 906	37 664

The cost of inventories recognised as an expense includes R0,6 million (2008: R1,1 million) in respect of writedowns of inventory to net realisable value.

	Group		Company	
	2009 R'000	2008 R'000	**2009 R'000**	2008 R'000
9. TRADE AND OTHER RECEIVABLES				
Trade receivables	**551 719**	711 226	**—**	—
Less: Provision for impairment of trade receivables	**(81 667)**	(85 208)	**—**	—
	470 052	626 018	**—**	—
Prepayments	**37 290**	29 131	**—**	—
Other receivables	**233 500**	74 230	**140**	1 125
Reclassified to assets in disposal group held for sale	**—**	(124 481)	**—**	—
	740 842	604 898	**140**	1 125
10. CASH AND CASH EQUIVALENTS				
Bank balances	**450 356**[1]	365 225	**77 890**	17 635
Term deposits	**19 196**	505 855	**—**	—
Reclassified to assets in disposal group held for sale	**—**	(1 067)	**—**	—
	469 552	870 013	**77 890**	17 635

[1]*Included in total cash and cash equivalents is R78 000 000 placed on margin call as additional security for the funding on Vox Telecom.*

	Group	
	2009 R'000	2008 R'000
11. DISPOSAL GROUP HELD FOR SALE		
In the previous financial period the Group decided to dispose of its 100% interest in Trollope Mining Services (Proprietary) Limited. On 1 October 2009 the Group disposed of its interest in Trollope Mining Services (Proprietary) Limited.		
The disposal group includes the following assets:		
Property, plant and equipment	**—**	154 006
Inventories	**—**	741
Trade and other receivables	**—**	124 481
Cash and cash equivalents	**—**	1 067
Assets in disposal group held for sale	**—**	280 295
The disposal group includes the following liabilities:		
Non-current interest-bearing liabilities	**—**	44 165
Deferred taxation	**—**	12 966
Trade and other payables	**—**	68 632
Current interest-bearing liabilities	**—**	48 934
Tax liabilities	**—**	2 198
Liabilities in disposal group held for sale	**—**	176 895

Of the fair value writedown of R61 499 000 at 30 June 2008, R61 205 000 pertaining to the writedown in property, plant and equipment has been included in note 20 to the financial statements. R294 000 in respect of inventories has been included in cost of sales. The disposal group formed part of the consumer services segment.

Notes to the financial statements continued

	Group		Company	
	2009 R'000	2008 R'000	**2009 R'000**	2008 R'000
12. SHARE CAPITAL				
Authorised				
750 000 000 ordinary shares of 0,1 cent each	**750**	750	**750**	750
100 000 000 convertible perpetual cumulative preference shares of 0,1 cent each	**100**	100	**100**	100
124 425 055 redeemable option-holding shares of 0,1 cent each	**124**	124	**124**	124
Issued				
Ordinary share capital				
443 000 223 (2008: 443 000 223) ordinary shares of 0,1 cent each	**443**	443	**443**	443
Less:				
569 746 (2008: 569 746) ordinary shares of 0,1 cent each held by the Share Incentive Scheme	**(1)**	(1)	**—**	—
35 765 285 (2008: 35 765 285) ordinary shares of 0,1 cent each held by a subsidiary company in terms of the share buy-back programme	**(36)**	(36)	**—**	—
Preference share capital				
54 700 000 convertible perpetual cumulative preference shares of 0,1 cent each	**55**	55	**55**	55
Redeemable option-holding shares				
124 425 055 redeemable option-holding shares of 0,1 cent each	**124**	124	**124**	124
	585	585	**622**	622

There were no changes in the issued share capital as reported in the directors' report. All issued shares are fully paid up.

Share options

Details on share options granted through the share incentive scheme are set out on pages 61 to 62 in the directors' report.

Treasury shares

During 30 June 2008 the Company acquired 35 765 285 of its own ordinary shares. The total amount paid to acquire the shares was R360 041 000 and has been deducted from distributable reserves within shareholders' equity. The shares are held as "treasury shares" in a subsidiary of the Group.

Preference share terms

The preference shares earn dividends at a rate of 5,5% per annum until 4 November 2010. After 4 November 2010 the rate becomes a variable rate of 80% of the prime overdraft rate. Each preference share is convertible at the instance of the holder into 1,08 ordinary share between 4 November 2009 and 4 November 2010. If not converted into ordinary shares by 4 November 2010, the preference shares are redeemable at the instance of Mvelaphanda Group or will remain as perpetual preference shares. The reduction in the conversion price of the preference shares to R9,30 per share from R9,53 per share for the 2009 financial year was published on SENS (4 December 2008) in line with the terms of the offering circular issued to the Group's shareholders dated 4 November 2005.

Redeemable option-holding share terms

On 19 June 2007, 124 425 055 redeemable option-holding shares with a par value of 0,1 cent each in the share capital of Mvelaphanda Group were issued at their par value. The redeemable option-holding shares are not listed on the JSE.

Each redeemable option-holding share ranks *pari passu* with an ordinary share in terms of notices and voting (other than in respect of certain restrictions imposed by the JSE). Each redeemable option-holding share has an option attached to it, allowing the redeemable option-holding shareholder to subscribe for one ordinary share as set out below:

Earliest redemption date/option exercise date:	fourth anniversary of the issue date.
Latest redemption date/final option exercise date:	fifth anniversary of the issue date.
Redemption price per redeemable option-holding share:	0,1 cent.
Option strike price per redeemable option-holding share:	an amount equal to R12,00, escalating at 10% per annum from the date of issue of the redeemable option-holding share to the fourth anniversary of the date of issue, subject to a minimum of R17,50; or
	if the 30-day VWAP at which Mvelaphanda Group ordinary shares trade on the JSE on the business day immediately preceding the option-exercise date, as certified by Standard Bank, is greater than R25,00, the sum of R17,50 and 50% of the amount by which the 30-day VWAP exceeds R25,00.

The redeemable option-holding shares are not entitled to receive dividends.

Unissued shares

The unissued ordinary shares and unissued preference shares are not within the control of the directors.

Notes to the financial statements continued

	Group 2009 R'000	Group 2008 R'000
13. INTEREST-BEARING LIABILITIES		
Asset-based finance		
Secured		
Capitalised finance leases	**83 017**	78 027
Total amount owing	**144 059**	125 522
Current portion included in current liabilities	**(61 042)**	(47 495)
Secured by property, plant and equipment with a net book value of R156 562 000 (2008: R114 864 000). The liabilities bear interest at rates linked to the prime overdraft rate ranging between 9% and 12% per annum, and are repayable in equal monthly instalments of R6 477 000 (2008: R4 948 032).		
Reconciliation to present value of finance lease liabilities:		
Gross finance lease liabilities' minimum lease payments:	**163 672**	153 027
No later than 1 year	**72 070**	60 910
Later than 1 year and no later than 5 years	**91 602**	91 571
Later than 5 years	**—**	546
Finance charges:	**(19 613)**	(27 505)
No later than 1 year	**(11 028)**	(13 415)
Later than 1 year and no later than 5 years	**(8 585)**	(14 086)
Later than 5 years	**—**	(4)
Present value of future lease payments:	**144 059**	125 522
No later than 1 year	**61 042**	47 495
Later than 1 year and no later than 5 years	**83 017**	77 485
Later than 5 years	**—**	542
Instalment sales agreement	**3 697**	48 961
Total amount owing	**6 306**	99 964
Current portion included in current liabilities	**(2 609)**	(51 003)
Secured by property, plant and equipment with a net book value of R5 937 000 (2008: R146 521 000). The liabilities bear interest at rates linked to the prime overdraft rate ranging between 9% and 11% per annum, and are repayable in equal monthly instalments of R271 000 (2008: R239 000).		
Bank loan over property	**5 450**	—
Total amount owing	**5 867**	—
Current portion included in current liabilities	**(417)**	—
Secured by buildings with a net book value of R8 301 000. The liability bears interest at prime overdraft rate less 1,25% per annum, and the period of the loan is 10 years.		

Notes to the financial statements continued

	Group	
	2009 R'000	2008 R'000
13. INTEREST-BEARING LIABILITIES *(continued)*		
Investment funding		
Secured		
Preference shares issued to the Industrial Development Corporation of South Africa Limited	**365 037**	327 616
Capital amount owing	**126 389**	126 389
Dividends accrued and fair value adjustments	**238 648**	201 227
Secured by a cession and pledge of the ordinary shares and claims held by Mvelaphanda Strategic Investments (Proprietary) Limited in/against Newshelf 776 (Proprietary) Limited. The preference shares have a coupon rate of the greater of an 8% after-tax internal rate of return or 30% of the *pro rata* increase in the net asset value of the issuer company. The preference shares are redeemable at the option of the issuer company on or after 31 May 2010, but in any event by no later than 31 May 2012.		
Preference A shares issued to Absa Capital, a division of Absa Bank Limited	**237 113**	215 427
Capital amount owing	**206 681**	206 681
Dividends accrued	**30 432**	8 746
Secured by a cession and pledge of the ordinary shares and claims held by Mvelaphanda Group Limited in/against Dixonville (Proprietary) Limited. The preference shares have a coupon rate of 67% of prime overdraft rate. The preference shares are redeemable at the option of the issuer company on or after 30 January 2013.		
Preference B shares issued to Absa Capital, a division of Absa Bank Limited	**104 435**	93 675
Capital amount owing	**89 375**	89 375
Dividends accrued	**15 060**	4 300
Secured by a cession and pledge of the ordinary shares and claims held by Mvelaphanda Group Limited in/against Dixonville (Proprietary) Limited. The preference shares have a coupon rate of 76% of prime overdraft rate. The preference shares are redeemable at the option of the issuer company on or after 30 January 2013.		
Preference shares issued to United Towers and Depfin Investments	**482 438**	—
Capital amount owing	**482 438**	—
Dividends accrued	**—**	—
Restricted assets (as defined) are pledged as security. The preference shares have a coupon rate of 78% of prime rate (converted to nominal annual compound quarterly rate). The preference shares are redeemable on or after 31 December 2011 in accordance with the preference share terms, but in any event no later than 30 June 2015.		
Preference A shares issued to Depfin Investments (Proprietary) Limited, a subsidiary of Nedbank Capital	**250 261**	—
Capital amount owing	**245 000**	—
Dividends accrued	**5 261**	—
Secured by a cession and pledge of the ordinary shares and claims held by Mvelaphanda Group Limited in/against Richtrau No. 229 (Proprietary) Limited. The preference shares have a coupon rate of 78% of prime overdraft rate, nominal annual compounded monthly in arrear. The preference shares are redeemable at the option of the issuer company on 30 June 2015.		

Notes to the financial statements continued

	Group	
	2009 R'000	2008 R'000
13. INTEREST-BEARING LIABILITIES *(continued)*		
Investment funding *(continued)*		
Secured *(continued)*		
Preference B shares issued to Depfin Investments (Proprietary) Limited, a subsidiary of Nedbank Capital	**119 179**	
Capital amount owing	**105 000**	—
Dividends accrued	**14 179**	—
Secured by a cession and pledge of the ordinary shares and claims held by Mvelaphanda Group Limited in/against Richtrau No. 229 (Proprietary) Limited. The preference shares have a coupon rate of 90% of prime overdraft rate, nominal annual compounded monthly in arrear. The preference shares are redeemable at the option of the issuer company on 30 June 2015.		
Bank loan	**—**	—
Total amount owing	**—**	10 294
Current portion included in current liabilities	**—**	(10 294)
Secured by property, plant and equipment and a cession of the trade receivables (limited to R20 000 000) in Swissport South Africa (Proprietary) Limited. The loan bears interest at a variable rate linked to the prime overdraft rate. The loan was repaid on 31 December 2008.		
Other liabilities borrowed		
Unsecured		
Term loan	**50 000**	50 000
Total amount owing	**50 014**	51 623
Current portion included in current liabilities	**(14)**	(1 623)
The loan bears interest at variable rates linked to the JIBAR rate. Interest is payable quarterly. The actual interest rate on 30 June 2009 was 10,3% (2008: 15,5%). Capital is repayable on or before 1 October 2009, however the loan will be renegotiated for a further 12 months.		
Other loans	**—**	—
Total amount owing	**2**	64
Current portion included in current liabilities	**(2)**	(64)
The loans are unsecured, bear interest at varying rates and have no fixed repayment terms.		
Comprising		
Non-current interest-bearing liabilities	**1 700 627**	813 706
Current interest-bearing liabilities	**64 084**	110 479
Reclassified to liabilities in disposal group held for sale	**—**	(93 099)

The original acquisition of certain investments by Mvelaphanda Group, which investments are not classified as subsidiaries of Mvelaphanda Group, has been funded by non-recourse funding contained in special-purpose vehicles. Mvelaphanda Group's attributable share of the total outstanding capital balances in respect of these non-recourse funding obligations at 30 June 2009 is R448 million (2008: R480 million).

Notes to the financial statements continued

	Group		Company	
	2009 R'000	2008 R'000	**2009 R'000**	2008 R'000
14. NON-INTEREST-BEARING LIABILITIES				
Unsecured				
Term loan	**—**	—	**—**	—
Total amount owing	**—**	1 400	**—**	—
Current portion included in current liabilities	**—**	(1 400)	**—**	—
The loan was interest free and unsecured and was repaid during the current financial period.				
Other loans	**—**	2 653	**—**	—
Total amount owing	**25 021**	5 230	**2 577**	2 577
Current portion included in current liabilities	**(25 021)**	(2 577)	**(2 577)**	(2 577)
The loans are interest free, unsecured and are repayable on demand.				
15. DEFERRED TAXATION				
Balance at the beginning of the year	**309 000**	578 605	**14 863**	94 351
Wear and tear	**23 277**	13 323	**—**	—
Doubtful debts	**(6 315)**	(3 012)	**—**	—
Prepayments	**2 675**	3 752	**—**	—
Special taxation allowances	**15 167**	13 417	**—**	—
Revaluation of investments	**306 184**	593 473	**14 863**	94 351
Estimated assessed loss (tax losses)	**(14 940)**	(24 032)	**—**	—
Provisions and accruals	**(15 799)**	(16 261)	**—**	—
Operating lease accrued	**(56)**	—	**—**	—
Revenue received in advance/deferred revenue	**(1 122)**	(2 055)	**—**	—
Other	**(71)**	—	**—**	—
Prior year over/under provision	**957**	—	**—**	—
Wear and tear	**212**	—	**—**	—
Doubtful debts	**(45)**	—	**—**	—
Prepayments	**187**	—	**—**	—
Revaluation of investments	**573**	—	**—**	—
Estimated assessed loss (tax losses)	**69**	—	**—**	—
Provisions and accruals	**(39)**	—	**—**	—
Adjustment due to rate change	**—**	(19 951)	**—**	(3 253)
Wear and tear	**—**	(459)	**—**	—
Doubtful debts	**—**	104	**—**	—
Prepayments	**—**	(129)	**—**	—
Special taxation allowances	**—**	(463)	**—**	—
Revaluation of investments	**—**	(20 464)	**—**	(3 253)
Estimated assessed loss (tax losses)	**—**	829	**—**	—
Provisions and accruals	**—**	561	**—**	—
Revenue received in advance/deferred revenue	**—**	70	**—**	—

Notes to the financial statements continued

	Group		Company	
	2009 R'000	2008 R'000	**2009 R'000**	2008 R'000
15. DEFERRED TAXATION *(continued)*				
Acquisition/(disposals) of subsidiaries	**(14 743)**	2 079	**—**	—
Wear and tear	**(17 303)**	3	**—**	—
Doubtful debts	**—**	56	**—**	—
Prepayments	**(125)**	—	**—**	—
Special taxation allowances	**—**	(94)	**—**	—
Estimated assessed loss (tax losses)	**6 294**	1 868	**—**	—
Provisions and accruals	**(3 609)**	246	**—**	—
Charged/(credited) to the income statement	**147 112**	(251 733)	**21 756**	(76 235)
Wear and tear	**3 813**	10 410	**—**	—
Doubtful debts	**479**	(3 463)	**—**	—
Prepayments	**3 346**	(948)	**—**	—
Special taxation allowances	**2 307**	2 307	**—**	—
Revaluation of investments	**168 175**	(266 825)	**21 756**	(76 235)
Estimated assessed loss (tax losses)	**(13 744)**	6 395	**—**	—
Provisions and accruals	**(16 536)**	(345)	**—**	—
Finance lease liability	**(47)**	—	**—**	—
Operating lease accrued	**(222)**	(56)	**—**	—
Revenue received in advance/deferred revenue	**(448)**	863	**—**	—
Other	**(11)**	(71)	**—**	—
Balance at the end of the year	**442 326**	309 000	**36 619**	14 863
Wear and tear	**9 999**	23 277	**—**	—
Doubtful debts	**(5 881)**	(6 315)	**—**	—
Prepayments	**6 083**	2 675	**—**	—
Special taxation allowances	**17 474**	15 167	**—**	—
Revaluation of investments	**474 932**	306 184	**36 619**	14 863
Estimated assessed loss (tax losses)	**(22 321)**	(14 940)	**—**	—
Provisions and accruals	**(35 983)**	(15 799)	**—**	—
Finance lease liability	**(47)**	—	**—**	—
Operating lease accrued	**(278)**	(56)	**—**	—
Revenue received in advance/deferred revenue	**(1 570)**	(1 122)	**—**	—
Other	**(82)**	(71)	**—**	—
Comprising				
Deferred tax assets	**(33 671)**	(93 375)	**—**	—
Deferred tax liabilities	**475 997**	389 409	**36 619**	14 863
Reclassified to liabilities in disposal group held for sale	**—**	12 966	**—**	—
	442 326	309 000	**36 619**	14 863

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of R44 870 000 (2008: R23 264 000) in respect of losses amounting to R160 250 000 (2008: R83 086 000) that can be carried forward against future taxable income.

Notes to the financial statements continued

	Group 2009 R'000	Group 2008 R'000	Company 2009 R'000	Company 2008 R'000
16. TRADE AND OTHER PAYABLES				
Trade and other payables	**606 420**	693 105	**1 110**	1 242
Accruals	**128 511**	38 872	**—**	—
Deferred revenue	**5 607**	4 007	**—**	—
Reclassified to liabilities in disposal group held for sale	**—**	(68 632)	**—**	—
	740 538	667 352	**1 110**	1 242

Group	Past-service liabilities R'000	Share appreciation rights R'000	Total R'000
17. PROVISIONS			
At 30 June 2007	37 000	6 953	43 953
Reductions arising from settlements	(26 400)	—	(26 400)
At 30 June 2008	10 600	6 953	17 553
Reductions arising from reversals	**—**	**(6 953)**	**(6 953)**
Reductions arising from settlements	**(10 600)**	**—**	**(10 600)**
At 30 June 2009	—	—	—

Past-service liabilities

In January 2007 TFMC acquired a 90% interest in LGM South Africa (Proprietary) Limited. In accordance with the requirements of IFRS 3, Business Combinations, TFMC has assessed and provided for the contingent liabilities of LGM South Africa at that date. The provision for past-service liabilities represents management's estimate of the amounts which would have to be paid to the employees of LGM South Africa in the event that these employees are retrenched for any reason, and has been calculated based on the current employment costs and number of years' service for each affected employee, and the statutory requirements with respect to compensation payable by employers to employees who are retrenched. The remaining R10 600 000 was settled during the 2009 financial year (2008: R26 400 000).

Share appreciation rights

Details of options (share appreciation rights) granted to directors and employees to acquire Mvelaphanda Group ordinary shares in terms of the Share Incentive Scheme are set out on page 61. At 30 June 2009 there were no outstanding options which had vested with employees, and the total value of vested share appreciation rights was Rnil.

The cost of options granted to directors and employees of the Group is charged to the income statement over the period that the options vest with the employees in accordance with the requirements of IFRS 2, Share-based Payments. Where options granted to directors and employees are likely to be cash settled, this charge is carried as a provision on the balance sheet until the options are exercised and/or the cash amounts paid out. The provision is calculated based on the current value of the outstanding options granted to directors and employees, after taking into account an estimate for the number of outstanding options which will lapse as a result of employees leaving the Group prior to the options vesting.

The value of the option, based on the Mvelaphanda Group ordinary share price of R4,50 on 30 June 2009 (2008: R6,00), was less than the option's strike price (range between R7,10 and R8,80). Therefore the provision was reversed.

	Group 2009 R'000	Group 2008 R'000	Company 2009 R'000	Company 2008 R'000
18. PROFIT FROM OPERATIONS				
Operating profit is stated after charging:				
18.1 Auditors' remuneration				
Audit fees	**7 335**	5 362	**68**	60
Current year	**6 750**	5 127	**68**	60
Underprovision prior years	**585**	235	**—**	—
Other services	**815**	131	**—**	—
	8 150	5 493	**68**	60

Notes to the financial statements continued

	Group		Company	
	2009 R'000	2008 R'000	**2009 R'000**	2008 R'000
18. PROFIT FROM OPERATIONS *(continued)*				
18.2 Depreciation and impairment				
Plant and equipment	**51 714**	85 149	**—**	—
Office equipment	**1 919**	2 928	**—**	—
Computer equipment	**9 587**	10 209	**—**	—
Furniture and fittings	**2 773**	2 839	**—**	—
Motor vehicles	**37 781**	32 664	**—**	—
Improvements to leasehold premises	**2 719**	2 445	**—**	—
	106 493	136 234	**—**	—
18.3 Amortisation and impairment				
Computer software	**11 380**	11 205	**—**	—
Trademarks	**526**	—	**—**	—
	11 906	11 205	**—**	—
18.4 Employee costs				
Salaries and bonuses	**1 510 980**	1 396 348	**—**	—
Fringe benefits	**30 235**	31 856	**—**	—
Pension/provident fund contributions	**87 679**	84 942	**—**	—
	1 628 894	1 513 146	**—**	—
18.5 Directors' emoluments				
Salaries and bonuses[1]	**26 139**	25 258	**—**	—
Fringe benefits and allowances[1]	**734**	26	**—**	—
Pension/provident fund contributions	**437**	409	**—**	—
	27 310	25 693	**—**	—
18.6 Remuneration other than to employees				
Technical services	**6 347**	9 214	**—**	—
18.7 Rentals under operating leases				
Land and buildings	**29 891**	32 829	**—**	—
Equipment	**2 808**	6 316	**—**	—
Motor vehicles	**47**	137	**—**	—
Other	**276**	7 304	**—**	—
	33 022	46 586	**—**	—
18.8 Foreign currency losses	**1 170**	595	**—**	—
18.9 Loss on disposal of property, plant and equipment	**324**	2 708	**—**	—
And after crediting:				
18.10 Foreign currency gains	**9 166**	1 899	**—**	—
18.11 Profit on disposal of property, plant and equipment	**2 267**	5 477	**—**	—
18.12 Administration fees received	**198**	1 849	**—**	—

[1]*In the prior year allowances to the amount of R978 000 was included as part of "salaries and bonuses". For 30 June 2009, allowances to the amount of R714 000 is included as "fringe benefits and allowances".*

Notes to the financial statements continued

	Group		Company	
	2009 R'000	2008 R'000	**2009 R'000**	2008 R'000
19. INTEREST PAID				
Interest expense	**27 646**	9 151	**195**	—
Preference dividends paid/accrued	**155 685**	16 006	**—**	—
Finance charges	**21 461**	14 767	**—**	—
	204 792	39 924	**195**	—
20. FAIR VALUE ADJUSTMENTS AND NET PROFIT/(LOSS) FROM INVESTMENTS				
Net fair value adjustment on financial instruments designated through profit and loss	**354 121**	(1 621 929)	**155 398**	(521 305)
Derivative financial instrument held for trading with fair value through profit and loss	**(37 441)**	3 242	**—**	—
Net realised loss on disposal of investments	**(1 704)**	(12 632)	**—**	—
	314 976	(1 631 319)	**155 398**	(521 305)
21. SHARE OF LOSS FROM ASSOCIATES				
Group's share of retained income	**65 052**	1 439	**—**	—
Dividend income	**17 148**	49	**—**	—
Impairment of investment in associate	**(116 331)**	(527 750)	**—**	—
	(34 131)	(526 262)	**—**	—
22. COST OF BEE TRANSACTION				
Cost of BEE transaction	**16 175**	16 175	**16 175**	16 175

Cost of BEE transaction

The cost to Mvelaphanda Group of the options attached to the redeemable option-holding shares as disclosed in note 12, issued to the Mvelaphanda Group Employee Trust and the Mvelaphanda Group Management Trust of R64 701 000, has been recognised over the period of the service conditions applicable to the directors, managers and employees who are the beneficiaries of these trusts, in accordance with AC 503, Accounting for BEE Transactions and IFRS 2, Share-based payments.

	Group		Company	
	2009 R'000	2008 R'000	**2009 R'000**	2008 R'000
23. TAXATION				
South African normal tax	**72 383**	81 223	**3 355**	22 556
Current year	**71 078**	81 460	**2 406**	22 556
Prior year under/(over)provision	**1 305**	(237)	**949**	—
Deferred tax	**148 069**	(271 684)	**21 756**	(79 488)
Normal tax	**(21 063)**	15 092	**—**	—
Capital gains tax	**168 175**	(266 825)	**21 756**	(76 235)
Prior year underprovision	**957**	—	**—**	—
Adjustment due to rate change	**—**	(19 951)	**—**	(3 253)
Capital gains tax	**342**	230	**—**	—
Secondary tax on companies	**28 401**	4 890	**12 299**	3 345
Foreign tax	**424**	381	**—**	—
	249 619	(184 960)	**37 410**	(53 587)

Notes to the financial statements continued

	Group		Company	
	2009 R'000	2008 R'000	**2009 R'000**	2008 R'000
23. TAXATION EXPENSE *(continued)*				
Reconciliation of taxation amount				
South African normal tax amount	**119 298**	(523 643)	**41 231**	(129 525)
Adjusted for:	**101 154**	600 007	**(16 120)**	148 828
– Disallowable expenditure	**49 542**	16 125	**158**	1 587
– Income from associates	**(18 215)**	(403)	**—**	—
– Impairment losses on goodwill	**—**	3 216	**—**	—
– Exempt income and exceptional items	**(14 382)**	577 697	**4 529**	150 494
– Investment and other special allowances	**(32 345)**	(588)	**(21 756)**	—
– Prior year under/(over)provision	**2 262**	(237)	**949**	—
– Utilisation of previously unrecognised assessed losses	**(17 454)**	—	**—**	—
– Assessed losses for which no deferred tax assets were recognised	**131 797**	23 246	**—**	—
– Effect of deferred tax balance due to rate change	**—**	(19 951)	**—**	(3 253)
– Other	**(51)**	902	**—**	—
Total normal tax	**220 452**	76 364	**25 111**	19 303
Capital gains tax	**342**	(266 595)	**—**	(76 235)
Secondary tax on companies	**28 401**	4 890	**12 299**	3 345
Foreign tax	**424**	381	**—**	—
Effective taxation	**249 619**	(184 960)	**37 410**	(53 587)
Estimated taxation losses				
Net estimated normal tax losses available for utilisation against future taxable income	**242 150**	157 775	**—**	—
Potential taxation relief at current taxation rates	**67 802**	44 177	**—**	—

	Group	
	2009 Cents	2008 Cents
24. EARNINGS/(LOSS) PER ORDINARY SHARE AND DIVIDENDS		
24.1 Earnings/(loss) per ordinary share		
Basic	**21,9**	(368,0)
Diluted	**25,6**	(317,1)
Fully diluted	**25,6**	(228,9)

Basic earnings/(loss) per ordinary share is based on the net profit/(loss) attributable to ordinary shareholders of R88 973 000 (2008: R1 532 789 000) and is calculated using the weighted average net number of 406 665 192 (2008: 416 564 347) ordinary shares in issue during the year.

Diluted earnings/(loss) per ordinary share is based on the diluted net profit/(loss) attributable to ordinary shareholders of R118 935 000 (2008: R1 502 773 000) and is calculated using the diluted weighted average net number of 465 482 396 (2008: 473 962 039) ordinary shares.

Fully diluted earnings/(loss) per ordinary share is based on the fully diluted net profit/(loss) attributable to ordinary shareholders of R118 935 000 (2008: R1 369 514 000) and is calculated using the fully diluted weighted average net number of 465 482 396 (2008: 598 387 094) ordinary shares.

Notes to the financial statements continued

	Group	
	2009 Cents	2008 Cents
24. EARNINGS/(LOSS) PER ORDINARY SHARE AND DIVIDENDS *(continued)*		
24.2 Headline earnings/(loss) per ordinary share		
Basic	**49,9**	(362,6)
Diluted	**50,1**	(312,4)
Fully diluted	**50,1**	(225,2)

Basic headline earnings/(loss) per ordinary share is based on the headline net profit/(loss) attributable to ordinary shareholders of R203 263 000 (2008: R1 510 666 000) and is calculated using the weighted average net number of 406 665 192 (2008: 416 564 347) ordinary shares in issue during the year.

Diluted headline earnings/(loss) per ordinary share is based on the diluted headline net profit/(loss) attributable to ordinary shareholders of R233 225 000 (2008: R1 480 650 000) and is calculated using the diluted weighted average net number of 465 482 396 (2008: 473 962 039) ordinary shares.

Fully diluted headline earnings/(loss) per ordinary share is based on the fully diluted headline net profit/(loss) attributable to ordinary shareholders of R233 225 000 (2008: R1 347 391 000) and is calculated using the fully diluted weighted average net number of 465 482 396 (2008: 598 387 094) ordinary shares.

	Group		Group	
	2009		2008	
	Basic earnings R'000	**Headline earnings R'000**	Basic loss R'000	Headline loss R'000
24.3 Reconciliation between earnings/(loss) and fully diluted earnings/(loss)				
Net profit/(loss) attributable to ordinary shareholders	**88 973**	**88 973**	(1 532 789)	(1 532 789)
Adjusted for:				
Goodwill impaired and written off	**—**	**—**	—	11 486
Disposal/impairment of investments and subsidiaries	**—**	**(846)**	—	12 632
Profit on sale of property, plant and equipment	**—**	**(1 943)**	—	(2 769)
Impairment to investment in associate	**—**	**116 331**	—	—
Tax effect	**—**	**748**	—	774
Net profit/(loss) attributable to ordinary shareholders	**88 973**	**203 263**	(1 532 789)	(1 510 666)
Net profit attributable to preference shareholders	**29 962**	**29 962**	30 016	30 016
Diluted net profit/(loss) attributable to ordinary shareholders	**118 935**	**233 225**	(1 502 773)	(1 480 650)
Pro forma adjustment for interest (after taxation) on the minimum subscription proceeds of R2,177 billion arising on the exercise of the options attached to the redeemable option-holding shares	**—**	**—**	133 259	133 259
Fully diluted net profit/(loss) attributable to ordinary shareholders	**118 935**	**233 225**	(1 369 514)	(1 347 391)

Notes to the financial statements continued

	Number of shares 2009	Number of shares 2008
24. EARNINGS/(LOSS) PER ORDINARY SHARE AND DIVIDENDS *(continued)*		
24.4 Reconciliation of the weighted average number of ordinary shares in issue and the fully diluted weighted average net number of ordinary shares		
Weighted average number of ordinary shares in issue	**443 000 223**	443 000 223
Weighted average number of ordinary shares held by a subsidiary in terms of share buy-backs	**(35 765 285)**	(25 866 130)
Weighted average number of ordinary shares held by the Share Incentive Scheme[1]	**(569 746)**	(569 746)
Weighted average net number of ordinary shares in issue during the year	**406 665 192**	416 564 347
Ordinary shares to be issued on the basis that all preference shares will be converted into ordinary shares after 4 November 2009[2]	**58 817 204**	57 397 692
Diluted weighted average net number of ordinary shares	**465 482 396**	473 962 039
Ordinary shares to be issued on the basis that all redeemable option-holding shares will be converted into ordinary shares pursuant to the exercise of the options attached thereto[3]	**—**	124 425 055
Fully diluted weighted average net number of ordinary shares	**465 482 396**	598 387 094

[1]*The options granted to directors and employees to subscribe for ordinary shares via the Share Incentive Scheme as discussed in note 17 have been accounted for in accordance with IFRS 2, Share-based Payments, on the basis that these options will be cash settled. As a result, these options are not taken into account in calculating diluted earnings/(loss) and diluted headline earnings/(loss) per ordinary share, or fully diluted earnings/(loss) and fully diluted headline earnings/(loss) per ordinary share.*

[2]*One preference share is convertible into 1,08 ordinary shares (2008: 1,05). Refer to note 12 for more details.*

[3]*The redeemable option-holding shares issued in June 2007 have not been taken into account in calculating the fully diluted weighted average net number of ordinary shares as the minimum option strike price of R17,50 is greater than the Group's ordinary share price at 30 June 2009 of R4,50.*

The application of circular 8/2007 has resulted in no material changes.

	Company	
	2009 Cents	2008 Cents
24.5 Distributions/dividends paid		
Ordinary shares		
Dividend of 16 cents per ordinary share and a special dividend of 5 cents per ordinary share in *lieu* of a final ordinary dividend for the year ended 30 June 2008 paid on 29 September 2008	**93 029**	—
Cash distribution out of share premium of 16 cents per ordinary share in *lieu* of a final ordinary dividend for the year ended 30 June 2007 paid on 22 October 2007	**—**	70 880
Cash distribution out of share premium of 6 cents per ordinary share in *lieu* of an interim ordinary dividend for the year ended 30 June 2008 paid on 7 April 2008	**—**	26 580
Preference shares		
Dividend of 27,50 cents per preference share for the period ended 31 December 2008 paid on 6 April 2009	**15 043**	—
Dividend of 27,27397 cents per preference share for the period ended 30 June 2008 paid on 29 September 2008	**14 919**	—
Dividend of 27,27397 cents per preference share for the period ended 30 June 2007 paid on 22 October 2007	**—**	14 919
Dividend of 27,6 cents per preference share for the period ended 31 December 2007 paid on 7 April 2008	**—**	15 097
	122 991	127 476

Details of the cash distribution to ordinary shareholders in *lieu* of a final ordinary dividend for the year ended 30 June 2009 and the preference dividend for the period ended 30 June 2009 are disclosed in note 36 to the financial statements.

Notes to the financial statements continued

	Group 2009 R'000	Group 2008 R'000	Company 2009 R'000	Company 2008 R'000
25. CASH RECEIVED FROM CUSTOMERS				
Revenue	**3 745 662**	3 538 918	**—**	—
Movement in trade and other receivables	**(124 974)**	(164 466)	**—**	—
	3 620 688	3 374 452	**—**	—
26. CASH PAID TO SUPPLIERS AND EMPLOYEES				
Revenue	**3 745 662**	3 538 918	**—**	—
Profit from operations	**(255 590)**	(246 747)	**—**	—
	3 490 072	3 292 171	**—**	—
Depreciation and impairment of tangible assets	**(106 493)**	(136 234)	**—**	—
Amortisation and impairment of intangible assets	**(11 906)**	(11 205)	**—**	—
Net profit on disposal of property, plant and equipment	**1 943**	2 769	**—**	—
Movement in inventories	**3 264**	4 019	**—**	—
Movement in trade and other payables	**(119 137)**	(48 217)	**—**	—
	3 257 743	3 103 303	**—**	—
27. CASH GENERATED FROM/(UTILISED IN) OPERATIONS				
Profit from operations	**255 590**	246 747	**(599)**	(6 078)
Depreciation and impairment	**106 493**	136 234	**—**	—
Amortisation and impairment of intangible assets	**11 906**	11 205	**—**	—
Net profit on disposal of property, plant and equipment	**(1 943)**	(2 769)	**—**	—
Working capital changes (note 28)	**(9 101)**	(120 268)	**853**	(6 142)
	362 945	271 149	**254**	(12 220)
28. WORKING CAPITAL CHANGES				
Inventories	**(3 264)**	(4 019)	**—**	—
Trade and other receivables	**(124 974)**	(164 466)	**985**	(185)
Trade and other payables	**119 137**	48 217	**(132)**	(5 957)
	(9 101)	(120 268)	**853**	(6 142)
29. TAXATION PAID				
Unpaid at the beginning of the year and on acquisitions/(disposals) of subsidiaries	**26 503**	88 433	**18 119**	76 576
Charged to the income statement	**101 550**	86 724	**15 654**	25 901
Unpaid at the end of the year	**(7 126)**	(28 414)	**(314)**	(18 119)
	120 927	146 743	**33 459**	84 358

Notes to the financial statements continued

	Group		Company	
	2009 R'000	2008 R'000	**2009 R'000**	2008 R'000
30. NET (DISPOSAL)/ACQUISITION OF SUBSIDIARIES				
Property, plant and equipment	**(200 188)**	(3 310)	**—**	—
Strategic investments	**1 200**	1 497	**—**	—
Inventory	**(763)**	(1 482)	**—**	—
Trade and other receivables	**(132 400)**	(24 925)	**—**	—
Cash and cash equivalents	**(6 729)**	(626)	**—**	—
Trade and other payables	**109 809**	30 957	**—**	—
Non-current interest-bearing liabilities	**109 696**	2 152	**—**	—
Deferred taxation	**14 743**	(2 079)	**—**	—
Normal taxation	**1 911**	(721)	**—**	—
Net assets (disposed)/acquired	**(102 721)**	1 463	**—**	—
Minority interest	**427**	(445)	**—**	—
Goodwill	**7 337**	16 622	**—**	—
Loss on disposal	**872**	12 632	**—**	—
	(94 085)	30 272	**—**	—
Satisfied by:				
Cash	**(94 086)**	15 067	**—**	—
Loans	**1**	15 205	**—**	—
	(94 085)	30 272	**—**	—
Net cash effect[1]	**87 357**	15 693	**—**	—

[1] *(94 086 – 6 729).*

Subsidiaries and businesses acquired during the year relate mainly to the acquisition of the remaining 22,5% interest in RoyalSechaba Food Services (Proprietary) Limited by RoyalSechaba.

Subsidiaries and businesses sold during the year relate mainly to the sale of a 100% interest in Trollope Mining Services (Proprietary) Limited.

31. RELATED-PARTY TRANSACTIONS

31.1 Parent company

Mvelaphanda Holdings is the controlling company of Mvelaphanda Group.

2009

All transactions between Mvelaphanda Group and Mvelaphanda Holdings are concluded at arm's length. Included in trade and other receivables is an amount of R6 023 000, which is due from Mvelaphanda Holdings.

2008

No material transactions occurred during the financial year ended 30 June 2008.

31.2 Subsidiary companies

Details of principal subsidiary companies are set out on page 118 of this report.

Details of loans to subsidiary companies are set out in note 4 to this report.

All transactions between Mvelaphanda Group and/or subsidiary companies are concluded at arm's length. On consolidation, intercompany transactions are eliminated.

31.3 Associated companies

Details of investments in associated companies are disclosed in note 5 to this report.

All transactions between Mvelaphanda Group and/or its associated companies are concluded at arm's length.

Notes to the financial statements continued

31. RELATED-PARTY TRANSACTIONS (continued)

31.4 Directors

– The names of the directors of Mvelaphanda Group are set out on pages 16 to 17 of this report.

– Details of directors' interests in Mvelaphanda Group ordinary shares, redeemable option-holding shares and option/scheme shares are set out in the directors' report on page 62.

– Mr Stein, a non-executive director of Mvelaphanda Group, is a director of Bowman Gilfillan, the Group's attorneys. All fees paid to Bowman Gilfillan are at an arm's length basis. The total of all fees paid to Bowman Gilfillan during the year ended 30 June 2009 amounted to R1 215 000 (2008: R1 035 000).

31.5 Shareholders

– A detailed analysis of shareholders is set out on page 117.

– Dividends paid to ordinary shareholders during the year ended 30 June 2009 amounted to R93 029 000 (2008: R97 460 000[1]).

– Dividends paid to preference shareholders during the year ended 30 June 2009 amounted to R29 962 000 (2008: R30 016 000).

– On 30 June 2009 a subsidiary of Mvelaphanda Group held 35 765 285 (2008: 35 765 285) Mvelaphanda Group ordinary shares which were acquired in terms of share buy-backs in the open market at a cost of R360 041 000 by 30 June 2008.

[1]*A distribution was paid to the ordinary shareholders.*

	Group	
	2009 R'000	2008 R'000
32. CAPITAL COMMITMENTS		
Capital expenditure		
Commitments in respect of capital expenditure approved by the directors:		
Contracted for	**11 798**	37 725
Not contracted for	**18 589**	13 075
	30 387	50 800
The above commitments are to be financed from cash and cash equivalents and existing bank facilities.		
Operating leases		
The minimum commitments are:		
Land and buildings	**52 154**	55 448
Equipment	**4 295**	5 693
Motor vehicles	**47**	137
Total operating lease commitments	**56 496**	61 278
Less: Amounts accrued as a result of accounting for operating leases on the straight-line basis	**(226)**	(97)
Net operating lease commitments not provided for	**56 270**	61 181
Analysis of total operating lease commitments:		
due in year one	**21 935**	22 070
due in year two	**17 650**	17 853
due in year three	**7 514**	11 758
due in year four	**5 844**	4 010
Thereafter	**3 327**	5 490
	56 270	61 181

Material lease commitments relate mainly to immovable property, vehicles and equipment. Specific details and terms of leases vary between different contracts. Renewal options, where these exist, are between 1 and 5 years. Rentals on certain leases escalate annually. The majority of rentals under property lease renewal options are determined with reference to market rentals at the time of renewal. There are no contingent rental payments.

33. CONTINGENT LIABILITIES

33.1 Bank facilities

Bank facilities of certain subsidiaries are secured by a negative pledge over certain assets and a cession of book debts of R134 770 000 (2008: R130 977 000).

Bank facilities of certain subsidiary companies and non-current interest-bearing liabilities of R94 450 000 (2008: R113 023 000) incurred by certain subsidiary companies have been guaranteed by Mvelaphanda Group.

Loans between certain subsidiary companies have been subordinated in favour of the other creditors of the debtor companies.

	Group		Company	
	2009 R'000	2008 R'000	**2009 R'000**	2008 R'000
33.2 Other guarantees				
Bank guarantees to clients	**14 839**	32 501	**—**	—
Bank guarantees to suppliers	**11 334**	—	**—**	6 400

33.3 Secondary tax on companies

STC is levied on dividends distributed at a rate of 10% with effect from 1 October 2007 (previously 12,5%).

Current and deferred tax are measured at the tax rate applicable to undistributed income and therefore only takes STC into account to the extent that dividends have been received or paid.

In the event that the Company were to declare a dividend equal to its distributable reserve, it would be liable for secondary tax on companies amounting to R104 001 000 (2008: R128 330 000).

Credits in respect of secondary tax on companies, available for set-off by the Company against future dividends, amounted to Rnil (2008: Rnil).

33.4 Outstanding litigation

Protea Aviation Security (Proprietary) Limited has been named as second defendant with KLM Royal Dutch Airlines (as first defendant) in a claim relating to the alleged theft of approximately US$9,65 million foreign currency and valuable cargo during an alleged robbery which took place at O.R. Tambo International Airport in December 2001. During the current financial period the dispute has been resolved in an out-of-court settlement, of which the monetary payment made by the Group was approximately R1 000 000.

	Group	
	2009	2008
33.5 Uncovered foreign liabilities		
Foreign currency amounts ('000)		
US dollars	**—**	359
Euros	**—**	—
Other (rand equivalents) (R'000)	**—**	152

34. FINANCIAL INSTRUMENTS

34.1 Financial risk management objective

The board of directors is ultimately responsible for the management of risk. In order to discharge this responsibility the board has put in place various policy and procedure frameworks that are applicable at various levels of the organisation. Compliance with these policies and procedures is monitored through the internal audit function and reported to the audit committee and the board on a regular basis.

In the course of the Group's business operations it is exposed to financial risk relating to liquidity, credit, foreign currency, price and interest rate risk. Risk management relating to each of these risks is detailed below:

Notes to the financial statements continued

34. FINANCIAL INSTRUMENTS *(continued)*

34.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of a gearing ratio. This ratio is calculated as debt divided by total capital. Net debt is calculated as total interest-bearing liabilities less cash and cash equivalents. Total equity is as shown in the consolidated balance sheet.

The gearing ratio and the weighted average cost of capital at 30 June 2009 and 30 June 2008 were as follows:

	Group	
	2009 R'000	2008 R'000
Total interest-bearing liabilities including overdrafts	**1 295 159**	2 213 128
Total equity	**4 017 544**	3 943 488
Gearing ratio	**32,23%**	56,12%
Weighted average cost of capital	**12,0%**	13,5%

34.3 Analysis of financial assets and liabilities

Financial assets

Group: 2009	Financial Services R'000	Consumer Services R'000	Construction and Infrastructure R'000	Telecoms, Media and Technology R'000	Cash and cash equivalents R'000	Non-financial instruments R'000	Total R'000
Financial asset classes							
Non-current assets							
Strategic investments	739 188	2 374 959	164 805	580 152	—	5 805	3 864 909
Current assets							
Current portion of strategic investments	—	11 254	—	—	—	—	11 254
Trade and other receivables	8 145	481 767	178 795	22 295	—	49 840	740 842
Cash and cash equivalents	—	—	—	—	469 552	—	469 552
Non-financial assets	—	—	—	—	—	1 978 579	1 978 579
	747 333	2 867 980	343 600	602 447	469 552	2 034 224	7 065 136
Financial asset categories							
Fair value							
Held for trading							
Designated at *"fair value through profit and loss"*	739 188	2 386 213	164 805	580 152	—	5 805	3 876 163
– Listed investments	739 188	—	164 805	75 625	—	—	979 618
– Unlisted investments	—	2 386 213	—	504 527	—	5 805	2 896 545
Amortised cost							
Loans and receivables	8 145	481 767	178 795	22 295	469 552	49 840	1 210 394
Trade and other receivables	8 145	481 767	178 795	22 295	—	49 840	740 842
Cash and cash equivalents	—	—	—	—	469 552	—	469 552
Non-financial assets	—	—	—	—	—	1 978 579	1 978 579
	747 333	2 867 980	343 600	602 447	469 552	2 034 224	7 065 136

Notes to the financial statements continued

34. FINANCIAL INSTRUMENTS *(continued)*

34.3 Analysis of financial assets and liabilities *(continued)*

Financial assets

Group: 2008	Financial Services R'000	Consumer Services R'000	Construction and Infrastructure R'000	Telecoms, Media and Technology R'000	Cash and cash equivalents R'000	Non-financial instruments R'000	Total R'000
Financial asset classes							
Non-current assets							
Strategic investments	836 655	1 986 844	422 446	278 914	—	—	3 524 859
Financial asset – derivative financial instrument	3 242	—	—	—	—	—	3 242
Current assets							
Current portion of strategic investments	—	23 358	10 294	—	—	—	33 652
Trade and other receivables	6 875	474 438	173 825	1 564	—	72 677	729 379
Cash and cash equivalents	—	—	—	—	871 080	—	871 080
Non-financial assets	—	—	—	—	—	2 185 360	2 185 360
	846 772	2 484 640	606 565	280 478	871 080	2 258 037	7 347 572
Financial asset categories							
Fair value							
Held for trading	3 242	—	—	—	—	—	3 242
Designated at *"fair value through profit and loss"*	836 655	2 010 202	432 740	278 914	—	—	3 558 511
– Listed investments	82	—	404 915	278 914	—	—	683 911
– Unlisted investments	836 573	2 010 202	27 825	—	—	—	2 874 600
Amortised cost							
Loans and receivables	6 875	474 438	173 825	1 564	871 080	72 677	1 600 459
Trade and other receivables	6 875	474 438	173 825	1 564	—	72 677	729 379
Cash and cash equivalents	—	—	—	—	871 080	—	871 080
Non-financial assets	—	—	—	—	—	2 185 360	2 185 360
	846 772	2 484 640	606 565	280 478	871 080	2 258 037	7 347 572

Notes to the financial statements continued

34. FINANCIAL INSTRUMENTS *(continued)*

34.3 Analysis of financial assets and liabilities *(continued)*

Financial liabilities

Group: 2009	Investment funding: Fair value through profit and loss R'000	Investment funding: Amortised cost R'000	Asset-based finance amortised cost R'000	Other: Amortised cost R'000	Other: Non-financial instruments R'000	Total R'000
Capital and reserves	—	—	—	—	4 017 544	4 017 544
Non-current and current liabilities						
Interest-bearing liabilities	365 037	1 193 426	150 365	55 883	—	1 764 711
Financial liability – derivative financial instrument	34 199	—	—	—	—	34 199
Non-interest-bearing liabilities	—	—	—	2 697	22 324	25 021
Trade and other payables	—	—	—	509 173	231 365	740 538
Non-financial liabilities	—	—	—	—	483 123	483 123
	399 236	1 193 426	150 365	567 753	4 754 356	7 065 136

Financial liabilities

Group: 2008	Investment funding: Fair value through profit and loss R'000	Investment funding: Amortised cost R'000	Asset-based finance amortised cost R'000	Other: Amortised cost R'000	Other: Non-financial instruments R'000	Total R'000
Capital and reserves	—	—	—	—	3 943 488	3 943 488
Non-current and current liabilities						
Interest-bearing liabilities	327 616	319 396	225 486	51 687	—	924 185
Non-interest-bearing liabilities	—	—	—	6 630	—	6 630
Accrued interest-bearing liabilities	—	1 288 943	—	—	—	1 288 943
Trade and other payables	—	—	—	383 927	352 057	735 984
Non-financial liabilities	—	—	—	—	448 342	448 342
	327 616	1 608 339	225 486	442 244	4 743 887	7 347 572

The fair value of the financial assets and liabilities carried at amortised cost is approximately equal to their carrying amounts.

No gain or loss has been recognised in the income statement as a result of a change in the Group's credit spread. The valuation method utilised is based on the constant credit spread approach. Management has evaluated this assumption and determined that no adjustment is necessary in the current year.

Notes to the financial statements continued

34. FINANCIAL INSTRUMENTS *(continued)*

34.4 Credit risk

Credit and counterparty risk refers to the effects on future cash flows and earnings of borrowers defaulting on their obligations. This risk primarily arises through investing activities and trade receivables arising from subsidiaries.

Where a credit exposure arises as part of a strategic equity investment, the exposure is considered to be part of the investment and is initially evaluated and monitored based on the investment as a whole which may incorporate equities, options or other forms of instruments.

Significant cash deposits are placed with investment grade banks and the Group's central treasury monitors the exposure to any one financial institution by adherence to board-defined counterparty limits. In addition to the concentration risk arising from amounts placed on deposit, the Group also manages the exposure by limiting the duration of the amounts placed on deposit.

Trade receivables in most instances consist of a large number of customers, spread across diverse industries and geographical areas. Each subsidiary is responsible for the evaluation of customers prior to the granting of credit as each subsidiary has a unique customer base and differing levels of exposure. Credit exposures are managed through prudent credit limits and constant evaluation of repayment behaviour. Where the behaviour falls outside an acceptable range, remedial action is taken to recover the debt. Where services are provided, the continuation of the service is cancelled until full repayment has been received.

The Group very rarely renegotiates the terms of a loan agreement and, where this is considered necessary, the exposure remains classified as either past due or impaired.

Analysis of credit quality Group: 2009	**Financial Services**	**Consumer Services**	**Construction and Infrastructure[1]**	**Telecoms, Media and Technology**	**Other investments**	
	Receivables				**Cash and cash equivalents**	
Credit quality analysis (high/medium/low)	**High R'000**	**Medium[2] R'000**	**High R'000**	**High R'000**	**High R'000**	**Total R'000**
Financial assets that are neither past due nor impaired	8 145	222 750	176 748	22 047	469 552	899 242
Financial assets that are past due but not yet impaired (per age analysis)	—	189 825	863	105	—	190 793
0 – 30 days	—	84 551	369	—	—	84 920
31 – 60 days	—	37 357	63	75	—	37 495
61 – 90 days	—	27 457	19	30	—	27 506
> 90 days	—	40 460	412	—	—	40 875
Financial assets that are impaired	—	69 192	1 184	143	—	70 519
Carrying amount	—	104 765	9 713	37 708	—	152 186
Provision for impairment	—	(35 573)	(8 529)	(37 565)	—	(81 667)
Total credit exposure	8 145	481 767	178 795	22 295	469 552	1 160 554

[1]TFMC has a large operational exposure to Telkom. This exposure represents a concentration risk for the Group both strategically and in terms of credit risk. This relationship is closely managed and the credit risk is mitigated through upfront monthly payments of some of the services rendered.

[2]Consumer Services is considered to be of medium credit quality as the industries involved are subjected to cyclical trends, interest and inflation rate changes.

Notes to the financial statements continued

34. FINANCIAL INSTRUMENTS *(continued)*

34.4 Credit risk *(continued)*

Analysis of credit quality Group: 2008	Financial Services	Consumer Services	Construction and Infrastructure[1]	Telecoms, Media and Technology	Other investments	
	Receivables				Cash and cash equivalents	
Credit quality analysis (high/medium/low)	High R'000	Medium[2] R'000	High R'000	High R'000	High R'000	Total R'000
Financial assets that are neither past due nor impaired	6 875	211 393	172 751	1 564	871 080	1 263 663
Financial assets that are past due but not yet impaired (per age analysis)	—	236 670	808	—	—	237 478
0 – 30 days	—	113 597	214	—	—	113 811
31 – 60 days	—	54 997	279	—	—	55 276
61 – 90 days	—	25 991	—	—	—	25 991
> 90 days	—	42 085	315	—	—	42 400
Financial assets that are impaired	—	26 375	266	—	—	26 641
Carrying amount	—	103 726	8 123	—	—	111 849
Provision for impairment	—	(77 351)	(7 857)	—	—	(85 208)
Total credit exposure	6 875	474 438	173 825	1 564	871 080	1 527 782

[1]*TFMC has a large operational exposure to Telkom. This exposure represents a concentration risk for the Group both strategically and in terms of credit risk. This relationship is closely managed and the credit risk is mitigated through upfront monthly payments of some of the services rendered.*

[2]*Consumer Services is considered to be of medium credit quality as the industries involved are subjected to cyclical trends, interest and inflation rate changes.*

Unless otherwise indicated, the maximum exposure to credit risk is the carrying value of the financial assets. Given the nature of the risk, no additional collateral is taken against the credit risk exposures except for credit guarantee insurance, where considered appropriate.

Reconciliation of allowance account	Financial Services R'000	Consumer Services R'000	Construction and Infrastructure R'000	Telecoms, Media and Technology R'000	Cash and cash equivalents R'000	Non-financial instruments R'000	Total R'000
At 30 June 2007	—	58 482	3 292	—	—	—	61 774
Current year charge net of recoveries	—	19 389	4 565	—	—	—	23 954
Net disposals of subsidiaries	—	(520)	—	—	—	—	(520)
At 30 June 2008	—	77 351	7 857	—	—	—	85 208
Current year charge net of recoveries	**—**	**(33 592)**	**672**	**37 565**	**—**	**—**	**4 645**
Net disposals of subsidiaries	**—**	**(8 186)**	**—**	**—**	**—**	**—**	**(8 186)**
At 30 June 2009	**—**	**35 573**	**8 529**	**37 565**	**—**	**—**	**81 667**

34. FINANCIAL INSTRUMENTS *(continued)*

34.5 Market risk

Market risk is the potential change in the value of a financial instrument resulting from changes in market conditions or market parameters such as equity prices, exchange rates or interest rates.

The Group is exposed to three primary types of market risk, namely equity risk, interest rate risk and currency risk.

The specific risk management objectives, policies and procedures relating to each type of market risk, are described in the sections below.

34.5.1 Equity risk management

The Group's primary exposure to equity risk is through the strategic medium- to long-term investments entered into by the Group. These investments are entered into to derive medium- to long-term value for shareholders through increases in their respective share prices of the listed investments and unlisted investments whose fair values are determined by using market indicators. Each investment opportunity follows a rigorous evaluation process to determine the investment potential. Thereafter the specifics of the deal are defined so as to ensure the most appropriate risk exposure.

As the investments are strategic in nature, the Group does not currently hedge the equity price risk inherent in the investment, but manages performance, to the extent possible, on an investment-specific basis.

Group: 2009	Carrying value at year-end R'000	Carrying value exposed to market risk R'000	Reasonably possible change[1] %	Income statement impact Pretax R'000	Income statement impact Posttax[2] R'000
Financial assets					
Strategic investments	**3 870 358**	**3 626 409**	**2,34**	**84 858**	**11 880**
	3 870 358	**3 626 409**		**84 858**	**11 880**
Financial liability					
Preference shares issued to the IDC	**365 037**	**365 037**	**2,34**	**8 542**	**1 196**
	365 037	**365 037**		**8 542**	**1 196**

Group: 2008	Carrying value at year-end R'000	Carrying value exposed to market risk R'000	Reasonably possible change[1] %	Income statement impact Pretax R'000	Income statement impact Posttax[2] R'000
Financial assets					
Strategic investments	3 558 511	2 922 967	19,58	572 317	492 193
	3 558 511	2 922 967		572 317	492 193
Financial liability					
Preference shares issued to the IDC	327 616	327 616	19,58	64 147	55 166
	327 616	327 616		64 147	55 166

[1]Based on the average estimated volatility in the all share index (alsi) over a period of one year.

[2]CGT rate.

Notes to the financial statements continued

34. FINANCIAL INSTRUMENTS *(continued)*

34.5 Market risk *(continued)*

34.5.2 Interest rate risk management

Interest rate risk refers to the impact on future cash flows and earnings of assets and liabilities of interest rates repricing either at different points in time or on a different basis.

The Group itself is not exposed to a significant amount of interest rate risk relative to its exposure to equity risk and therefore the majority of the funding and asset profile is at variable interest rates. This exposure is monitored relative to the investments and, where considered necessary, management may hedge the exposure to interest rate risk either through fixed rate funding or interest rate derivatives.

Group: 2009	Carrying value at year-end R'000	Carrying value exposed to market risk R'000	Index to which interest rate is linked R'000	Reasonably possible change[1] %	Income statement impact Pretax R'000	Income statement impact Posttax R'000
Financial assets						
Strategic investments	54 151	54 151	Prime	3	1 625	455
Cash and cash equivalents	469 552	469 552	Prime	3	14 087	3 944
	523 703	523 703			15 712	4 399
Financial liabilities						
Asset-based finance	150 365	150 365	Prime	3	4 511	1 263
Other loans	64	64	Prime	3	2	2
Term loan	55 819	55 819	JIBAR	3	1 676	469
Preference A shares issued to Absa Capital	237 113	237 113	Prime	3	7 113	1 992
Preference B shares issued to Absa Capital	104 435	104 435	Prime	3	3 133	877
Preference shares issued to United Towers	241 219	241 219	Prime	3	7 237	2 026
Preference shares issued to Depfin	241 219	241 219	Prime	3	7 237	2 026
Preference A shares issued to Depfin	250 261	250 261	Prime	3	7 508	2 102
Preference B shares issued to Depfin	119 179	119 179	Prime	3	3 575	1 001
Financial liability – derivative financial instrument	34 199	34 199	JIBAR	3	1 026	287
	1 433 873	1 433 873			43 016	12 043

Notes to the financial statements continued

34. FINANCIAL INSTRUMENTS *(continued)*

34.5 Market risk *(continued)*

34.5.2 Interest rate risk management *(continued)*

Group: 2008	Carrying value at year-end R'000	Carrying value exposed to market risk R'000	Index to which interest rate is linked R'000	Reasonably possible change[1] %	Income statement impact Pretax R'000	Posttax R'000
Financial assets						
Cash and cash equivalents	871 080	871 080	Prime	1	8 711	6 272
Strategic investments	118 930	112 056	Prime	1	1 121	807
Financial asset – derivative financial instrument	3 242	3 242	JIBAR	1	32	23
	993 252	986 378			9 864	7 102
Financial liabilities						
Asset-based finance	225 486	225 486	Prime	1	2 255	1 624
Bank loan	10 294	10 294	Prime	1	103	74
Term loan	51 623	51 623	JIBAR	1	516	372
Other loan	64	64	Prime	1	[2]	[2]
Preference A shares issued to Absa Capital	215 427	215 427	Prime	1	2 154	1 551
Preference B shares issued to Absa Capital	93 675	93 675	Prime	1	937	674
Accrued interest-bearing liability	1 288 943	1 010 000	Prime	1	10 100	7 272
Total financial liabilities	1 885 512	1 606 569			16 065	11 567

[1]*The reasonably possible interest rate change is determined based on the greater of the maximum or minimum interest rate as forecasted by analysts over the next financial year.*

[2]*Under R1 000.*

34.6 Foreign exchange rate risk management

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

The Group has very limited exposure to foreign exchange rate risk. The risk arises in limited circumstances within some of the operating divisions. In most instances the risk is passed directly back to the customer. In the limited instances where the risk cannot be transferred to the customer, foreign exchange contracts may be taken out to hedge the risk. Management determines the need for cover based on a case-by-case basis after considering factors such as size and duration of exposure. When the risk does arise, management monitors the exposure on an individual basis.

Group: 2009	Carrying value at year-end	Carrying value exposed to market risk	Index to which interest rate is linked	Reasonably possible change[1] %	Income statement impact Pretax	Posttax
Financial assets						
Cash and cash equivalents	**54 151**	**54 151**	**USD**	**10,00**	**5 415**	**1 516**
Cash and cash equivalents (R'000)	**6 812**	**6 812**	**Other**	**10,00**	**681**	**191**
	60 963	**60 963**			**6 096**	**1 707**
Financial liabilities						
Deposit received in advance	**26 144**	**26 144**	**USD**	**10,00**	**2 614**	**732**
	26 144	**26 144**			**2 614**	**732**

For 30 June 2008 there were no financial assets or liabilities that were subject to foreign exchange rate risk.

[1]*The reasonably possible foreign exchange rate change is based on management expectation for the next financial year.*

Notes to the financial statements continued

34. FINANCIAL INSTRUMENTS *(continued)*

34.7 Liquidity

Liquidity risk arises in the general funding of the Group's activities when there are mismatches between the sizes and maturities of assets and liabilities and also in its strategic investments, funds management and trading operations. The liquidity risk refers to the ability of the Group to meet its financial obligations as they fall due. The amounts in the table below are the contractual undiscounted cash flows.

The Group has a central treasury that is responsible for monitoring the liquidity position and ensuring that the Group is able to meet its contractual obligations. The treasury monitors the position through the use of daily, weekly and a rolling monthly liquidity analyses. These cash flow analyses are used to determine the appropriate cash investment strategy.

Each operating division is responsible for the management of short-term cash flows but are incentivised to place excess cash on deposit with the treasury on a daily basis. No division is allowed to invest excess cash for themselves.

The Group has significant cash reserves and therefore rarely uses overdraft facilities except for short-term operational reasons. The Group has access to approved banking facilities of R62 million (2008: R62 million).

Group: 2009	Carrying value at year-end R'000	0 to 3 months R'000	4 to 6 months R'000	7 to 12 months R'000	1 to 2 years R'000	2 to 3 years R'000	Greater than 3 years R'000	Total R'000
Asset-based finance	150 365	17 616	17 497	32 701	53 275	24 291	13 361	158 741
Investment funding								
Preference shares issued to the IDC	365 037	—	—	—	—	515 223	—	515 223
Preference A shares issued to Absa Capital	237 113	—	—	—	—	—	301 894	301 894
Preference B shares issued to Absa Capital	104 435	—	—	—	—	—	137 339	137 339
Preference shares issued to United Towers	241 219	—	—	—	68 303	123 270	125 941	317 514
Preference shares issued to Depfin	241 219	—	—	—	68 303	123 270	125 941	317 514
Preference A shares issued to Depfin	250 261	—	—	—	—	—	428 105	428 105
Preference B shares issued to Depfin	119 179	—	—	—	—	—	553 154	553 154
Other liabilities								
Financial liability-derivative financial instrument	34 199	—	—	—	—	—	34 199	34 199
Term loan	55 819	1 413	1 406	52 822	459	506	4 899	61 505
Other loan	64	64	—	—	—	—	—	64
Non-interest-bearing liability	2 697	2 697	—	—	—	—	—	2 697
Trade and other payables	509 173	509 173	—	—	—	—	—	509 173
	2 310 780	530 963	18 903	85 523	190 340	786 560	1 724 833	3 337 122

Notes to the financial statements continued

34. FINANCIAL INSTRUMENTS *(continued)*

34.7 Liquidity *(continued)*

Group: 2008	Carrying value at year-end R'000	0 to 3 months R'000	4 to 6 months R'000	7 to 12 months R'000	1 to 2 years R'000	2 to 3 years R'000	Greater than 3 years R'000	Total R'000
Asset-based finance	225 486	38 015	36 960	52 509	85 066	33 022	30 291	275 863
Investment funding								
Preference shares issued to the IDC	327 616	—	—	—	—	—	490 748	490 748
Preference A shares issued to Absa Capital	215 427	—	—	—	—	—	343 687	343 687
Preference B shares issued to Absa Capital	93 675	—	—	—	—	—	159 076	159 076
Bank loan	10 294	2 784	2 784	5 595	—	—	—	11 163
Accrued interest-bearing liability	1 288 943	1 288 943	—	—	—	—	—	1 288 943
Other liabilities								
Term loan	51 623	1 623	51 983	—	—	—	—	53 606
Other loan	64	64	—	—	—	—	—	64
Non-interest-bearing liability	6 630	6 630	—	—	—	—	—	6 630
Trade and other payables	383 927	383 927	—	—	—	—	—	383 927
	2 603 685	1 721 986	91 727	58 104	85 066	33 022	1 023 802	3 013 707

Notes to the financial statements continued

35. RETIREMENT BENEFITS

Approximately 80% (2008: 87%) of the Group's employees are members of various pension and provident funds. These funds include the Mvelaphanda Group Provident Fund, a defined-contribution fund which is governed by the Pension Funds Act No 24 of 1956, various independently administered defined-contribution funds of the operating companies, and defined-contribution funds for the industries in which the Group employees work. The Group's contributions to all retirement funds are charged against income when incurred. The Group contributed R72 974 000 (2008: R85 351 000) to defined-contribution plans during the year.

36. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

There have been no events between 30 June 2009 and the date of these financial statements which necessitate adjustment to the income statement or balance sheet at that date.

Final dividend

Ordinary shares

The directors of Mvelaphanda Group have resolved not to declare a final dividend for the year ended 30 June 2009. This is due to the Group reviewing specific assets within the context of the Restructuring plan. Should the cash not be used, it will be returned to shareholders in the most efficient manner.

Preference shares

The directors of Mvelaphanda Group have resolved to declare a cash preference dividend (No 8) of 27,5 cents per preference share for the period ended 30 June 2009 to preference shareholders. The last day to trade '*cum*' the preference dividend in order to participate in the preference dividend is Thursday, 17 September 2009. The preference shares of Mvelaphanda Group will commence trading *'ex'* the preference dividend from the commencement of business on Friday, 18 September 2009, and the record date will be Friday, 25 September 2009. The preference dividend will be paid to preference shareholders on Monday, 28 September 2009. Preference share certificates may not be dematerialised or rematerialised between Friday, 18 September 2009 and Friday, 25 September 2009, both days inclusive.

Analysis of ordinary shareholders

Size of shareholding	Number of ordinary shareholders	% of total	Number of ordinary shares	% of total
1 – 1 000 shares	1 088	43,29	388 030	0,09
1 001 – 5 000 shares	937	37,29	3 339 245	0,75
5 001 – 100 000 shares	240	9,55	8 794 120	1,99
100 001 – 1 000 000 shares	185	7,36	61 732 324	13,94
1 000 001 shares and over	63	2,51	368 746 504	83,23
	2 513	100,00	443 000 223	100,00

Nature of shareholding	Number of ordinary shareholders	% of total	Number of ordinary shares	% of total
Insurance companies, pension funds, corporate bodies and nominee companies	709	28,21	435 730 642	98,36
Individuals	1 804	71,79	7 269 581	1,64
	2 513	100,00	443 000 223	100,00

Beneficial shareholders holding 5% or more	Number of shares	% of issued ordinary shares
Direct		
Mvelaphanda Holdings (Proprietary) Limited[1]	122 573 226	27,67
Mvelaphanda Treasury and Finance Services (Proprietary) Limited	35 765 285	8,10
Batho Bonke	29 515 969	6,70
Corolife Special Opportunities Portfolio	24 250 119	5,50
Indirect		
Mvelaphanda Empowerment Trust[2]	41 846 427	9,45
Mvelaphanda Investment Trust[2]	23 912 244	5,40
TJS Family Trust[2]	29 890 305	6,75

Public/non-public shareholders	Number of shareholders	Number of shares	% of issued share capital
Public shareholders	2 502	334 454 715	75,49
Non-public shareholders			
Directors of the company[3]	5	27 573	0,01
Strategic holdings (more than 10%)	6	108 517 935	24,50
	2 513	443 000 223	100,00

[1]*With respect to Mvelaphanda Holdings, the number of Mvelaphanda Group ordinary shares includes Mvelaphanda Group ordinary shares owned and/or controlled by Mvelaphanda Holdings and/or in respect of which Mvelaphanda Holdings hold the voting rights. Such voting rights include voting rights in respect of the Mvelaphanda Group ordinary shares held by TJS Family Trust, Mvelaphanda Empowerment Trust and Mvelaphanda Investment Trust.*

[2]*Held via Mvelaphanda Holdings.*

[3]*Includes directors and their associates and Mvelaphanda Holdings.*

Principal subsidiaries

Details of principal subsidiary companies at 30 June 2009[1]

	% holding[2]	Nature of business (refer to notes)	Issued capital R'000	Shares at cost R'000	Loans R'000
HEAD OFFICE COMPANIES					
Mvelaphanda Management Services (Proprietary) Limited	100,0	1	#	—	—
Mvelaphanda Treasury and Financial Services (Proprietary) Limited	100,0	1	#	—	381 792
Mvelaserve Limited	100,0	2	6,7	100 175	557 963
INVESTMENT COMPANIES					
Business Venture Investments No. 819 (Proprietary) Limited	50,5	2	#	94 864	—
Business Venture Investments No. 821 (Proprietary) Limited	67,5	2	#	126 681	—
Business Venture Investments No. 906 (Proprietary) Limited	93,4	2	#	113 942	—
Dixonville Investments (Proprietary) Limited	100,0	2	#	#	—
Lexshell 650 Investments (Proprietary) Limited	100,0	2	#	—	105
Mvelaphanda Capital (Proprietary) Limited	100,0	2	#	25 150	366
Mvelaphanda Private Equity (Proprietary) Limited	100,0	2	#	27 736	12 092
Mvelaphanda Strategic Investments (Proprietary) Limited	100,0	2	#	15 724	303 526
Newshelf 776 (Proprietary) Limited	100,0	2	#	—	—
Richtrau No. 229 (Proprietary) Limited	100,0	2	#	#	1 082 071
Vulani Amasango Investments (Proprietary) Limited	100,0	2	#	103 191	—
MVELASERVE LIMITED					
Khuseti Holdings (Proprietary) Limited	100,0	3	#	—	—
Mvelaserve Cleaning (Proprietary) Limited	100,0	4	#	—	—
Novare Holdings (Proprietary) Limited	50,1	5	#	—	—
Protea Coin Group (Armed reaction and Assets-in-transit) (Proprietary) Limited	100,0	6	#	—	—
Protea Coin Group (Physical and Technical Security) (Proprietary) Limited	100,0	6	#	—	—
Rebhold Freight Services (2000) (Proprietary) Limited	100,0	7	4	—	—
RoyalSechaba Holdings (Proprietary) Limited	100,0	8	1	—	—
TFMC Holdings (Proprietary) Limited	100,0	9	1	—	—
Trollope Mining Services (2000) (Proprietary) Limited*	100,0	10	#	—	—
Zonke Monitoring Systems (Proprietary) Limited	73,0	11	1	—	—
			13,7	607 463	2 337 915

[1] *Details are given in respect of interests in subsidiaries, where material. A full list of subsidiaries is available to shareholders, on request, at the registered office of the Company. All principal subsidiaries are incorporated in South Africa.*

[2] *Shareholding remained unchanged since 30 June 2008.*

**Disposed on 1 October 2009.*

Notes

1. Management and/or treasury services
2. Intermediate/investment holding company
3. Franchise and manufacturing
4. Cleaning services
5. Asset management and consulting services
6. Security services
7. Freight forwarding services
8. Catering services
9. Facilities management
10. Mining services
11. Gambling services

Principal investments, associated companies and joint ventures

Details of principal investments, associated companies and joint ventures at 30 June 2009

	Effective interest	Sector	Nature of business
PRINCIPAL INVESTMENTS			
Absa Group Limited[5]	2,23%	Financial services	Banking, insurance, financial and property products and services group listed on the JSE.
African Renaissance Holdings Limited[2]	2,9%	Investment	Investment holding company.
Group Five Limited[2]	10,7%	Construction	Construction group listed on the JSE.
Life Healthcare Group Holdings (Proprietary) Limited[4]	22,0%	Healthcare	Private healthcare service provider.
Rebhold Distribution Services (Proprietary) Limited[2]	40,0%	Distribution	Distributor of packaging and dry goods to the fast food, food services, hospitality and retail markets.
Steinhoff International Holdings Limited[1]	0,6%	Furniture and household goods	Integrated lifestyle supplier that manufactures, sources, warehouses, distributes and retails household goods on a global basis, operating in approximately 16 countries in Europe, southern Africa and the Pacific, and is listed on the JSE.
Swissport South Africa (Proprietary) Limited[5]	39,2%	Transport	Logistics service provider operating at major airports in South Africa.
Unitrans Express Deliveries (Proprietary) Limited[2]	25,0%	Transport	Provider of courier and express delivery services. Part of the Steinhoff International Holdings Limited group.
Unitrans Fuel and Chemicals (Proprietary) Limited[2]	25,0%	Transport	Provider of transport and logistic services to the fuel and chemicals industries of Southern Africa. Part of the Steinhoff International Holdings Limited group.
Vox Telecom Limited[3]	12,3%	Telecoms, media and technology	Alternative telecoms group listed on the JSE AltX.
PRINCIPAL ASSOCIATED COMPANY			
Avusa Limited[1]	25,5%	Media and entertainment	A diversified media and entertainment company listed on the JSE.
Experience Delivery Company	48,0%	Consumer services	Provider of facilities management.
PRINCIPAL JOINT VENTURE			
Al-Jaber Coin LLC[3]	49,0%	Consumer services	A provider of security services in the UAE.

[1] Year ends 31 March 2009
[2] Year ends 30 June 2009
[3] Year ends 31 August 2009
[4] Year ends 30 September 2009
[5] Year ends 31 December 2009

Information to shareholders

Restructuring and rationale for value unlock strategy

The Board of Mvelaphanda Group announced on 3 September 2009 that it would undertake a realisation and/or unbundling strategy in order to unlock value for shareholders, thereby removing the significant discount to the intrinsic NAV at which the shares trade. In addition to the discount to intrinsic NAV at which the shares trade the current corporate structure is not appropriate to take advantage of the changed BEE landscape.

Implementation

Board

The Board is being reduced from ten to five members made up of four non-executive directors, of which three will be independent, a non-independent director and one executive director. Mikki Xayiya, the current Executive Chairman, will be the non-executive Chairman with Ernst Röth being the sole Executive Director. The three independent non-executives who will remain on the Board are Bryan Hopkins, Kuseni Dlamini and Oyama Mabandla.

Messrs Carl Stein, David Moshapalo, Ramesh Patel, Ms Mpumi Mpofu and Ms Yolanda Cuba will resign from the board of directors with effect from 31 December 2009.

The Board has satisfied itself that the restructured board size is adequate to undertake its role as required by the Companies Act and the King Code on Corporate Governance.

In line with the JSE Listing Requirements, which requires each issuer to have a financial director as an executive, Ernst Röth will be seconded by the management company to perform the duties of Financial Director. He will also fill the role of Company Secretary.

Rationale of the management company

As the company will not be taking on any new strategic investments, all employment contracts with the employees in the investment division have been terminated while the employees in the operations and administration divisions have been redeployed to Mvelaserve, which has been operating independently from 1 July 2009. However, in order to implement the realisation strategy, the Board recognises the need to have persons who are familiar with the Group's investments, able to implement the realisation strategy and monitor the on-going post-investment management of the investments. For this reason a management company is to be formed to manage the day-to-day affairs of the company and more importantly, to unlock the value for shareholders in the most optimal manner.

In order to incentivise the management company, a participation fee structure has been agreed based on the successful implementation of the strategy. This is intended to ensure that the interests of shareholders are aligned with that of the management company. A voluntary fairness opinion has been received from an independent expert in this regard.

Salient terms of the management agreement

Subject	The management company will be charged with managing the day-to-day workings and administration of Mvelaphanda Group.
Reporting	The management company will report to the Board on a quarterly basis and at any other time as may be requested by the Board.
Excluded costs	All costs not relating to the administration of Mvelaphanda Group, including all costs to external parties (listing fees, audit fees and advisory fees).
Limits of authority	The management company cannot bind the company to any cost in excess of R5 million per annum without the prior consent of the Board of Mvelaphanda Group.
Management fee	R6,5 million per annum (excluding VAT) payable in four equal payments at the beginning of each quarter.
Notice period	Any party can terminate the agreement with six months' written notice after the first year of operation.
Participants	Mikki Xayiya, Yolanda Cuba and Ernst Röth.
Participation fee	The participation fee excludes the investment in Absa and is based on a participation percentage of 15% applied to the excess of the proceeds above the hurdle share price. Should the Manco achieve between 90% and 100% of the intrinsic value, the participation fee will range from R20 million to R80 million. Should the price achieved be above 100%, the participation fee will be capped at R95 million.
Hurdle	The hurdle share price is the future value of the closing share price as at 3 September 2009, (excluding the investment in Absa), at the company's weighted average cost of capital, compounded at 12% over a period of two years.

Notice to shareholders

Notice is hereby given that the 14th annual general meeting of shareholders of Mvelaphanda Group will be held in the Executive Boardroom, 28 Eddington Crescent, Highveld Techno Park, Centurion at 10:00 on Wednesday 25 November 2009, to conduct the following business:

1. To receive and consider the annual financial statements for the year ended 30 June 2009.

2. To approve the remuneration of the directors for the year ended 30 June 2009.

3. To appoint a firm of external auditors for the Company, the designated audit partner and to note the remuneration of the external auditors as determined by the audit committee of the board.

The audit committee of the board has nominated PKF (Jhb) Inc. for the reappointment as independent auditors and recommends Paul Badrick for appointment as the designated audit partner.

Particulars of the auditors' remuneration can be found in note 18.1 of the annual financial statements.

4. To re-elect the directors who remain on the board of directors after the restructuring but who retire in accordance with the provisions of the Company's articles of association.

In terms of clause 53.2 of the articles of association, Messrs Kuseni Dlamini, Oyama Mabandla and Ernst Röth retire at the forthcoming annual general meeting, but, being eligible, offer themselves for re-election:

Kuseni Dlamini Independent non-executive director

MPhil (Oxford)

Kuseni Dlamini is the head of Old Mutual South Africa after retiring as head Anglo American South Africa. He was Executive Chairman of Richards Bay Coal Terminal between 2005 and 2008. Kuseni previously worked for De Beers in South Africa and at its London office, and for AngloGold Ashanti's corporate office in Johannesburg. After graduating cum laude with a BA (Honours) degree from Natal University in Durban, he went to Oxford as a Rhodes scholar, where he read for his MPhil degree. In March 2008 Kuseni was named a Young Global Leader by the World Economic Forum (WEF).

Kuseni is the Chairman of the Board of SANParks and a member of the National Advisory Council on Innovation which advises the Minister of Science and Technology. He is also a non-executive director of Anglo Platinum, Massmart and Chairman of Anglo Operations Limited. Kuseni was recently appointed Adjunct Professor at the Wits Business School where he is also a member of the Advisory Board.

Oyama Mabandla Independent non-executive director

BA (University of California), Juris Doctor (Columbia University)

Oyama Mabandla is the immediate past Chairman of Vodacom, is a member of the JP Morgan Advisory Board and Executive Chairman of the Langa Group, an investment holding company. Prior to joining South African Airways, he held various positions within the legal and investment banking professions.

Ernst Röth Chief Financial Officer

BCom (Stell), BCompt (Hons) (Unisa), CA(SA), Post-graduate, Certificate in Advance Tax (Unisa)

Ernst Röth is the Chief Financial Officer of Mvelaphanda Group since 5 September 2007 and was appointed to the Board as Financial Director on 11 November 2007. Prior to joining Mvelaphanda Group he held various positions with companies in the banking, financial services/consulting and biochemical industries, and also worked in the Office of the Auditor General of South Africa.

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

Ordinary resolution number 1

"Resolved that the authorised but unissued convertible perpetual cumulative preference shares ("preference shares") in the share capital of the Company be placed under the control of the directors of the Company in terms of sections 221 and 222 of the Companies Act 1973 (Act 61 of 1973) ("the Companies Act"), as amended, until the next annual general meeting, to enable them to allot and issue such preference shares at their discretion, subject to the provisions of the Companies Act and the JSE Limited Listings Requirements."

This ordinary resolution number 1 is to be voted on by the ordinary shareholders and option-holding shareholders in the Company.

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

Ordinary resolution number 2

"Resolved that all the ordinary shares required for the purpose of carrying out the terms of the Mvelaphanda Group Share Incentive Scheme ("the Scheme") be and are hereby placed under the control of the directors, subject to sections 221 and 222 of the Companies Act, 1973, to allot and issue such shares in their discretion on such terms and conditions as and when they deem it fit to do so."

Reason and effect

The approval will allow the board to allot and issue new shares or treasury shares to meet the obligations under the Scheme up to the allowable maximum provided in terms of the Scheme.

This ordinary resolution number 2 is to be voted on by the ordinary shareholders, option-holding shareholders and the holders of preference shares ("preference shareholders") in the Company.

Notice to shareholders continued

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

Special resolution number 1

"Resolved that the directors of the Company be and are hereby authorised by way of a general approval pursuant, *inter alia,* to articles 13A and 13B of the Company's articles of association to facilitate, *inter alia,* the acquisition by Mvelaphanda Group or a subsidiary of Mvelaphanda Group (collectively "the Group"), from time to time, of the issued ordinary shares of Mvelaphanda Group upon such terms and conditions and in such numbers as the directors of the Company may from time to time decide, but subject to the provisions of the Companies Act 1973 (Act 61 of 1973) ("the Companies Act"), as amended, and the JSE Limited ("JSE") Listings Requirements from time to time, which general approval shall endure until the next annual general meeting of Mvelaphanda Group; provided that it shall not extend beyond 15 months from the date of the annual general meeting at which this special resolution is passed, it being recorded that the JSE Listings Requirements currently require, *inter alia,* in relation to a general approval of shareholders, that:

- acquisitions of securities be implemented through the order book operated by the JSE trading system and done without any prior understanding or arrangement between Mvelaphanda Group and the counterparty;
- acquisitions in any one financial year are limited to a maximum of 20% of Mvelaphanda Group's issued share capital of the relevant class; provided that acquisitions by subsidiaries of Mvelaphanda Group are limited to a maximum of 10% of Mvelaphanda Group's issued share capital of the relevant class;
- an acquisition may not be made at a price more than 10% above the weighted average of the market value for the shares in question for the five business days immediately preceding the date on which the acquisition is agreed;
- a paid press announcement containing details of such acquisitions must be published as soon as Mvelaphanda Group and/or any of its subsidiaries has/have acquired shares constituting, on a cumulative basis, 3% of the number of shares of the relevant class in issue at the date of the annual general meeting at which this special resolution is passed ("initial number") and for each 3% in aggregate of the initial number acquired thereafter;
- at any point in time, the Company may only appoint one agent to effect any repurchases;
- such repurchases may only be effected if, thereafter, the Company still complies with the spread requirements of the JSE; and
- no repurchase may take place during prohibited periods as stipulated by the JSE Listings Requirements unless a repurchase programme is in place, where dates and quantities of shares to be traded during the prohibited period are fixed and full details of the programme have been disclosed in an announcement over SENS prior to the commencement of the prohibited period."

Reason and effect

The reason for this special resolution is to obtain, and the effect thereof is to grant the Company, a general approval in terms of the Companies Act for the acquisition by the Company, or a subsidiary of the Company, of ordinary shares in the capital of the Company, which general approval shall be valid until the next annual general meeting of the Company; provided that the general authority shall not extend beyond 15 months from the date of the annual general meeting at which this special resolution is passed.

The board of directors ("board") of Mvelaphanda Group, as at the date of this notice, has previously stated its intention to purchase ordinary shares in terms of the general authority granted at the annual general meeting held on 10 November 2008. It is, however, proposed, and the board believes it to be in the best interests of Mvelaphanda Group, that shareholders pass a special resolution granting Mvelaphanda Group and its subsidiaries a further general authority to acquire Mvelaphanda Group shares. Such general authority will provide Mvelaphanda Group and its subsidiaries with the flexibility, subject to the requirements of the Companies Act and the JSE, to purchase ordinary shares should it be in the interests of Mvelaphanda Group and/or its subsidiaries at any time while the general authority subsists.

After considering the effect of a purchase of the maximum number of shares which may be purchased, and subject to any significant changes in market conditions, the board is satisfied that for a period of 12 months from the date of this notice:

- the Company and the Group will be able, in the ordinary course of business, to pay their debts as they become due;
- the assets of the Company and the Group, measured in accordance with the accounting policies used in the latest audited annual financial statements, will be in excess of the liabilities of the Company and the Group;
- the issued share capital and reserves of the Company and the Group are adequate for their ordinary business purposes; and
- the working capital of the Company and the Group will be adequate for a period of 12 months from the date of this notice to shareholders.

This special resolution number 1 is to be voted on by the ordinary shareholders, option-holding shareholders and the holders of preference shares ("preference shareholders") in the Company.

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

Special resolution number 2

"Resolved that the directors of the Company be and are hereby authorised by way of a general approval pursuant, *inter alia,* to articles 13A and 13B of the Company's articles of association to facilitate, *inter alia,* the acquisition by Mvelaphanda Group or a subsidiary of Mvelaphanda Group (collectively "the Group"), from time to time, of the issued convertible perpetual cumulative preference shares of Mvelaphanda Group upon such terms and conditions and in such numbers as the directors of the Company may from time to time decide, but subject to the provisions of the Companies Act 1973 (Act 61 of 1973) ("the Companies Act"), as amended, and the JSE Limited ("JSE") Listings Requirements from time to time, which general approval shall endure until the next annual general meeting of Mvelaphanda Group; provided that it shall not extend beyond 15 months from the date of the annual general meeting at which this special resolution is passed, it being recorded that the JSE Listings Requirements currently require, *inter alia,* in relation to a general approval of shareholders, that:

- acquisitions of securities be implemented through the order book operated by the JSE trading system and done without any prior understanding or arrangement between Mvelaphanda Group and the counterparty;
- acquisitions in any one financial year are limited to a maximum of 20% of Mvelaphanda Group's issued share capital of the relevant class; provided that acquisitions by subsidiaries of Mvelaphanda Group are limited to a maximum of 10% of Mvelaphanda Group's issued share capital of the relevant class;
- an acquisition may not be made at a price more than 10% above the weighted average of the market value for the shares in question for the five business days immediately preceding the date on which the acquisition is agreed;
- a paid press announcement containing details of such acquisitions must be published as soon as Mvelaphanda Group and/or any of its subsidiaries has/have acquired shares constituting, on a cumulative basis, 3% of the number of shares of the relevant class in issue at the date of the annual general meeting at which this special resolution is passed ("initial number") and for each 3% in aggregate of the initial number acquired thereafter;
- at any point in time, the Company may only appoint one agent to effect any repurchases;
- such repurchases may only be effected if, thereafter, the Company still complies with the spread requirements of the JSE; and
- no repurchase may take place during prohibited periods as stipulated by the JSE Listings Requirements unless a repurchase programme is in place, where dates and quantities of shares to be traded during the prohibited period are fixed and full details of the programme have been disclosed in an announcement over SENS prior to the commencement of the prohibited period."

Reason and effect

The reason for this special resolution is to obtain, and the effect thereof is to grant the Company, a general approval in terms of the Companies Act for the acquisition by the Company, or a subsidiary of the Company, of convertible perpetual cumulative preference shares in the capital of the Company, which general approval shall be valid until the next annual general meeting of the Company; provided that the general authority shall not extend beyond 15 months from the date of the annual general meeting at which this special resolution is passed.

After considering the effect of a purchase of the maximum number of shares which may be purchased, and subject to any significant changes in market conditions, the board is satisfied that for a period of 12 months from the date of this notice:

- the Company and the Group will be able, in the ordinary course of business, to pay their debts as they become due;
- the assets of the Company and the Group, measured in accordance with the accounting policies used in the latest audited annual financial statements, will be in excess of the liabilities of the Company and the Group;
- the issued share capital and reserves of the Company and the Group are adequate for their ordinary business purposes; and
- the working capital of the Company and the Group will be adequate for a period of 12 months from the date of this notice to shareholders.

This special resolution number 2 is to be voted on by the ordinary shareholders, option-holding shareholders and the holders of preference shares ("preference shareholders") in the Company.

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

Ordinary resolution number 3

"Resolved that the directors of the Company shall be entitled at their discretion to pay, by way of a *pro rata* reduction of share capital or share premium, in *lieu* of an ordinary dividend, an amount equal to the amount which the directors would have declared and paid out of profits in respect of the Company's interim and final dividends for the financial year ended 30 June 2009."

In terms of paragraphs 5.86 of the JSE Limited ("JSE") Listings Requirements, any such general payment will not exceed 20% of the Company's issued share capital, including reserves but excluding minority interests, and revaluations of assets and intangible assets that are not supported by a valuation by an independent professional expert acceptable to the JSE prepared within the last six months, in any one financial year, measured as at the beginning of such financial year.

This general authority shall be valid until the Company's next annual general meeting, provided that it shall not extend beyond 15 (fifteen) months from the date of the passing of this ordinary resolution number 3. Before effecting any general payment contemplated by this ordinary resolution number 3, the directors will consider the effect of the general payment and will ensure that for a period of 12 (twelve) months after the date of the notice of the general payment to be made:

- the Company and the Group will be able, in the ordinary course of business, to pay their debts;
- the assets of the Company and the Group, measured in accordance with the accounting policies used in the latest audited annual financial statements, will be in excess of the liabilities of the Company and the Group;
- the issued share capital and reserves of the Company and the Group are adequate for their ordinary business purposes; and
- the working capital of the Company and the Group will be adequate for a period of 12 months from the date of this notice to shareholders.

Notice to shareholders continued

This ordinary resolution number 3 is to be voted on by the ordinary shareholders, the option-holding shareholders and the preference shareholders.

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

Ordinary resolution number 4

"Resolved that any director of the Company be and is hereby authorised to do all such things, sign all such documents and take all such actions as are necessary to give effect to the special and ordinary resolutions proposed at the annual general meeting at which this ordinary resolution is proposed, if it/they is/are passed (in the case of ordinary and special resolutions) and registered by the Registrar of Companies (in the case of special resolutions)."

This ordinary resolution number 4 is to be voted on by ordinary shareholders and option-holding shareholders.

11. To transact such other business as may be transacted at an annual general meeting of shareholders.

Disclosure in terms of the JSE Limited ("JSE") Listings Requirements

For the purposes of considering special resolutions numbers 1 and 2, ordinary resolution number 3, and in compliance with sections 11.26(b) and 11.30(b) of the JSE Listings Requirements, the information listed below has been included in the annual report, in which this notice to shareholders is included, at the pages indicated:

» Directors and management (pages 16 and 17)
» Major shareholders (page 117)
» Material change (page 117)
» Directors' interests in securities (page 62)
» Share capital of the Company (page 90)
» Litigation (page 105)

No acquisitions shall be effected in terms of special resolutions numbers 1 and 2 unless the sponsor of Mvelaphanda Group provides a letter to the JSE in respect of the directors' working capital statement.

The directors whose names appear on page 58 of the annual report, collectively and individually accept full responsibility for the accuracy of the information set out above for the purposes of considering special resolution number 1 and ordinary resolution number 3, and certify that, to the best of their knowledge and belief, there are no facts which have been omitted which will make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the information referred to above contains all the information required by law and the JSE Listings Requirements.

In terms of the JSE Listings Requirements, Mvelaphanda Group shares held by the Share Incentive Scheme will not be entitled to vote at the annual general meeting.

PROXIES

Shareholders who have not dematerialised their ordinary shares, and/or redeemable option-holdings shares, and/or preference shares (collectively "shares") or who have dematerialised their shares with "own name" registration, are entitled to attend and vote at the annual general meeting and may, in terms of section 189 of the Companies Act 1973 (Act 61 of 1973), as amended, appoint a proxy or proxies to attend the annual general meeting, speak and, on a poll, vote in their stead.

A proxy need not be a shareholder of the Company. A proxy form is enclosed but is also obtainable from the Company secretarial services department, Mvelaphanda Management Services (Proprietary) Limited, at the address set out under administration. Proxies must be received by Computershare Investor Services (Proprietary) Limited by no later than 10:00 on Monday, 23 November 2009. Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with "own name" registration, should contact their Central Securities Depository Participant or broker in the manner and time stipulated in the relevant agreement to furnish them with voting instructions and, in the event that they wish to attend the annual general meeting, to obtain the necessary authority to do so.

By order of the board

For: **Mvelaphanda Management Services (Proprietary) Limited**
Company Secretary

30 September 2009

MVELAPHANDA GROUP LIMITED

FOR USE BY CERTIFICATED ORDINARY SHAREHOLDERS, "OWN NAME" DEMATERIALISED ORDINARY SHAREHOLDERS, CERTIFICATED REDEEMABLE OPTION-HOLDING SHAREHOLDERS AND "OWN NAME" DEMATERIALISED REDEEMABLE OPTION-HOLDING SHAREHOLDERS

Form of proxy

for use by ordinary shareholders and redeemable option-holding shareholders for the 14th annual general meeting

I/We

(FULL NAME(S) IN BLOCK LETTERS)

of (address)

being a member/members of Mvelaphanda Group and entitled to votes

do hereby appoint or failing him/her

or failing him/her

the Chairman of the annual general meeting as my/our proxy to act for me/us at the annual general meeting of the Company to be held at 10:00 on Wednesday, 25 November 2009, and at any adjournment thereof, in the Executive Boardroom, 28 Eddington Crescent, Highveld Techno Park, Centurion and to vote for me/us on my/our behalf in respect of the undermentioned resolutions in accordance with the following instructions (see note 2):

	Number of votes (one vote per ordinary share and redeemable option-holding share)		
	For	Against	Abstain
1. Adoption of annual financial statements			
2. Approval of directors' remuneration			
3. Reappointment of auditors			
4. Election of directors –			
Mr K Dlamini			
Mr O Mabandla			
Mr E Roth			
5. Place unissued preference shares under the directors' control			
6. Place ordinary shares required for the purposes of carrying out the obligations of the Mvelaphanda Group Share Incentive Scheme under the directors' control			
7. Authorise Mvelaphanda Group or its subsidiaries to acquire ordinary shares			
8. Authorise Mvelaphanda Group or its subsidiaries to acquire preference shares			
9. Authorise reduction of share capital or share premium			
10. Authorise the directors to give effect to resolutions			
11. Transact such other business as may be transacted at the AGM			

Signed at on 2009

Signature Assisted by me

(WHERE APPLICABLE – SEE NOTE 7)

Please read the notes overleaf

Form of proxy continued

NOTES

Shareholders holding certificated ordinary shares, dematerialised ordinary shares registered in their own name, certificated redeemable option-holding shares and dematerialised redeemable option-holding shares registered in their own name

1. Only shareholders who hold certificated ordinary shares or redeemable option-holding shares and shareholders who have dematerialised their ordinary shares or redeemable option-holding shares with "own name" registrations may use this form of proxy.
2. Each shareholder is entitled to appoint one or more proxies (none of whom need be a shareholder of the Company) to attend, speak and, on a poll, vote in place of that shareholder at this annual general meeting, by inserting the name of the proxy or the names of two alternate proxies of the shareholder's choice in the space provided, with or without deleting "the Chairman of the annual general meeting". The person whose name stands first on the form of proxy and who is present at this annual general meeting will be entitled to act as the proxy to the exclusion of those whose names follow.
3. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate box provided. Failure to comply with the above will be deemed to authorise the Chairman of the annual general meeting, if he is the authorised proxy, to vote in favour of the resolutions at this annual general meeting, or any other proxy to vote or to abstain from voting at this annual general meeting, as he/she deems fit, in respect of all the shareholder's votes exercisable thereat.
4. A shareholder or his/her proxy is not obliged to vote in respect of all the ordinary shares held or represented by him/her, but the total number of votes for or against the resolutions in respect of which any abstention is recorded may not exceed the total number of votes to which the shareholder or his/her proxy is entitled.
5. Forms of proxy must be lodged and/or posted to the Company's transfer secretaries (Computershare Investor Services (Proprietary) Limited) at 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), to be received by the transfer secretaries by no later than 10:00 on Monday, 23 November 2009.
6. The completion and return of this form of proxy in accordance with paragraph 5 above will not preclude the relevant shareholder from attending this annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.
7. A minor must be assisted by the minor's parent or guardian, unless the relevant documents establishing the minor's capacity are produced or have been registered by the Company.
8. Any alterations or corrections to this form of proxy must be initialled by the signatory(ies).
9. This form of proxy must be signed by all joint shareholders. If more than one of those shareholders is present at this annual general meeting either in person or by proxy, the person whose name stands first in the register shall alone be entitled to vote.
10. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Company's transfer office or waived by the Chairman of this annual general meeting.
11. The Chairman of this annual general meeting may reject or accept any form of proxy which is completed and/or received other than in accordance with these instructions, provided that he is satisfied as to the manner in which a member wishes to vote.

Shareholders holding dematerialised ordinary shares or dematerialised redeemable option-holding shares

1. Shareholders who have dematerialised their ordinary shares or redeemable option-holding shares through a Central Securities Depository Participant ("CSDP") or broker (except those shareholders who have elected to dematerialise their ordinary shares or redeemable option-holding shares in "own name" registrations) and all beneficial shareholders holding their ordinary shares or redeemable option-holding shares (dematerialised or certificated) through a nominee should provide such CSDP, broker or nominee with their voting instructions in sufficient time to allow them to advise the transfer secretaries of the Company of their voting instructions before the closing time referred to in paragraph 5 above.
2. All such shareholders wishing to attend the annual general meeting in person may do so only by requesting their CSDP, broker or nominee to issue the shareholder with a letter of representation in terms of the custody agreement. Such letter of representation must be lodged with the transfer secretaries before the closing time referred to in paragraph 5 above.

MVELAPHANDA GROUP LIMITED

FOR USE BY CERTIFICATED PREFERENCE SHAREHOLDERS AND "OWN NAME" DEMATERIALISED PREFERENCE SHAREHOLDERS

Form of proxy

for use by preference shareholders for the 14th annual general meeting

I/We ____

(FULL NAME(S) IN BLOCK LETTERS)

of (address) ____

being a member/members of Mvelaphanda Group and entitled to ____________________ votes

do hereby appoint ____________________ or failing him/her

____________________ or failing him/her

the Chairman of the annual general meeting as my/our proxy to act for me/us at the annual general meeting of the Company to be held at 10:00 on Wednesday, 25 November 2009, and at any adjournment thereof, in the Executive Boardroom, 28 Eddington Crescent, Highveld Techno Park, Centurion and to vote for me/us on my/our behalf in respect of the undermentioned resolutions in accordance with the following instructions (see note 2):

	Number of votes (one vote per preference share)		
	For	Against	Abstain
1. Place ordinary shares required for the purposes of carrying out the obligations of the Mvelaphanda Group Share Incentive Scheme under the directors' control			
2. Authorise Mvelaphanda Group or its subsidiaries to acquire ordinary shares			
3. Authorise Mvelaphanda Group or its subsidiaries to acquire preference shares			
4. Authorise reduction of share capital or share premium			

Signed at ____________________ on ____________________ 2009

Signature ____________________ Assisted by me ____________________

(WHERE APPLICABLE – SEE NOTE 7)

Please read the notes overleaf

Form of proxy continued

NOTES

Shareholders holding certificated preference shares, dematerialised preference shares registered in their own name

1. Only shareholders who hold certificated preference shares and shareholders who have dematerialised their preference shares with "own name" registrations may use this form of proxy.
2. Each shareholder is entitled to appoint one or more proxies (none of whom need be a shareholder of the Company) to attend, speak and, on a poll, vote in place of that shareholder at this annual general meeting, by inserting the name of the proxy or the names of two alternate proxies of the shareholder's choice in the space provided, with or without deleting "the Chairman of the annual general meeting". The person whose name stands first on the form of proxy and who is present at this annual general meeting will be entitled to act as the proxy to the exclusion of those whose names follow.
3. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate box provided. Failure to comply with the above will be deemed to authorise the Chairman of the annual general meeting, if he is the authorised proxy, to vote in favour of the resolutions at this annual general meeting, or any other proxy to vote or to abstain from voting at this annual general meeting, as he/she deems fit, in respect of all the shareholder's votes exercisable thereat.
4. A shareholder or his/her proxy is not obliged to vote in respect of all the ordinary shares held or represented by him/her, but the total number of votes for or against the resolutions in respect of which any abstention is recorded may not exceed the total number of votes to which the shareholder or his/her proxy is entitled.
5. Forms of proxy must be lodged and/or posted to the Company's transfer secretaries (Computershare Investor Services (Proprietary) Limited) at 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), to be received by the transfer secretaries by no later than 10:00 on Monday, 23 November 2009.
6. The completion and return of this form of proxy in accordance with paragraph 5 above will not preclude the relevant shareholder from attending this annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.
7. A minor must be assisted by the minor's parent or guardian, unless the relevant documents establishing the minor's capacity are produced or have been registered by the Company.
8. Any alterations or corrections to this form of proxy must be initialled by the signatory(ies).
9. This form of proxy must be signed by all joint shareholders. If more than one of those shareholders is present at this annual general meeting either in person or by proxy, the person whose name stands first in the register shall alone be entitled to vote.
10. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Company's transfer office or waived by the Chairman of this annual general meeting.
11. The Chairman of this annual general meeting may reject or accept any form of proxy which is completed and/or received other than in accordance with these instructions, provided that he is satisfied as to the manner in which a member wishes to vote.

Shareholders holding dematerialised preference shares

1. Shareholders who have dematerialised their preference shares through a Central Securities Depository Participant ("CSDP") or broker (except those shareholders who have elected to dematerialise their ordinary shares or redeemable option-holding shares in "own name" registrations) and all beneficial shareholders holding their ordinary shares or redeemable option-holding shares (dematerialised or certificated) through a nominee should provide such CSDP, broker or nominee with their voting instructions in sufficient time to allow them to advise the transfer secretaries of the Company of their voting instructions before the closing time referred to in paragraph 5 above.
2. All such shareholders wishing to attend the annual general meeting in person may do so only by requesting their CSDP, broker or nominee to issue the shareholder with a letter of representation in terms of the custody agreement. Such letter of representation must be lodged with the transfer secretaries before the closing time referred to in paragraph 5 above.

Glossary of terms

Throughout this annual report, the following terms shall have the meanings assigned to them below:

Absa	Absa Group Limited
Absa Capital	Division of Absa Group Limited
Absa options	The options held by Batho Bonke to acquire 73 152 300 Absa ordinary shares at a maximum strike price of R69 per Absa ordinary share
	Aggregate of shareholder funds aggregate of all issued share capital plus all share premium plus capital reserves plus any subordinated shareholder's loans less Mvelaphanda Group intangibles and goodwill
Avusa	Avusa Limited
Batho Bonke	Batho Bonke Capital (Proprietary) Limited
BBBEE	Broad-based black economic empowerment
BEE	Black economic empowerment
BEE Codes	The codes of Good Practice on Black Economic Empowerment, issued under section 9(1) of the Broad-based Black Economic Empowerment Act, as amended
BEE options	The options attached to the BEE shares allowing each redeemable option-holding shareholder to subscribe for one Mvelaphanda Group ordinary share at a minimum subscription price of R17,50
BEE shares	The redeemable option-holding shares with a par value of 0,1 cent each in the share capital of Mvelaphanda Group which were issued on 19 June 2007
Covenanted ratios	Means the Group Leverage Ratio, the Group debt service cover ratio, the operations leverage ratio, the market capitalisation of Mvelaphanda, the security value cover ratio, the market capitalisation ratio, the Mvelaphanda Group gearing ratio, the unrestricted assets cover ratio and the aggregate of all shareholders' funds
Debt covenants	Means covenanted ratios
Depfin	Depfin Investments (Proprietary) Limited, a subsidiary of Nedbank Capital
Effective interest method	The effective interest method is a method of calculating the amortised cost of a financial asset/liability and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts/payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset/liability, or, where appropriate, a shorter period
ElementOne	ElementOne Limited (holding company of Avusa)
GDP	Gross domestic product
Group debt service	Means, in respect of each 12 consecutive months, the consolidated aggregate of all interest, capital repayments, preference dividends, redemption amounts and secured deposits paid or which become due and payable during that 12-month period by the Mvelaphanda Group on any indebtedness of the Mvelaphanda Group (excluding any payments made in respect of the ringfenced exposure, but including redemption amounts paid or which become due and payable and all amounts required to be deposited into the redemption reserve account during such 12-month period as reflected in, and/or ascertained from, the most recent consolidated audited financial statements of the Mvelaphanda Group for that period or, to the extent that such financial statements are not available, the most recent consolidated unaudited management accounts of the Mvelaphanda Group for that period, as determined in accordance with IFRS)
Group EBIT	Means, in respect of each of 12 consecutive months, the consolidated net operating income of the Mvelaphanda Group (as reflected in the income statement) for that period before the deduction or addition, as the case may be, of the following items (also as reflected in the income statement) for that period: » Net interest per the income statement. » Tax charged (excluding deferred tax) per the income statement. » Extraordinary items. In addition, after deduction of depreciation in respect of fixed assets and buildings of the Mvelaphanda Group for that period and after deduction of amortisation in respect of the intangible assets of the Mvelaphanda Group for that period, as reflected in, and/or ascertained from, the most recent consolidated audited financial statements of the Mvelaphanda Group for that period or, to the extent that such financial statements are not available, the most recent consolidated, unaudited management accounts of the Mvelaphanda Group for that period, as determined in accordance with IFRS
Group EBITDA	Means, in respect of each period of 12 consecutive months, Group EBIT (excluding any EBIT attributable to any entity that has on account of any ringfenced exposure and any fair value adjustments made in respect of any of the unrestricted assets) for that period plus the consolidated depreciation in respect of fixed assets and buildings of the consolidated Mvelaphanda Group for that period plus the consolidated amortisation in respect of intangible assets of the Mvelaphanda Group, as reflected in, and/or ascertained from, the most recent consolidated audited financial statements of the Mvelaphanda Group for that period or, to the extent that such financial statements are not available, the most recent consolidated unaudited management accounts of the Mvelaphanda Group for that period, as determined in accordance with IFRS

Glossary of terms continued

Group free cash flow Means, in respect of each period of 12 consecutive months, Group EBITDA (after servicing the ringfenced exposure):

- plus or minus movement in net working capital of the Mvelaphanda Group;
- less all Mvelaphanda Group net capital expenditure;
- less taxes paid (excluding any deferred taxes) as per the income statement;
- plus all proceeds arising from the disposal of any asset, business, share and/or investment; and
- plus or minus any non-cash items that are included (and accordingly have decreased or increased, respectively) in the Group EBITDA such as provisions, unrealised foreign currency gains and losses, undistributed profits of associates and non-controlling interest, for the avoidance of doubt, the parties record that Group cash flow, for the purpose hereof, excludes any Group debt service

Group Five Group Five Limited

Group indebtedness Means the consolidated indebtedness of the Mvelaphanda Group (excluding any ringfenced exposure), (less any balance standing to the credit of the redemption reserve account) as at that date, all as determined in accordance with IFRS

HDSA Historically disadvantaged South Africans

IDC Industrial Development Corporation of South Africa Limited

IFRS International Financial Reporting Standards

Indebtedness Means any indebtedness of any nature whatsoever, which shall include any obligation (whether incurred as principal or surety) for the payment or repayment of money, whether present or future, actual or a contingent liability, secured or unsecured, and whether incurred as principal, surety, guarantor or otherwise, including in respect of:

- moneys borrowed, to the extent that such moneys have not been repaid, but excluding moneys borrowed which are compulsorily convertible into equity;
- any amount raised by acceptance under any acceptance credit facility (to the extent that such amount has not been repaid), excluding amount raised by acceptance which is compulsorily convertible into equity;
- any guarantee, indemnity or similar assurance against financial loss of any person or entity, but excluding performance or similar guarantees of a non-financial nature provided they are/were given in the ordinary course of the entity's day-to-day business (which, for the avoidance of doubt, does not include the business of an investment holding company);
- the amount of any liability in respect of any finance lease or hire purchase contract (to the extent that any such amounts have not been repaid);
- receivables sold or discounted (other than receivables to the extent that they are sold on a non-recourse basis);
- the amount of any liability in respect of any purchase price or assets or services the payment of which is deferred where the deferral of such price is either:
  - used primarily as a method of raising credit; or
  - not made in the ordinary course of the applicable entity's day-to-day business;
- any agreement or option to reacquire any asset if one of the primary reasons for entering into such agreement or option is to raise finance;
- any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the mark-to-market value shall be taken into account which, for the avoidance of doubt, may be an addition to or subtraction from the amount of indebtedness);
- any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the mark-to-market value shall be taken into account which, for the avoidance of doubt, may be an addition to or subtraction from the amount of indebtedness);
- any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and
- any amount raised by, or amount owing pursuant to, the issue of redeemable preference shares to the extent not redeemed (but excluding the preference shares compulsorily convertible into equity), provided that for the purpose of calculating any of the covenanted ratios, indebtedness shall specifically exclude the Company's exposure under and in terms of the Bridge Loan Facility Agreement

Intrinsic net asset value A measure of the value of the investment based on its assets less its liabilities

"In the money" Average market price of the ordinary shares during the period exceeds the exercise/strike price of the options

Glossary of terms continued

Investment companies	Special-purpose vehicles holding directly or indirectly interest in the Group's strategic investments
JIBAR	Johannesburg Interbank Agreed Rate
JSE	JSE Limited
JSE AltX	JSE Alternative stock exchange
Life Healthcare Life	Healthcare Group Holdings (Proprietary) Limited
Market capitalisation of Mvelaphanda	Means the fair value of the ordinary and preference shares multiplied by the number of Mvelaphanda ordinary and preference shares in issue
The Merger	The Merger of the businesses and assets of Mvelaphanda Holdings and Rebserve which was implemented on 13 December 2004
Mvelaphanda Group net equity value	Means, the lower of: » The market capitalisation of Mvelaphanda; and » Mvelaphanda Group shareholders' equity
Mvelaphanda Group or the Company	Mvelaphanda Group Limited
Mvelaphanda Group shareholders' equity	Means the consolidated shareholders' equity (net of intangibles and goodwill) in respect of the Mvelaphanda Group as reflected in, and/or ascertained from, the most recent consolidated audited financial statements or unaudited consolidated interim financial statements or, to the extent that such financial statements are not available, the consolidated, unaudited management accounts of the Mvelaphanda Group, as determined in accordance with IFRS
Mvelaphanda Holdings	Mvelaphanda Holdings (Proprietary) Limited
Mvelaphanda Resources	Mvelaphanda Resources Limited
Operations EBITDA	Means Group EBIT (excluding Zonke and Novare) plus consolidated depreciation and amortisation
Operations indebtedness	Means consolidated indebtedness of the restricted assets (excluding subordinated intercompany loans) (less balance in the redemption reserve account)
Rebserve	Rebserve Holdings Limited, being Mvelaphanda Group prior to the Merger
Redemption reserve account	Means the call deposit account maintained by Mvelaserve with Absa
Restricted assets	The following companies in which Mvelaphanda Group has a direct or indirect interest: » Khuseti Holdings (Proprietary) Limited **("Khuseti")** » Mvelaserve Limited **("Mvelaserve")** » Novare Holdings (Proprietary) Limited **("Novare")** » Protea Coin Group (Physical and Technical Security) (Proprietary) Limited and Protea Coin Group (Armed Reaction and Assets-in-transit) (Proprietary) Limited (collectively "**Protea Coin Group")** » Rebhold Freight Services (Proprietary) Limited t/a Contract Forwarding **("Contract Forwarding")** » Rebserve Cleaning Services (Proprietary) Limited **("Mvelaserve Cleaning")** » RoyalSechaba Holdings (Proprietary) Limited **("RoyalSechaba")** » Total Facilities Management Company (Proprietary) Limited **("TFMC")** » Zonke Monitoring Systems (Proprietary) Limited **("Zonke")**
SENS	Securities Exchange News Service
Stakeholders	Includes shareholders, employees, customers, suppliers and the government
Steinhoff	Steinhoff International Holdings Limited
Strategic investments	Amongst others, the Group's principal strategic investments are: » Absa Group Limited » Group Five » Life Healthcare » Avusa » Vox Telecom
Swissport	Swissport South Africa (Proprietary) Limited
The board or "board"	The board of directors of Mvelaphanda Group Limited
The Group	Mvelaphanda Group and its subsidiaries, associates and investments
Trollope	Trollope Mining Services (Proprietary) Limited
United Towers	United Towers (Proprietary) Limited, a subsidiary of Absa Bank Limited
Unitrans	Unitrans Limited

Glossary of terms continued

Unrestricted assets	Means all of the direct and indirect assets and interests of the Mvelaphanda Group (other than restricted assets), including without limitation the Mvelaphanda Group's interests in: » Absa Group Limited; » Life Healthcare Group Holdings (Proprietary) Limited; » Group Five Limited; » Steinhoff International Holdings Limited; » Unitrans Express Deliveries (Proprietary) Limited; » Unitrans Fuel and Chemical (Proprietary) Limited; » African Renaissance Holdings Limited; » Swissport South Africa (Proprietary) Limited; » Rebhold Distribution Services (Proprietary) Limited; and » Vox Telecom
Vox or Vox Telecom	Vox Telecom Limited

FINANCIAL RATIOS

Attributable earnings per share	Attributable earnings/weighted average number of shares in issue
Cash dividend covers	Cash earnings per ordinary share/Dividend/distribution per ordinary share
Cash earnings per ordinary share	(Cash generated from operations – taxation paid – preference dividends paid – cash paid to minority shareholders)/weighted average number of ordinary shares in issue
Cash ratio	Cash and cash equivalents/Current liabilities – bank overdraft
Current ratio	Current assets/Current liabilities
Debt-equity ratio	Total interest-bearing borrowings/Total capital and reserves
Diluted headline (loss)/ earnings per share	Diluted headline (loss)/earnings/Weighted average number of shares in issue
Dividend cover	Earnings per ordinary share/Dividend/distribution per ordinary share
Dividend yield	Dividend/distribution per ordinary share/Ordinary share price at 30 June 2009
Earnings yield	Earnings per ordinary share/Ordinary share price at 30 June 2009
Economic value added	Return on shareholders' funds – weighted average cost of capital
Group debt service ratio	Group free cash flow/Group debt service
Group leverage ratio	Group indebtedness/Group EBITDA
Headline (loss)/earnings per share	Headline (loss)/earnings/Weighted average number of shares in issue
Intrinsic net asset value per share	Intrinsic net asset value/Diluted weighted average net number of ordinary shares in issue
Market capitalisation ratio	Market capitalisation of Mvelaphanda/Group indebtedness
Mvelaphanda Group gearing ratio	Mvelaphanda Group net equity value/Group indebtedness
Net tangible asset value per ordinary share	Net tangible assets/Diluted weighted average net number of ordinary shares in issue
Operating margin	Profit from operations/turnover
Operations leverage ratio	Operations indebtedness/Operations EBITDA
Return on net investments	Net (loss)/profit after taxation from investments/Average net investments
Return on net operating assets	Net (loss)/profit after taxation from operations/Average net operating assets
Return on shareholders' funds	Net (loss)/profit attributable to equity holders/Average capital and reserves attributable to equity holders
Return on total assets	Net (loss)/income before borrowing costs and taxation/Average total assets – average total liabilities
Security value cover ratio	Fair value of the restricted assets/aggregate of all amounts owing by Mvelaserve on the preference shares issued to Depfin and United Towers less any balance standing to the credit of the redemption reserve account
Unrestricted assets cover ratio	Net asset value of the unrestricted assets/aggregate of all amounts owing by Mvelaserve on the preference shares issued to Depfin and United Towers

Administration

REGISTERED OFFICE

Mvelaphanda House
Hunts End, 36 Wierda Road West
Wierda Valley
Sandton
PO Box 1639, Rivonia, 2128
www.mvelagroup.co.za
info@mvelagroup.co.za

COMPANY REGISTRATION NUMBER

1995/004153/06

SHARE CODES

Ordinary shares: MVG

Preference shares: MVGP

ISIN CODES

Ordinary shares: ZAE 000060737
Preference shares: ZAE 000073540

COMPANY SECRETARY

Mvelaphanda Management Services (Proprietary) Limited
Hunts End, 36 Wierda Road West
Wierda Valley
Sandton
PO Box 1639, Rivonia, 2128

AUDITORS

PKF (Jhb) Inc.
42 Wierda Road West
Wierda Valley
Sandton
Private Bag X10046, Sandton, 2146

INVESTOR RELATIONS

College Hill
5 Second Avenue
Hyde Park
Sandton, 2196
Tel: +27 11 447 3030
mvela@collegehillir.com

ATTORNEYS

Bowman Gilfillan
165 West Street
Sandton
PO Box 785812, Sandton, 2146
Werksmans Inc.
155 5th Street
Sandton
Private Bag 10015, Sandton, 2146

TRANSFER SECRETARIES

Computershare Investor Services (Proprietary) Limited
70 Marshall Street
Johannesburg
PO Box 61051, Marshalltown, 2107

SPONSOR

Deutsche Securities (SA) (Proprietary) Limited
3 Exchange Square
87 Maude Street
Sandton
Private Bag X9933, Sandton, 2146

BANKERS

The Standard Bank of South Africa Limited
Nedbank, a division of Nedcor Bank Limited
First National Bank, a division of FirstRand Bank Limited

SHAREHOLDERS' DIARY

Annual general meeting	25 November 2009
Interim results announcement	March 2010
Audited final results and dividend announcement	September 2010
Interim dividends paid	April 2010
Final dividends paid	September 2010

BASTION GRAPHICS

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