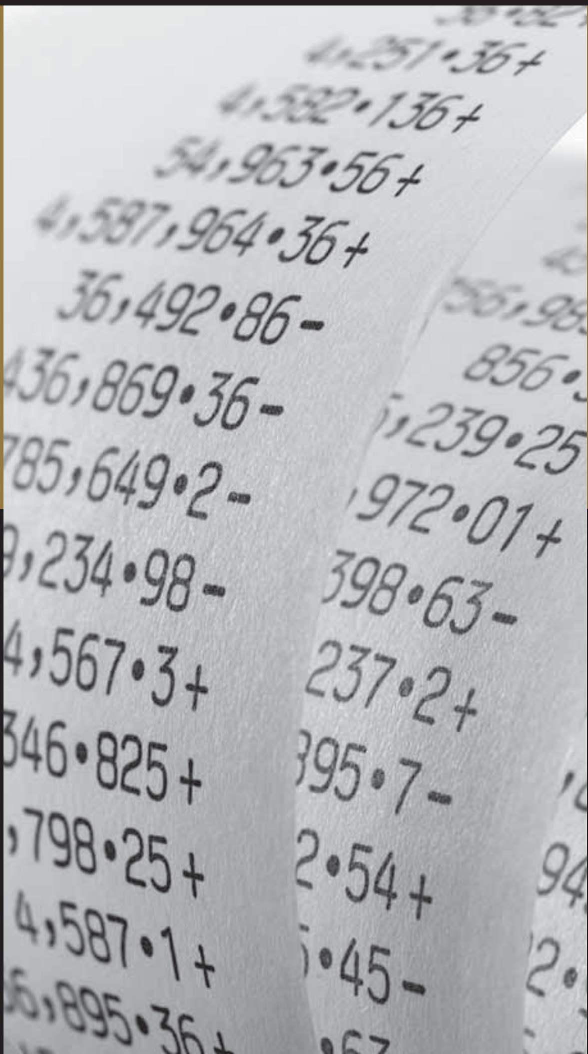
VUNANI
LIMITED

Annual Report 2010


4,582•136+
54,963•56+
4,587,964•36+
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Contents

VUNANI LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1997/020641/06)
(JSE Code: VUN ISIN: ZAE0000110359)
("Vunani" or "the company")

Listed on the JSE Limited ("JSE") – Alt-X

VUNANI LIMITED | www.vunanilimited.co.za

DIRECTORATE

Willy Ross

Chairman
CTA, CA (SA)

Willy commenced his merchant banking career with the Nedbank Group in 1974 in corporate finance. He later became involved in project and structured finance and private equity. At the time of the merger of Nedcor Investment Bank, he was an executive director with responsibility for infrastructure, project and structured finance, private equity, and risk and legal.

Chief Executive Officer
MSc (Statistics), Executive MBA (Sweden)

Ethan Dube

Ethan has extensive corporate finance and asset management experience gained at Standard Chartered Merchant Bank, Southern Asset Managers and Infinity Asset Management. Ethan was a founder and has been managing director of Vunani Capital Holdings (previously African Harvest Capital) since its inception in the late 1990s.

Aphrodite Judin

Chief Financial Officer
BCom, BAcc, CA (SA)

Aphrodite joined Vunani in 2005, focusing on the stock broking operations of the Group. She was appointed Financial Director in August 2010. Before joining Vunani, Aphrodite worked at Deloitte as an audit manager.

Executive Director
Qualifications: BCom,
PG Dip (Accounting), CA (SA)

Butana Khoza

Butana established African Harvest Capital with Ethan Dube and has served in a number of senior executive roles. He is currently the managing director of the Group. Prior to Vunani, Butana worked at Southern Asset Management and then at Futuregrowth.

Mark Anderson

Executive Director
BCom (Hons), CA (SA)

Having initiated a number of early BEE deals, Mark formed a corporate finance boutique and then advised on the formation of African Harvest Limited in 1997. Mark is responsible for Vunani Capital (Proprietary) Limited's investment activities.

Evelyn Chimombe-Munyoro

Executive Director
BA LLB, LLM (Commercial law/ Maritime law)

Evelyn is an admitted attorney of the High Court of South Africa and was appointed director and partner at Fairbridges Attorneys in 2004. Originally a non-executive director of Vunani, Evelyn joined as an Executive Director in 2006.

Independent Non-Executive Director
MA, AEP, Diploma in Management and MBA

Dr. Bongani Khumalo

Bongani is Chairman of Grey Global (SA) and EDS South Africa. He is the immediate Past-Chairman of Transnet Limited. Bongani, who has also served as a Strategic Adviser at the Presidency, is also a former Deputy Chief Executive at Eskom. He is presently Professor Extraordinaire (and Chairman) of the African Centre for HIV/AIDS Management in the Faculty of Economic and Management Sciences at the University of Stellenbosch.

Nambita Mazwi

Independent Non-Executive Director
LLB, Dip Company Law, Programme in Business Leadership

Nambita is an admitted attorney of the High Court of South Africa. Her experience spans over a decade having worked for SAEDF as a Legal Counsel to the CEO. Nambita is currently the Corporate Legal Advisor to South African Airways (SAA). Prior to this she acted as a general legal counsel to the South Enterprise Development Fund.

Independent Non-Executive Director
BCom, BAcc, CA (SA)

Gordon Nzalo

Gordon has extensive experience in risk management, corporate governance, external and internal auditing and was previously a partner with both KPMG and PWC. He is a director of a number of companies.

John Macey

Independent Non-Executive Director
BBusSci (Hons), BCom (Hons) (FinAcc), CA (SA)

John spent five years with Deloitte & Touche where he obtained audit, accounting, financial advisory and taxation experience. He spent five years as the financial director of Gosair Filter Systems (Proprietary) Limited and also lectured for nine years at the University of Cape Town in financial accounting and management accounting.

Chairman's Report

WC Ross
Chairman

"The Board remains optimistic that the legacy interest burden will further be reduced. We are encouraged by the progress shown so far and believe that the platform has transformed from an investment banking focus to a predominantly annuity income business positioned well for organic and acquisitive growth"

Introduction

During the review period, Vunani's management continued where it left off in 2009 with its main focus being the recapitalisation of its balance sheet. I am pleased to report that this determination paid off early in 2010, with the successful raising of R313,6 million through a clawback offer.

Although Vunani is continuing to further de-risk the business by disposing of non-performing investments, a process which unfortunately can only be achieved over time, the board believes that Vunani's remaining business platform is now positioned correctly to start fulfilling its ambitions of being South Africa's pre-eminent black owned mid-sized financial services company.

Business conditions

The 2010 business year kicked off as the world held its breath hoping that unprecedented fiscal and monetary easing over the course of 2009 in an effort to address the repercussions of the World Financial Crisis would pay off. The dark clouds of a massive sovereign debt overhang in developed countries and the risk of default in the so called "PIIGS" countries (Portugal, Ireland, Italy, Greece and Spain) in particular, resulted in investors focusing their attention on the developing world to look for growth and return on investment.

As it turned out, world economic growth rebounded from contraction of -0,5% in 2009 to +5% in 2010, largely thanks to the emerging and developing world posting growth of 7,3% (from 2,7%) compared to the rather sluggish 3% (from -3,4%) by advanced economies.

Emerging markets attracted massive capital inflows resulting in marked strengthening of currencies, including the Rand exchange rate. The Rand rallied from close to R8,00 against the US$ to R6,60 by year end. Domestic demand started to recover over the course of 2010 following an aggregate 50 basis points reduction in domestic interest rates in 2009 and a further 150 basis points in 2010.

Nevertheless, domestic consumer indebtedness at record levels around 80% equivalent of personal disposable income resulted in sustained sluggish domestic demand, while the uncompetitive exchange rates and depressed European demand hampered exports.

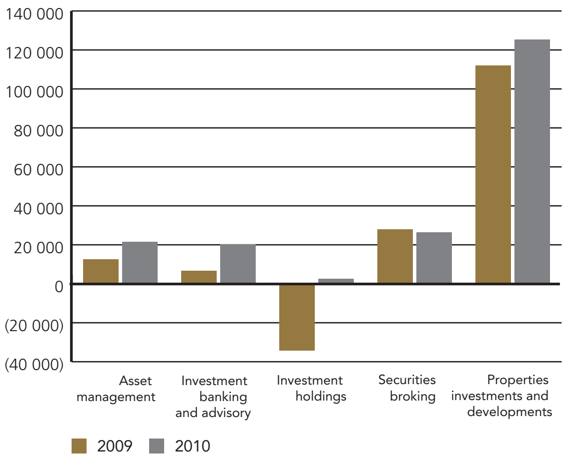
Still, the South African economy managed to recover somewhat and eventually rendered real GDP growth of 2,8% in the review period.

BUSINESS OVERVIEW

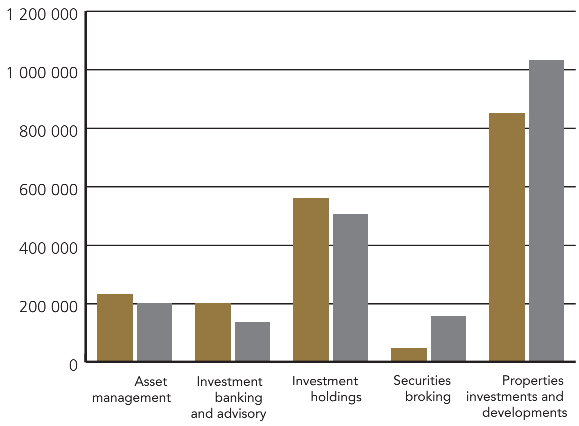
It was against this still challenging background that the management team vindicated shareholders' earlier support of the rights issue.

Revenue increased by R70,8 million while results from operating activities increased by R41,4 million. The loss for the year was reduced substantially by R119,5 million. Finance costs were reduced by R30,7 million but remained uncomfortably high at R169,1 million at balance sheet date.

Revenue per report segment
Rm



Assets per report segment
Rm



Asset management

Vunani's asset management business was bolstered through the acquisition of the Peregrine iQ business. Vunani now has management and operating control over its asset management businesses and the subsequently rebranded Vunani Fund Managers provides a solid base for its institutional and private wealth products and service offerings.

Investment banking and corporate advisory

The investment banking and corporate advisory businesses maintained momentum in a tough market, with the bulk of revenue earned in the latter part of 2010. The platform is sound and the team has been consistently ranked in the Top 10 of the deal makers rating for sponsor activities and was ranked the 6th most active M&A Advisor in the market in 2010.

Securities broking

The business was impacted by slow trading conditions caused by the hosting of the 2010 FIFA World Cup and market volatility as a result of the sovereign debt challenges mainly in the PIIGS countries. The division did however recover in the latter part of the year to end positively.

A major highlight was the acquisition of Kagiso Securities which bolstered Vunani's equity research offering and equity, bonds and money market dealing capability. A good windfall was the R22,8 million value created in the deal.

Properties

The properties division was the biggest contributor to the Group's revenue and is split into development and property investment divisions. As announced on 8 April 2011, the board has been mandated by shareholders to list Vunani Property Investment Fund. This listing is on track for the second half of 2011.

Investment businesses

Historically highly geared investments in both listed and unlisted companies proved to be the proverbial albatross around our necks. The World Financial Crisis scuttled our expectations to service the gearing from dividend flows and the redeeming of associated borrowings through realising capital profits.

Management has been reviewing all existing investments and disposed of those not meeting the designated criteria. Associated debt was redeemed in the process. Management is of the opinion that the bulk of the investment write-down has taken place.

The restructuring of the Group's debt necessitated some renegotiation of funding arrangements with its major bankers. The principal arrangement was the provision of secured guarantees to these funders in return for restructuring of the debt.

Management's focus therefore remains on building the core business whilst reducing the legacy interest burden on the balance sheet.

Corporate social responsibility and empowerment

Vunani remains a black controlled and black managed company with a portfolio of strategic B-BBEE investments. Despite the rights offer alluded to earlier, we retain our B-BBEE status of 89% economic and voting interest in the hands of previously disadvantaged individuals.

The relevance of empowerment vehicles are increasingly being debated as the 2015 timeframe for the Broad-Based Black Economic Empowerment Code of Good Practice approaches. The importance of inclusiveness can however not be dictated by timeframes, since socio-economic sustainability is undoubtedly interlinked with business sustainability as demonstrated by popular uprisings in North Africa and indeed closer to home at the time of writing.

It is becoming increasingly apparent that the success or failure of organisations is dependent on their ability to create and sustain value without depleting the capital assets (financial, human, manufactured, social or natural) on which that value depends. There is similarly a growing recognition that change is needed in the way organisations report to their stakeholders.

In South Africa, the King Report on Governance for South Africa 2009 (King III) calls for organisations to prepare an integrated report, recognising that the impact of the organisation on the environment and society, and related reputational issues, are material issues that can affect the very existence of the organisation.

Following the incorporation of King III into the JSE Listings Requirements, listed companies are required to issue an integrated report for financial years starting on or after 1 March 2010, or to explain why they are not doing so.

Various other initiatives in the country are adding to the call for integrated reports, such as the draft Code for Responsible Investing by Institutional Investors in South Africa (CRISA). This code states that institutional investors should incorporate environmental, social and governance considerations into their investment analysis and activities, including an assessment of a company's integrated report.

Vunani is currently gearing up for its first integrated sustainability report in the 2011 financial year. Not only do we recognise the importance, but also the fact that effective integrated reporting is a phased approach. To this end Vunani will be following the Sustainability Reporting Guidelines of the Global Reporting Initiative.

Governance and board

As mentioned above, we are currently gearing up for a phased implementation and compliance with the King III code and integrated reporting in the 2011 reporting period.

To better effect our corporate governance objectives, some management changes took effect during the reporting period.

Butana Khoza was appointed as Group Managing Director with effect from 16 March 2010. His role is to coordinate the operations and the organisational structure, ensuring an optimal platform to operate from. He is also responsible for the management of operational, risk management and compliance issues.

During the review period Guy Frawley stepped down from the board of directors. He remains an executive in the Group and moved to the property division to drive various new initiatives, including the mandated listing of Vunani Property Investment Fund.

Accordingly, Aphrodite Judin was appointed as the Group's Chief Financial Officer on 19 August 2010. The board currently consists of five non-executive directors, all of whom are independent. There are five executive directors. Grindrod Bank is the lead designated advisor (DA), with Vunani Corporate Finance the joint DA.

Prospects

The board remains optimistic that the legacy interest burden will further be reduced but is cautious that it may take some time before the net losses are stemmed. Management remains focused on building Vunani's core business whilst reducing the interest burden through optimal asset realisation.

We are encouraged by the progress shown so far and believe that the platform has transformed from an investment banking focus to a predominantly annuity income business and is positioned well for organic and acquisitive growth.

Until such time as the legacy debt and associated debt are dealt with, shareholders should be aware that the results are subject to great volatility.

Appreciation

I would like to thank my fellow board members for their support, the guidance they provided to management and their uncompromising approach to their fiduciary duties.

Equally, our management team and staff's unwavering determination and commitment provided us with a solid base to build from in the current financial year. Equally important is the support we received from our business partners. For this I thank you.

I would like to take this opportunity to welcome all new management and staff to the learning and dynamic culture of Vunani. The business is in very able hands, as demonstrated by the significant turn-around and refocus in the business. There are real growth opportunities as the business continues to evolve.

Lastly, but very important is our shareholders' support which played no small role in Vunani's ability to weather the storm. On behalf of the board I would like to thank you for your support during this trying period.

WC Ross
Chairman of the board

Chief Executive Officer's Report

Ethan Dube
Chief Executive Officer

"We've invested considerable resources into establishing sustainable divisions with economies of scale. Our focus from here on is on growth and creating value through these operations"

Operational review

In the aftermath of the financial crisis, 2010 proved to be a period of consolidation for many listed companies. For Vunani, the year ended 31 December 2010 provided an opportunity to reposition the Group's core business with the main focus on annuity revenue growth.

Highlights

This was no doubt a watershed year for the Group. Despite surviving one of the toughest operating environments in its history, the year provided a number of highlights:

- Vunani successfully raised R313 million through a rights offer to recapitalise its balance sheet;
- The balance sheet was further restructured to de-gear the business;
- Net asset value increased substantially from 1,6 cps to 5,3 cps;
- Revenue increased by R70,8 million to R195,8 million;
- The loss for the year decreased by R119,5 million to R44,7 million;
- Loss making activities and non-performing investments were disposed of;
- Positive cash flow of R3,9 million was generated (2009: R33,8 million negative);
- Following the increase of its 11% stake in Peregrine iQ (Proprietary) Limited to 51%, Vunani's asset management business was refocused and moved up the value chain from index funds into active quantitative funds which pay higher fees. The business was subsequently rebranded Vunani Fund Managers;
- Vunani added significant scale to its securities broking business with the purchase of Kagiso Securities at nominal value. The acquisition brings significant scale to Vunani's equity research offering and stock, bonds and money market dealing capability;
- The Group's impeccable BEE credentials were leveraged with the acquisition of a 37,5% stake in Black Wattle Colliery from Bisichi Mining in a vendor financed agreement, as well as the subsequent acquisition of high quality contiguous reserves; and
- Similarly, Vunani Technology Ventures was formed through a 51% acquisition of Jala Group for a nominal amount. The new business will create a platform for investments into technology companies by offering advisory and investment banking to high-growth, mid-market software entrepreneurs. The acquisition combines the investment

banking expertise and black empowerment credentials of Vunani with the IT skills and experience of Jala. Post balance sheet date, Vunani Technology Ventures was selected by Microsoft South Africa to work on its R475 million Equity Equivalent BEE initiative, aimed at developing several majority black owned Independent Software Vendors (ISVs) into global software companies.

Management remains focused on building the core business, mindful of the importance to reduce the legacy interest burden on the balance sheet. The platform to grow as an "asset gathering business" has however been successfully established.

Asset management

On 22 June 2010 Vunani increased its holdings in Peregrine iQ (Proprietary) Limited from 11% to 51% for a consideration of R20,6 million. Vunani now has management and operating control of its asset management businesses, which were subsequently rebranded to Vunani Fund Managers. The enhanced team now has a strong institutional and private wealth product and service offering. Revenue for the period under review was R21,4 million, up R8,8 million on the previous period. The division incurred an attributable loss of R16,2 million after adjusting for R30,7 million impairments on our minority interests in Edge Holding Company (Proprietary) Limited and Vunani Private Equity Partners (Proprietary) Limited. Following the conclusion of negotiations to dispose of Vunani's interest in these entities, the investments in these companies have been disclosed as "assets held for sale" in the balance sheet. The upshot is that Vunani will no longer have any debt associated with these investments.

Investment banking and corporate advisory

The investment banking and corporate advisory businesses did very well in tough market conditions, contributing over R20 million to revenue, up R13,5 million on the previous year, the bulk of which was earned in the second half of 2010. The business would have been profitable, if one discounts the R20 million goodwill impairment associated with the rationalisation of the corporate finance and treasury operations, and bad debts written off. The platform is sound and the team has been consistently ranked in the top 10 of the deal makers rating for sponsor activities and was ranked the 6th most active M&A Advisor in the market in 2010.

Securities broking

The highlight for the securities broking division was the acquisition of Kagiso Securities on 1 December 2010 for a nominal amount. This acquisition introduced significant economies of scale and bolstered the Group's equity research offering and equity, bonds and money market dealing capability. It further enabled Vunani to create R22,8 million from arbitrage in the deal. The division had a relatively good trading year despite a slow period during the months in which the 2010 FIFA World Cup was hosted. There was also a fair amount of volatility as the equity markets grappled with sovereign debt challenges in Greece and other European Union countries. Management is pleased that in spite of these challenges the securities broking division generated revenue of R26,3 million (2009: R28 million) and attributable profit of R14,1 million (2009: R10,6 million loss).

Properties business

The properties business was the biggest contributor to the Group, contributing revenues of R125,4 million (2009: R112,1 million) and attributable profits of R86,6 million (2009: R27,7 million loss). The business is spilt into development and property investments divisions. The developments business was relatively quiet with only two significant projects taking place, undertaken in partnership with other developers, both of which are at an advanced stage.

Included in profits were fair value adjustments of R116,6 million associated with the investment properties, which increased the fair value of the investment property portfolio to R915,6 million as at 31 December 2010. Debt associated with the investment portfolio is R631,8 million. Cash flows from the portfolio are more than adequate to service the debt.

As discussed in the Chairman's review, the board has been mandated to list Vunani Property Investment Fund (VPIF) on the JSE. VPIF is 50,2% owned by Vunani Properties (Proprietary) Limited, which is in turn owned 78% by Vunani Limited. The rationale for the listing is primarily to enable VPIF to raise fresh capital from institutional and private investors.

Investments business

The investments business comprises investments in both publicly listed and unlisted companies. Most of these highly geared investments have been reviewed and non-performing operations disposed of to redeem associated debt. We believe that the bulk of the investment write down has taken place with R9,9 million of the fair value write down in 2010 being attributable to the investment portfolio. Investment income associated with the portfolio amounted to R12,7 million (2009: R15,0 million) whilst attributable finance costs were R64,8 million (2009: R102,2 million). Vunani has been given a moratorium until October 2011 with the banks undertaking to not call in loans should covenants be breached during this time.

The restructuring of group debt necessitated some renegotiation of funding arrangements with the Group's major bankers. The principal arrangement was the provision of secured guarantees to these funders in return for restructuring of the debt. Certain facilities will need to be renegotiated before the moratorium date of October 2011.

In terms of IAS 39 it is a requirement that these guarantees be fair valued and as a result a fair value charge of R58,0 million was made to the income statement to reflect the fair valuing of these guarantees, with the corresponding amount being reflected in liabilities. These charges will reverse as the assets are disposed of and the debt is repaid.

Corporate governance and sustainable business practice

The guidelines and recommendations of the King Report on Governance in South Africa 2009 (King III) are applicable to all companies, in financial years commencing on or after 1 March 2010.

We have begun the process of compliance and have taken advice in this regard. Although Vunani is compliant with King II, some areas need modification whilst some new areas also need to be introduced, in order to be King III compliant. We anticipate this to be fully operational in our next reporting period, thereby adhering to the deadline.

In compliance with King III an integrated sustainability report will be published for the 2011 financial year. This report will follow a phased approach in line with the Sustainability Reporting Guidelines of the Global Reporting Initiative.

Strategic focus

As discussed earlier in this report, the volatility of highly geared equity investments cost us dearly. Going forward, Vunani will focus on further reducing debt and growing its annuity business.

Chief Executive Officer's Report

Continued

During the year under review, considerable resources were poured into establishing sustainable divisions with economies of scale which will position Vunani as an "asset gathering business". The Group's focus in the current financial year and beyond is therefore on growth and value unlocking through these divisions. Most notably in this regard is the imminent listing of Vunani Property Investment Fund on the JSE Limited.

Looking ahead

In the current financial year, side effects of remedies to the financial crisis are becoming more apparent. The injection of liquidity on an unprecedented scale into the world economy was always going to bring rising inflation. Resources prices rallied and at the start of 2011 the world was grappling with the surge in oil prices which brought with it fuel-price driven surging inflation and concomitant spiraling world food prices.

Concerns on overheating have already prompted some countries, including China, which have largely been the source of demand "saving" the world over the past few years, to tighten monetary policy. Moreover, renewed concerns that the lack of a sustainable solution for over-indebtedness in some developed countries might eventually result in default, has recently been sending shock waves through markets and added to doubts whether the current economic recovery cycle would be sustained.

South Africa did not escape these global trends. Domestic inflation bottomed towards the 3% lower band of the target range by the third quarter of 2010 and has subsequently been on the rise. Some believe it may break through the 6% upper band before the end of 2011. Consequently, even though the recovery in the domestic business cycle has been rather tentative thus far, the risk of an imminent commencement of a rising interest rate cycle looms. Fortunately, we are of the opinion that monetary authorities will hold off for as long as possible in the interest of growth. Still, domestic business conditions recovered significantly over the course of 2010, resulting in much improved prospects for 2011 compared to a year ago.

Thanks

I would like to thank the executive team, all staff, shareholders, other stakeholders and the board for their dedication and continued perseverance in sharing the vision of growing Vunani to South Africa's best mid-sized financial services company.

Ethan Dube
Chief executive officer

Corporate governance

The board is committed to governance processes based on integrity, transparency, independence and accountability and recognises that this is a developing process that serves the stakeholders alike.

During the year under review the principles set out in the Code of Corporate Governance ("King II") as well as the specific requirements set out in the JSE Listings Requirements have in all respects been complied with. The requirements of King III are only applicable to the Group for the financial year ended 31 December 2011. The board acknowledges these requirements and is working towards the implementation of its requirements during the 2011 financial year.

Board of directors

The board composition reflects people with different skills, knowledge and experience. Details of the Group's directors are provided on page 13 of this annual report. The board met five times during the past year. The attendance of these meetings is set out in the table on page 13.

The Group's Articles of Association requires one third of the directors of the company to retire by rotation and to offer themselves for re-election by shareholders at the annual general meeting, with the exception of the CEO and MD. In accordance with the company's memorandum of association, WC Ross, NM Anderson and CE Chimombe-Munyoro retire by rotation. A Judin was appointed during the year and will also be eligible for re-election at the annual general meeting.

King II recommends that the majority of the non-executive directors be independent. All of the non-executive directors are independent. Having considered the matter, the board is accordingly satisfied that its current composition ensures a balance of power and authority such that no one individual has unfettered powers of decision-making.

WC Ross fills the role of non-executive chairman, EG Dube the role of Chief Executive Officer, BM Khoza the role of Managing Director and A Judin as the Chief Financial Officer.

There are no service contracts for non-executive directors. The executive directors have service contracts with the Group terminable upon one month's written notice. No executive director has a fixed term contract. The board has not adopted a formal charter. It is anticipated that this will be adopted as part of the formal process of self-assessment during the course of the ensuing year.

Board meeting attendance

Executive directors	29 Mar	13 Apr	08 Jun	01 Sep	01 Dec
EG Dube	√	–	√	√	√
BM Khoza	√	√	√	√	√
NM Anderson	√	√	√	√	–
CE Chimombe-Munyoro	√	√	√	√	√
WG Frawley*	√	√	√	n/a	n/a
A Judin**	n/a	n/a	n/a	√	√
Independent non-executive directors					
WC Ross (Chairman)	√	√	√	√	√
BA Khumalo	–	–	√	√	√
NS Mazwi	√	–	√	–	√
G Nzalo	√	√	√	√	√
JR Macey	√	√	√	√	√

* *WG Frawley resigned on 18 August 2010.*
** *A Judin was appointed on 19 August 2010.*

All executive directors are shareholders in the company. The directors' interests are disclosed in the directors' report.

The board's key roles and responsibilities are:

- Promoting the interests of stakeholders;
- Formulation and approval of strategy;
- Taking into account corporate governance, risk management and internal control policies and structures;
- Retaining effective control; and
- Ultimate accountability and responsibility for the performance and affairs of the company.

The board has appointed the following sub-committees to assist it in the performance of its duties:

- Audit and risk committee;
- Remuneration committee; and
- Investment committee.

The board undertakes the role of a nominations committee and the selection and appointment of new directors is agreed to by the board as a whole.

Board committees

Audit and risk committee

This committee, established by the board has specific responsibilities as set out in the audit and risk committee terms of reference approved by the committee and the board.

The audit and risk committee is responsible, for *inter alia*:

- setting the principles for recommending the use of the external auditors for audit services and other non-attest services; and
- satisfying itself, on an annual basis, of the appropriateness of the expertise and experience of the Chief Financial Officer.

Attendance at the audit committee meetings during the course of the current financial year was as below:

Audit and risk committee meeting attendance

	13-Jan	26-Mar	29-Mar	08-Jun	01-Sep	19-Nov
G Nzalo (Chairman)	√	√	√	√	√	√
JR Macey	√	√	√	√	√	√
NS Mazwi	√	√	√	√	–	√

As required in terms of the JSE Listings Requirements, the company's Designated Advisors attended all the audit committee meetings.

The auditors have unrestricted access to all records, assets and employees of the Group as well as to the chairman of the audit committee. The chairman of the audit committee has unrestricted access to the Group's management, employees, minutes and reports of the auditors.

Remuneration committee

The remuneration committee is chaired by WC Ross and includes BA Khumalo. The committee meets at least annually to review the performance of the executive directors and is responsible for determining remuneration strategy, conditions of employment and remuneration packages of executives.

Investment committee

The investment committee has been established in terms of the Investment Committee Charter approved by the board of directors. As a sub-committee of the board, its objective is to review, evaluate, approve and recommend to the board investments acquisitions or disposals in excess of R2 million with any investment acquisition or disposal in excess of R30 million requiring final board approval.

Investment committee members

JR Macey (Chairman)
WC Ross
EG Dube
NM Anderson
NP Riley

Dealing in securities

In terms of the JSE Listing Requirements, the directors, the Group company secretary and directors of major subsidiaries require advance approval from the CEO or the CFO, for dealings in Vunani shares. Once executed, appropriate disclosure is made on the Securities Exchange News Service (SENS).

Risk management and internal control

The board is responsible for the Group's system of internal control and risk management and is assisted in this regard by the audit and risk committee. These systems of internal control are designed to provide reasonable but not absolute assurance of the integrity and reliability of the annual financial statements, to safeguard and maintain accountability of the Group's assets and to identify and minimise significant fraud, potential liability, loss and material misstatement while complying with applicable statutory laws and regulations.

There are inherent limitations to the effectiveness of any system of internal control including the possibility of human error and the circumvention or overriding of controls. The systems are therefore designed to manage rather than eliminate risk of failure and opportunity risk. Nothing has come to the attention of the board to indicate that there has been a material breakdown in the internal systems of control during the period.

Executive management is accountable to the board for implementing and integrating the risk management process into the day-to-day activities of the Group. The company has an effective ongoing process of identifying risk, measuring its partial impact against a broad set of assumptions and initiating mitigating activities to reduce the exposure to acceptable levels. Additional internal control activities are introduced to assist the process of mitigating risk exposure where appropriate. The board establishes the risk management framework and sets risk limits within which the business units are required to operate.

Governance of information technology

The Group has an appointed information technology ("IT") manager who is responsible for IT governance at Group level. All the major subsidiary and associated companies are responsible for IT governance in their respective business environments.

Sustainability

Stakeholder relations

The Group subscribes to the principles of objective, honest, balanced, relevant and understandable communication of financial and non-financial information to stakeholders. This is considered to be of such importance that the CEO is involved with most instances of stakeholder communication. The Group acknowledges the role and responsibility of the various regulators and our relationships with them are maintained in a transparent and proactive manner.

Human resources

The Group regards its people as the most important element of its business. It is therefore important to make the best use of the human capital we have available. All employees are encouraged and motivated to better themselves through training and study.

Corporate governance

Continued

Employee participation

In order to retain and attract entrepreneurs, the Group has a philosophy of encouraging management and key employees in the Group to acquire a meaningful interest in the Group and/or in its underlying businesses. A share incentive scheme is being put in place and employees are co-owners of the business and are treated as such, with transparent communication a priority.

Employment equity

The Group is a New South Africa company and is representative of all the people in South Africa. The Group subscribes to the principle of equal opportunity. Group companies have set their own targets and specific action plans.

Ethics

The Group pursues a code of conduct for staff designed to provide guidance as to the ethical conduct in all areas, appropriate policies around the safeguarding of assets and information and the appropriate corrective measures to enforce these policies.

Financial reporting

The Group provides financial reports to its shareholders twice a year. Details regarding significant transactions undertaken are reported as required by the JSE Listings Requirements.

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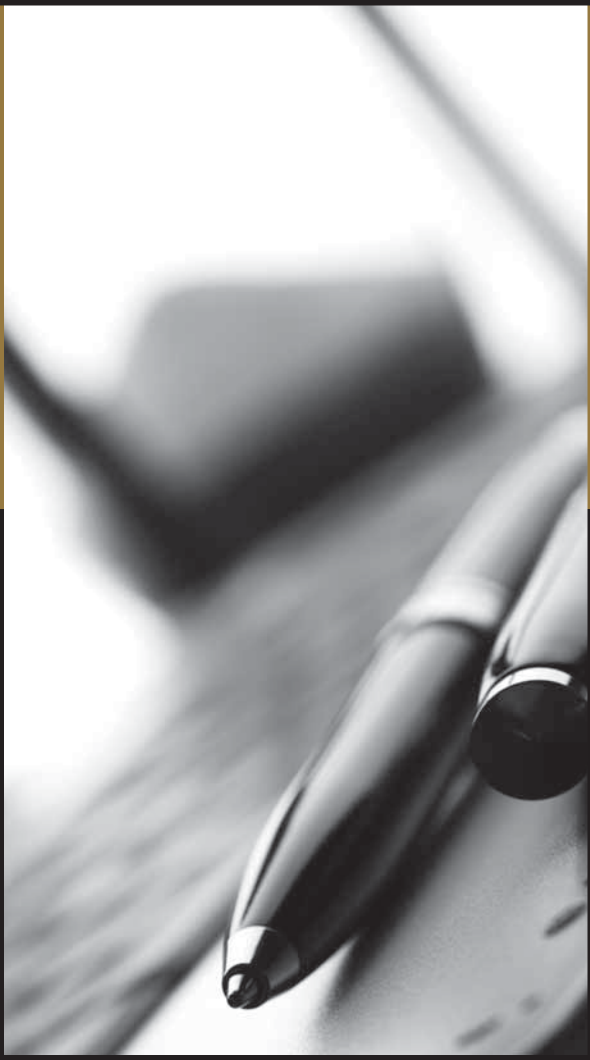


Directors' statement of responsibilities and approval of the annual financial statements

The directors are responsible for the preparation and fair presentation of the Group annual financial statements and the annual financial statements of Vunani Limited, comprising the statements of financial position at 31 December 2010, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes and the directors' report, in accordance with International Financial Reporting Standards and in a manner required by the Companies Act of South Africa.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the ability of the company to continue as going concerns and have no reason to believe that the businesses will not be going concerns in the year ahead.

The auditor is responsible for reporting on whether the annual financial statements are fairly presented in accordance with the applicable financial reporting framework.

APPROVAL OF THE GROUP ANNUAL FINANCIAL STATEMENTS AND THE ANNUAL FINANCIAL STATEMENTS

The Group annual financial statements and the annual financial statements of Vunani Limited, as identified in the first paragraph, were approved by the board of directors on 23 June 2011 and are signed on its behalf by:

EG Dube
Chief Executive Officer

A Judin
Chief Financial Officer

Certification by the company secretary

In terms of the Companies Act 61 of 1973 (the Act), and for the year ended 31 December 2010, I certify that Vunani Limited has lodged all returns required by the Act with the Registrar of Companies and that all such returns are true, correct and up to date.

A Judin
Company secretary

23 June 2011

Report of the audit and risk committee

The audit and risk committee ("the committee") reports that it has considered the matters set out in section 270A(5) of the Companies Act, 61 of 1973, as amended by the Corporate Laws Amendment Act, and is satisfied with the independence and objectivity of the external auditor, KPMG Inc.

The committee has considered and recommended the fees payable to the external auditor and is satisfied with the extent of non-audit related services performed.

The committee has satisfied itself that the financial function, including the Chief Financial Officer, has the appropriate expertise, experience and resources, and is satisfied that the internal financial controls of the Group are working effectively.

A board-approved audit and risk committee charter stipulating, *inter alia*, the committee's composition, duties and responsibilities, has been adopted. The committee is satisfied that it complied with the responsibilities as set out in the audit and risk committee charter as well as relevant legal and regulatory responsibilities.

Based on the information and explanations given by management and discussions with the independent external auditor regarding the results of their audit, the committee is satisfied that there was no material breakdown in the internal financial controls during the financial year under review. The committee has evaluated the financial statements of Vunani Limited and the Group for the year ended 31 December 2010 and, based on the information provided to the committee, considers that the company and the Group comply, in all material respects, with the requirements of the Companies Act, 61 of 1973, as amended, and International Financial Reporting Standards.

G Nzalo
Chairman of the audit and risk committee

23 June 2011

Independent Auditors' Report

TO THE MEMBERS OF VUNANI LIMITED

We have audited the Group annual financial statements and the annual financial statements of Vunani Limited, which comprise the statements of financial position at 31 December 2010, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 21 to 89.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by 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, these financial statements present fairly, in all material respects, the consolidated and separate financial position of Vunani Limited at 31 December 2010, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

KPMG Inc.
Registered Auditors

Per G Parker
Chartered Accountant (SA)
Registered Auditor
Director

KPMG Crescent
85 Empire Road
Parktown
Johannesburg
2193

23 June 2011

Directors' report

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

REVIEW OF ACTIVITIES

Main business and operations

The company was incorporated on 1 December 1997 and carries on the business of a financial services company with certain strategic investments. It has investments in security trading operations, investment banking, corporate advisory services and property development and holdings.

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

EVENTS AFTER REPORTING DATE

Refer to note 41 of financial statements.

AUTHORISED AND ISSUED SHARE CAPITAL

The authorised share capital consisted of 10 000 000 000 ordinary shares of R0.0001 each. 4 763 502 216 ordinary shares were in issue at 31 December 2010 (2009: 1 340 562 216). During the year the following shares were issued.

	Number of shares issued (in 000's)	Share capital (in R000's)	Share premium (in R'000s)	Total (in R'000s)
Clawback offer (including shares issued in lieu of fees to advisors)	3 285 940	328	328 266	328 594
Acquisition through business combination	137 000	14	13 686	13 700
	3 422 940	342	341 952	342 294

DIVIDENDS

No dividends were declared or paid to shareholders during the year (2009: R nil).

SPECIAL RESOLUTIONS

No special resolutions have been passed by the board of directors since the previous annual report was published.

GOING CONCERN

In February 2010 the Group raised R313,6 million by way of a clawback offer to shareholders. The proceeds of the offer were used to repay certain debts incurred by Vunani Capital (Proprietary) Limited's subsidiaries. Sureties in place at the time were severed with new limited guarantees being put in place, which substantially reduced the Group's risk exposure.

The financial assets and related financial liabilities (including guarantees and limited sureties) are fair valued annually through the use of an independent valuer, with the result being reflected in profit or loss for the year. The effect of this is reflected in note 27.

The loans provided by Investec Bank Limited for the investments in Brikor Limited and Basil Read Limited are repayable in October 2011 in terms of the restructure agreements concluded in February 2010. Furthermore a security structure was put in place that pooled the Brikor Limited and Basil Read Limited investment and liabilities with those relating to the PSV Limited investment. Additional security was provided in the form of the investment in Gidani (Proprietary) Limited and a R40 million surety by Vunani Limited. Covenant ratios relating to this security were in breach at 31 December 2010, however, Investec Bank Limited has condoned the breach and subsequent to year end, has undertaken to restructure the abovementioned financial liabilities in a manner that will require the repayment of these loans at a later date. Once the restructure has been finalised, the assets and financial liabilities will be disclosed in accordance with the new terms and conditions of the financial liabilities.

Based on the commitment provided by Investec Bank Limited and the agreement by the board of directors to restructure the banking facilities, the directors are of the view that the Group will continue as a going concern for the foreseeable future.

DIRECTORS

Executive directors
EG Dube *(Chief Executive Officer)*
BM Khoza *(Managing Director)*
NM Anderson
CE Chimombe-Munyoro
WG Frawley (resigned 18 August 2010)
A Judin (appointed 19 August 2010)
(Chief Financial Officer)

Independent non-executive directors
WC Ross *(Chairman)*
G Nzalo
Dr. BA Khumalo
JR Macey
NS Mazwi

SECRETARY

WG Frawley (resigned 18 August 2010)
A Judin (appointed 19 August 2010)

SHAREHOLDING OF DIRECTORS

The shareholding of directors in the issued share capital of the company as at 31 December 2010 was as follows:

	Number of shares held Beneficially direct ('000s)	Beneficially indirect ('000s)	Total number of shares held ('000s)
EG Dube	–	1 169 867	1 169 867
NM Anderson	–	731 246	731 246
BM Khoza	–	731 246	731 246
CE Chimombe-Munyoro		10 803	10 803
A Judin	4 321	–	4 321
	4 321	2 643 162	2 647 483

PHYSICAL AND REGISTERED ADDRESS

Vunani House
Athol Ridge Office Park
151 Katherine Street
Sandown, Sandton
2196

POSTAL ADDRESS

PO Box 652419
Benmore
2010

HOLDING COMPANY

The company's holding company is Vunani Group (Proprietary) Limited, a company incorporated in the Republic of South Africa.

SUBSIDIARIES

Aggregate income and losses after tax of subsidiaries of the Group are as follows (in 000's):

	2010	2009
Profit after tax	**91 864**	2 425
Loss after tax	**(503 483)**	(102 592)

Details of the company's interest in subsidiaries are set out in note 38 of the Group annual financial statements.

AUDITORS

KPMG Inc. are the Group's auditors and will continue in office in accordance with section 90 of the Companies Act, 2008.

Consolidated statement of comprehensive income

for the year ended 31 December 2010

Figures in Rand 000's	Notes	Group 2010	Group Restated 2009
Revenue	5	**195 801**	125 046
Cost of property developments sold		**–**	(177)
Gross profit		**195 801**	124 869
Other income	6	**26 610**	6 183
Investment revenue	7	**12 747**	16 876
Fair value adjustments and impairments	8	**(28 600)**	(5 368)
Operating expenses	9	**(145 443)**	(122 857)
Results from operating activities		**61 115**	19 703
Finance income	10	**10 075**	6 391
Finance costs	10	**(169 076)**	(199 746)
Net finance costs		**(159 001)**	(193 355)
Equity accounted earnings (net of income tax)	15	**54 094**	21 076
Loss before income tax expense		**(43 792)**	(152 576)
Income tax expense	11	**(910)**	(11 581)
Loss for the year		**(44 702)**	(164 157)
Total comprehensive loss for the year		**(44 702)**	(164 157)
Total comprehensive loss attributable to:			
Owners of the company		**(95 551)**	(172 880)
Non-controlling interest		**50 849**	8 723
		(44 702)	(164 157)
Earnings per share			
Basic and diluted loss per share (cents)	35	**(2,2)**	(13,6)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2010

Figures in Rand 000's	Notes	2010	Group Restated 2009	Restated 2008
ASSETS				
Property, plant and equipment	12	**32 514**	25 963	5 540
Goodwill	13	**46 858**	39 436	75 596
Investment property	14	**915 623**	800 398	817 132
Investments in associates	15	**93 434**	246 469	206 077
Other investments	16	**380 243**	572 757	488 828
Deferred tax asset	17	**62 475**	90 056	24 517
Other non-current assets	18	**3 323**	2 395	1 891
Other intangible assets	13	**2 443**	1 250	10 284
Total non-current assets		**1 536 913**	1 778 724	1 629 865
Inventory	19	**3 335**	4 254	6 406
Other investments	16	**180 565**	44 207	180 531
Non-current assets held for sale	20	**147 939**	–	–
Loan to holding company	21	**–**	29	–
Taxation prepaid		**389**	1 261	–
Trade and other receivables	22	**19 253**	20 583	4 890
Accounts receivable from trading activities	23	**124 939**	34 166	94 959
Trading securities	24	**19**	249	456
Cash and cash equivalents	25	**22 073**	10 299	37 588
Total current assets		**498 512**	115 048	324 830
Total assets		**2 035 425**	1 893 772	1 954 695
EQUITY				
Share capital	26	**476**	134	117
Share premium	26	**601 532**	277 885	250 146
Revaluation reserve		**–**	4 824	180 524
Share based payment reserve		**–**	3 825	–
Accumulated loss		**(351 877)**	(264 975)	(267 795)
Equity attributable to equity holders		**250 131**	21 693	162 992
Non-controlling interest		**174 088**	117 960	109 237
Total equity		**424 219**	139 653	272 229
LIABILITIES				
Other financial liabilities	27	**843 013**	1 082 458	1 003 335
Deferred tax liabilities	17	**73 823**	99 096	25 084
Total non-current liabilities		**916 836**	1 181 554	1 028 419
Other financial liabilities	27	**391 825**	486 659	486 659
Non-current liabilities held for sale	20	**111 871**	–	–
Current tax payable		**3 538**	2 657	3 258
Trade and other payables	28	**50 105**	42 979	79 799
Accounts payable from trading activities	29	**122 668**	33 611	84 331
Trading securities	24	**–**	133	–
Bank overdraft	25	**14 363**	6 526	–
Current liabilities		**694 370**	572 565	654 047
Total liabilities		**1 611 206**	1 754 119	1 682 466
Total equity and liabilities		**2 035 425**	1 893 772	1 954 695
Shares in issue (000s) (refer to note 26)		**4 763 502**	1 340 562	1 176 444
Net asset value per share (cents)		**5,3**	1,6	13,9
Net tangible asset value per share (cents)		**4,2**	(1,4)	6,6

Consolidated statement of changes in equity

for the year ended 31 December 2010

Group									
Figures in Rand 000's	Notes	Share capital	Share premium	Revaluation reserve	Share based payment reserve	Accumu-lated loss	Total attributable to equity holders	Non-controlling interest	Total equity
Balance at 31 December 2008, as restated		**117**	**250 146**	**180 524**	**–**	**(267 795)**	**162 992**	**109 237**	**272 229**
Balance at 31 December 2008, as previously stated		117	250 146	180 524	–	(277 132)	153 655	94 728	248 383
Prior period adjustment	42	–	–	–	–	9 337	9 337	14 509	23 846
Comprehensive income									
Loss for the year, as restated		–	–	–	–	(172 880)	(172 880)	8 723	(164 157)
Loss for the year, as previously stated		–	–	–	–	(167 720)	(167 720)	8 939	(158 781)
Prior period adjustment	42	–	–	–	–	(5 160)	(5 160)	(216)	(5 376)
Total comprehensive income		–	–	–	–	(172 880)	(172 880)	8 723	(164 157)
Transactions with owners, recorded directly in equity									
Issue of shares		17	27 739	–	–	–	27 756	–	27 756
Equity settled share based payments		–	–	–	3 825	–	3 825	–	3 825
Total transactions with owners		17	27 739	–	3 825	–	31 581	–	31 581
Transfer from revaluation reserve		–	–	(175 700)	–	175 700	–	–	–
Balance at 31 December 2009		134	277 885	4 824	3 825	(264 975)	21 693	117 960	139 653

Figures in Rand 000's	Notes	Share capital	Share premium	Revaluation reserve	Share based payment reserve	Accumu-lated loss	Total attributable to equity holders	Non-controlling interest	Total equity
Balance at 31 December 2009		**134**	**277 885**	**4 824**	**3 825**	**(264 975)**	**21 693**	**117 960**	**139 653**
Comprehensive income									
Loss for the year		–	–	–	–	(95 551)	(95 551)	50 849	(44 702)
Total comprehensive income		**–**	**–**	**–**	**–**	**(95 551)**	**(95 551)**	**50 849**	**(44 702)**
Transactions with owners, recorded directly in equity									
Issue of shares	26	342	341 952	–	–	–	342 294	–	342 294
Share issue expenses written off		–	(18 305)	–	–	–	(18 305)	–	(18 305)
Acquisitions through business combinations		–	–	–	–	–	–	5 279	5 279
Total transactions with owners		**342**	**323 647**	**–**	**–**	**–**	**323 989**	**5 279**	**329 268**
Transfers to accumulated loss		**–**	**–**	**(4 824)**	**(3 825)**	**8 649**	**–**	**–**	**–**
Balance at 31 December 2010		**476**	**601 532**	**–**	**–**	**(351 877)**	**250 131**	**174 088**	**424 219**

Consolidated statement of cash flows

for the year ended 31 December 2010

		Group	
Figures in Rand 000's	Notes	**2010**	2009
Cash flows from operating activities			
Net cash generated by operating activities	32	**99 013**	39 835
Investment revenue	7	**12 747**	16 876
Finance income	10	**10 075**	6 391
Tax received/(paid)	33	**2 518**	(6 230)
Net cash generated by operating activities		**124 353**	56 872
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(2 105)**	(2 296)
Disposal of property, plant and equipment		**–**	107
Acquisition of businesses	34	**1 541**	–
Acquisition of investment property		**(1 572)**	(11 692)
Increase in loans to associates less dividends received from associates		**9 965**	(32 100)
Disposal of associates		**750**	2 600
Disposal of other investments		**43 942**	74 019
Acquisition of other non-current assets		**(2 266)**	(673)
Transfer of cash to non-current assets held for sale		**(1 343)**	–
Net cash inflow from investing activities		**48 912**	29 965
Cash flows from financing activities			
Proceeds from share issue		**310 289**	–
Advance of loans to holding company		**–**	(29)
Finance costs		**(169 076)**	(199 746)
Increase in other financial liabilities		**30 400**	156 012
Repayments of other financial liabilities		**(340 941)**	(76 889)
Net cash outflow from financing activities		**(169 328)**	(199 746)
Net increase/(decrease) in cash and cash equivalents		**3 937**	(33 815)
Cash and cash equivalents at the beginning of the year		**3 773**	37 588
Total cash and cash equivalents at the end of the year	25	**7 710**	3 773

1. BASIS OF PREPARATION

1.1 Statement of compliance

The consolidated annual financial statements and separate annual financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), and its interpretations adopted by the International Accounting Standards Board, the Listing Requirements of the JSE Limited and the requirements of the South African Companies Act of 1973 and the AC 500 Standard issued by the Accounting Practices Board (APB).

1.2 Basis of measurement

The financial statements are prepared on the historical cost basis except for certain financial instruments and investment property, which are stated at fair value and disposal groups for sale.

1.3 Functional and presentation currency

The financial statements are presented in South Africa Rand, which is the company's functional currency.

All financial information presented in South African Rand have been rounded off to the nearest thousand unless indicated otherwise.

1.4 Use of estimates and judgements

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Although, estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised in the period in which the estimate is revised, if revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information about critical judgements in applying accounting policies that have the most significant affect on the amounts recognised in the consolidated financial statements is included in the following notes:

Note 14 – valuation of investment property

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

Note 8 – fair value of financial instruments
Note 13 – impairments of goodwill and intangibles
Notes 15 and 22 – impairment losses on loans and advances
Note 17 – utilisation of tax losses

1.5 Changes in accounting policies

Starting as of 1 January 2010, the Group has changed its accounting policies in the following areas:

Deferred taxation

The company has elected to adopt the amendments introduced to IAS 12 Income Taxes that were approved by the Accounting Practices Board on 26 January 2011 early. In terms of the amendment, deferred tax assets and liabilities on investment property carried at fair value should be measured using the sale rate, which is currently a rate of 14%. The financial statements have been restated retrospectively to effect the change in accounting policy.

Refer to note 42 for the financial impact of the early adoption of the amendments to IAS 12.

2. ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by group entities, except as explained in note 1.5, which addresses changes in accounting policies.

2.1 Basis of consolidation

The Group financial statements include the assets, liabilities and results of operations of the holding company, its subsidiaries, special purpose entities ("SPEs") and investments in associates.

2.1.1 Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the company has the power directly or indirectly to govern the financial and operating policies of an entity to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

2.1.2 Special purpose entities

The Group has established a number of SPEs for trading and investment purposes. The Group does not have any direct or indirect shareholdings in these entities. An SPE is consolidated if, based on an evaluation of the substance of its relationship with the Group and the SPEs risks and rewards, the Group concludes that it controls the SPE. SPEs controlled by the Group were established under terms that impose strict limitations on the decision-making powers of the SPEs' management and that result in the Group receiving the majority of the benefits related to the SPEs operations and net assets, being exposed to the majority of risks incident to the SPEs' activities, and retaining the majority of the residual or ownership risks related to the SPEs or their assets.

2.1.3 Investments in associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity.

Investments in associates are accounted for using the equity method (equity accounted investees) and are recognised initially at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the profit and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

2.1.4 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

2. ACCOUNTING POLICIES continued

2.2 Financial instruments

2.2.1 Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets: financial assets at fair value through profit or loss and loans and receivables.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprises trade and receivables and cash and cash equivalents.

Cash and cash equivalents comprise cash balances. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

2.2.2 Non-derivative financial liabilities

Financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

2. ACCOUNTING POLICIES continued

2.2 Financial instruments continued

2.2.2 Non-derivative financial liabilities continued

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial liabilities: other financial liabilities and trade and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

Loans to group companies are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method.

2.2.3 Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Preference share capital

Preference share capital is classified as equity if it is non-redeemable, or redeemable only at the company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity upon approval by the company's shareholders.

Preference share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

Treasury shares

Where share capital is repurchased and held by a subsidiary or SPE, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity.

2.3 Property, plant and equipment

2.3.1 Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

2. ACCOUNTING POLICIES continued

2.3 Property, plant and equipment continued

2.3.1 Recognition and measurement continued

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income in profit or loss.

2.3.2 Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

2.3.3 Depreciation

Depreciation is calculated on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Leasehold improvements	Remaining lease period
Motor vehicles	4 years
Furniture and fixtures	6 years
Office equipment	3 – 5 years
Computer equipment	3 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

2.4 Business combinations

The acquisition method is used when a business is acquired. A business may comprise an entity, group of entities or an unincorporated operation including its operating assets and associated liabilities. On acquisition date, fair values are attributed to the identifiable assets, liabilities and contingent liabilities. A non-controlling interest at acquisition date is determined as the non-controlling shareholders' proportionate share of the fair value of the net identifiable assets of the entity acquired.

Fair values of all identifiable assets and liabilities included in the business combination are determined by reference to market values of those or similar items, where available, or by discounting expected future cash flows using the discount rate to present values. When an acquisition is achieved in stages (step acquisition), the identifiable assets and liabilities are recognised at their full fair value when control is obtained, and any adjustment to fair values related to these assets and liabilities previously held as an equity interest is recognised in profit or loss.

2. ACCOUNTING POLICIES continued

2.4 Business combinations continued

When there is a change in the interest in a subsidiary after control is obtained, that does not result in a loss in control, the difference between the fair value of the consideration transferred and the amount by which the non-controlling interest is adjusted is recognised directly in the statement of changes in equity.

The consideration transferred is the fair value of the Group's contribution to the business combination in the form of assets transferred, shares issued, liabilities assumed or contingent consideration at the acquisition date. Transaction costs directly attributable to the acquisition are charged to profit or loss. On acquisition date, goodwill is recognised when the consideration transferred and the recognised amount of non-controlling interests exceeds the fair value of the net identifiable assets of the entity acquired. Goodwill is tested at each reporting date for impairment.

To the extent that the fair value of the net identifiable assets of the entity acquired exceeds the consideration transferred and the recognised amount of non-controlling interests, the excess is recognised in profit or loss on acquisition date. The profit or loss realised on disposal or termination of an entity is calculated after taking into account the carrying amount of any related goodwill.

2.5 Intangible assets

2.5.1 Goodwill

Goodwill arises upon the acquisition of business operations and represents the difference between the cost of the acquisition and the fair value of identifiable assets, liabilities and contingent liabilities acquired.

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions.

Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted investee.

2.5.2 Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

2.5.3 Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

2.5.4 Amortisation

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

Customer list	3 years

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

2. ACCOUNTING POLICIES continued

2.6 Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, nor use in the production or supply of goods or services or for administrative purposes. Investment property is measured at fair value with any change therein recognised in profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

2.7 Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognised in the Group's statement of financial position. Investment property held under an operating lease is recognised in the Group's statement of financial position at its fair value.

2.8 Inventories

Inventories represent property developments under construction and are measured at the lower of cost and net realisable value. The cost of inventories includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. Other costs include borrowing costs incurred on financing these property developments.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

2.9 Non-current asset or disposal group held for sale

A non-current asset or disposal group (a business grouping of assets and their related liabilities) is designated as held for sale when its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The classification as held for sale of a non-current asset or disposal group occurs when it is available for immediate sale in its present condition and the sale is highly probable. A sale is considered highly probable if management is committed to a plan to sell the non-current asset or disposal group, an active divestiture programme has been initiated, the non-current asset or disposal group is marketed at a price reasonable to its fair value and the disposal will be completed within one year from classification.

Where a disposal group held for sale will result in the loss of control or joint control of a subsidiary or joint venture, all the assets and liabilities of that subsidiary or joint venture are classified as held for sale, regardless of whether a non-controlling interest in the former subsidiary or joint venture is to be retained after the sale. Proportionate consolidation ceases from the date a joint venture is classified as held for sale.

Upon classification of a non-current asset or disposal group as held for sale it is reviewed for impairment. The impairment loss charged to profit or loss is the excess of the carrying amount of the non-current asset or disposal group over its expected fair value less costs to sell.

No depreciation or amortisation is provided on non-current assets from the date they are classified as held for sale. If a non-current asset or disposal group is classified as held for sale, but the criteria for classification as held for sale are no longer met, the disclosure of such non-current asset or disposal group as held for sale is ceased.

2. ACCOUNTING POLICIES continued

2.9 Non-current asset or disposal group held for sale continued

On ceasing such classification, the non-current assets are reflected at the lower of:

- the carrying amount before classification as held for sale adjusted for any depreciation or amortisation that would have been recognised had the assets not been classified as held for sale; or
- the recoverable amount at the date the classification as held for sale ceases. The recoverable amount is the amount at which the asset would have been recognised after the allocation of any impairment loss arising on the cash generating unit as determined in accordance with the Group's policy on impairment of non-financial assets.

Any adjustments required to be made on reclassification are recognised in profit or loss on reclassification, and included in income from continuing operations. Where the disposal group was also classified as a discontinued operation, the subsequent classification as held for use also requires that the discontinued operation be included in continuing operations.

Comparative information relating to the classification as a discontinued operation is restated accordingly.

2.10 Impairment

2.10.1 Financial assets (including receivables)

A financial asset, not carried at fair value through profit or loss, is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative affect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy and the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Group considers evidence of impairment for receivables at both a specific asset and collective level.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

2.10.2 Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss.

2. ACCOUNTING POLICIES continued

2.10 Impairment continued

2.10.2 Non-financial assets continued

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

2.11 Employee benefits

2.11.1 Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

2.11.2 Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

2.12 Share-based payment transactions

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Group.

2. ACCOUNTING POLICIES continued

2.13 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

2.14 Revenue

2.14.1 Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

2.14.2 Services rendered

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion (based on services performed as a percentage of total services to be performed) of the transaction at the reporting date.

2.14.3 Commissions

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group. This is recognised when the transaction giving rise to the commission is concluded.

2.14.4 Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

2.15 Finance income and finance costs

Finance income comprises interest income on funds invested (including available-for-sale financial assets), dividend income, gains on the disposal of available-for-sale financial assets, and changes in the fair value of financial assets at fair value through profit or loss that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, dividends on preference shares classified as liabilities, and changes in the fair value of financial assets at fair value through profit or loss that are recognised in profit or loss. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

2. ACCOUNTING POLICIES continued

2.16 Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity. Current taxation comprises taxation payable calculated on the basis of the expected taxable income for the year, using the taxation rates enacted or substantively enacted at the balance sheet date. Deferred taxation is provided using the balance sheet liability method, based on temporary differences. Temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax base.

The amount of deferred taxation provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using taxation rates enacted or substantively enacted at the balance sheet date. Deferred taxation is charged to the profit or loss except to the extent that it relates to a transaction that is recognised directly in equity, or a business combination that is an acquisition. The effect on deferred taxation of any changes in taxation rates is recognised in the profit or loss, except to the extent that it relates to items previously charged or credited directly to equity.

Deferred taxation is not recognised for the following temporary differences:
The initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will not reverse in the foreseeable future. A deferred taxation asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused taxation losses and deductible temporary differences can be utilised. Deferred taxation assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related taxation benefit will be realised. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, and they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously. Secondary taxation on companies is recognised in the year dividends are declared.

2.17 Earnings per share

The Group presents basic and diluted earnings per share (EPS) and headline earnings per share (HEPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees. HEPS is calculated by dividing the headline loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

2.18 Related party transactions

Related party transactions are transactions which result in a transfer of resources, services or obligations between related parties, regardless of whether a price is charged. Related parties refer to entities in which the Group directly or indirectly through one or more intermediaries controls or is controlled by or is in common control with. These include the holding group, subsidiaries, fellow subsidiaries, associates and key management.

2.19 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

2. ACCOUNTING POLICIES continued

2.20 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.21 New standards and interpretations not yet adopted

In terms of International Financial Reporting Standards, the Group and company is required to include in their annual financial statements disclosure about the future impact of standards and interpretations issued but not yet effective at the issue date.

All standards and interpretations will be adopted at their effective dates (except for the effect of those standards and interpretations that are not applicable to the entity).

Improvements to IFRS 2010, IAS 32, IFRS 1, IFRS 7 amendment, IFRIC 14 and IFRIC 19 are not applicable to the business of the entity and will therefore have no impact on future financial statements. The directors are of the opinion that the impact of the application of the remaining Standards and Interpretations will be as follows:

2.21.1 IAS 24 (revised)

IAS 24 (revised) will be adopted by the Group for the first time for its financial reporting period ending 31 December 2011. The standard will be applied retrospectively.

IAS 24 (revised) addresses the disclosure requirements in respect of related parties, with the main changes relating to the definition of a related party and disclosure requirements by government-related entities.

Under IAS 24 (revised) the definition of a related party has been amended with the result that a number of new related party relationships have been identified.

2.21.2 IFRS 9

IFRS 9 will be adopted by the Group for the first time for its financial reporting period ending 31 December 2013. The standard will be applied retrospectively, subject to transitional provisions. IFRS 9 addresses the initial measurement and classification of financial assets and will replace the relevant sections of IAS 39.

Under IFRS 9 there are two options in respect of classification of financial assets, namely, financial assets measured at amortised cost or at fair value. Financial assets are measured at amortised cost when the business model is to hold assets in order to collect contractual cash flows and when they give rise to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets are measured at fair value. The impact on the financial statements for the Group has not yet been estimated.

2.21.3 Additions to IFRS 9

The additions to IFRS 9 will be adopted by the Group for the first time for its financial reporting period ending 31 December 2013. The standard will be applied retrospectively, subject to transitional provisions.

Under IFRS 9 (2010), the classification and measurement requirements of financial liabilities are the same as per IAS 39, barring the following two aspects:

2. ACCOUNTING POLICIES continued

2.19 New standards and interpretations not yet adopted continued

2.21.3 Additions to IFRS 9 continued

(i) Fair value changes for financial liabilities (other than financial guarantees and loan commitments) designated at fair value through profit or loss, attributable to the changes in the credit risk of the liability will be presented in other comprehensive income (OCI). The remaining change is recognised in profit or loss. However, if the requirement creates or enlarges an accounting mismatch in profit or loss, then the whole fair value change is presented in profit or loss. The determination as to whether such presentation would create or enlarge an accounting mismatch is made on initial recognition and is not subsequently reassessed.

(ii) Under IFRS 9 (2010) derivative liabilities that are linked to and must be settled by delivery of an unquoted equity instrument whose fair value cannot be reliably measured, are measured at fair value.

IFRS 9 (2010) incorporates, the guidance in IAS 39 dealing with fair value measurement, derivatives embedded in host contracts that are not financial assets, and the requirements of IFRIC 9 Reassessment of Embedded Derivatives.

The impact on the financial statements for the Group has not yet been estimated.

3. DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

3.1 Investment property

In the current year an external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, valued the Group's investment property portfolio. The Group has decided that an external, independent valuation of investment properties will be made every alternative year. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly.

In the absence of current prices in an active market, the valuations are prepared by considering the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows then is applied to the net annual cash flows to arrive at the property valuation.

3.2 Investments in equity and debt securities

The fair value of financial assets at fair value through profit or loss and available-for-sale financial assets is determined by reference to their quoted closing bid price at the reporting date.

3.3 Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

3. DETERMINATION OF FAIR VALUES continued

3.4 Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

4. FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks from its use of financial instruments:

- Liquidity risk
- Credit risk
- Market risk

This note presents information about the Group's exposure to the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

Risk management framework

The board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

4.1 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

4.2 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

Financial assets, which potentially subject the Group to concentrations of credit risk, consists principally of trade and other receivables and cash and cash equivalents.

Loans are granted to Group companies. The loans have no repayment terms, however the Group considers all loan balances to be recoverable and therefore no impairment provision is required.

The trade and other receivables relates to trade receivables and VAT due from the South African Revenue Service. The Group considers the balance recoverable and therefore no impairment provision is required.

The Group deposits cash surpluses with major banks of high quality credit standing.

4. FINANCIAL RISK MANAGEMENT continued

4.3 Market risk

Market risk is the risk that changes in the market prices, such as foreign exchange rates, interest rates and equity prices that will affect the Group's income or value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

The Group is exposed to cash flow interest rate risk as it borrows funds at variable interest rates. The risk is managed by group policies adopted to ensure all its borrowings are at market related rates. The Group is not exposed to currency risk.

The Group is exposed to equity price risk on its BEE listed investments that are not ring fenced through the underlying funding arrangements. All new equity investments of this nature will only be entered into where the Group is not exposed to market price risk.

4.4 Capital management

The board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The board of directors monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' equity, excluding non-redeemable preference shares and non-controlling interests. The board of directors also monitors the level of dividends to ordinary shareholders.

The board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The capital structure of the Group consists of debt, which includes the other liabilities, loans from the holding company, loans from shareholders and trade and other payables disclosed in notes 21, 27 and 28 and equity as disclosed in the statement of financial position. The Group monitors capital on the basis of the gearing ratio.

There are no externally imposed capital requirements that the Group has to comply with.

	Figures in Rand 000's	Group 2010	2009
5.	**REVENUE**		
	Sales of property developments	**4 230**	1 035
	Rental income	**120 704**	105 371
	Trading profit/(loss)	**942**	(21 851)
	Profit on disposal of other investments	**2 614**	–
	Fees and other revenue		
	Property management	**410**	2 407
	Advisory	**20 173**	8 535
	Brokerage and asset management	**46 728**	29 549
		195 801	125 046
6.	**OTHER INCOME**		
	Loss on disposal of associates	**(308)**	(3 111)
	Bargain purchase of subsidiary	**22 770**	–
	Sundry income	**4 148**	9 294
		26 610	6 183
7.	**INVESTMENT REVENUE**		
	Dividend income		
	Dividend income from listed investments	**12 101**	4 444
	Dividend income from unlisted investments	**646**	12 432
		12 747	16 876
8.	**FAIR VALUE ADJUSTMENTS AND IMPAIRMENTS**		
	Investment property	**116 580**	(8 878)
	Financial assets and liabilities – held at fair value through profit or loss	**(88 819)**	42 867
	Impairment of non-current assets held for sale	**(30 700)**	–
	Goodwill impairment	**(20 011)**	(32 920)
	Impairment of investments in and loans to associates	**(5 472)**	(6 437)*
	Other impairments	**(178)**	–
		(28 600)	(5 368)
	Adjustments on financial assets and liabilities at fair value through profit or loss comprise the following:		
	Other financial liabilities	**(88 003)**	899
	Other investments – listed shares	**34 858**	20 197
	Other investments – unlisted shares	**(35 674)**	21 771
		(88 819)	42 867

* *This amount was reclassified from operating expenses.*

Figures in Rand 000's	Group 2010	2009
9. OPERATING EXPENSES		
Operating expenses are arrived at after taking the following into account:		
Amortisation of other non-current assets	**1 338**	169
Amortisation of other intangible assets	**1 739**	13 534
Property, plant and equipment	**1 933**	5 850
Depreciation	**1 933**	2 659
Impairment	**–**	3 219
Profit on disposal	**–**	(28)
Auditors remunerations	**3 178**	4 439
Current year	**2 991**	3 473
Prior year	**–**	759
Other services	**187**	207
Directors' emoluments (refer to note 39)	**10 101**	10 382
Directors' fees	**722**	562
Salaries	**7 138**	6 825
Bonuses	**745**	–
Provident fund and medical aid contributions	**1 496**	1 333
Share-based payments	**–**	1 662
Staff costs (excluding directors' emoluments	**46 556**	31 428
Bad debt expense	**3 590**	1 496
Equity settled share based payments (excluding directors)	**–**	3 825
10. FINANCE INCOME AND FINANCE COSTS		
Recognised in profit and loss		
Interest income on loans and receivables	**9 089**	3 796
Interest income on bank deposits	**986**	2 595
Finance income	**10 075**	6 391
Bank overdraft	**(14 860)**	(1 795)
Long term borrowings	**(122 724)**	(162 054)
Preference dividend	**(17 881)**	(20 921)
Debentures	**(13 611)**	(14 976)
Finance costs	**(169 076)**	(199 746)
Net finance costs recognised in profit or loss	**(159 001)**	(193 355)
Finance costs comprise:		
Interest expense on financial liabilities measured at amortised cost	**(61 068)**	(76 016)
Interest expense on financial liabilities measured at fair value through profit or loss	**(108 008)**	(123 730)
	(169 076)	(199 746)

Figures in Rand 000's	Group 2010	Restated 2009
11. INCOME TAX EXPENSE		
Current tax expense		
Current year	**(775)**	(1 688)
Adjustment for prior periods	**1 558**	(2 559)
Secondary tax on companies	**68**	(121)
	851	(4 368)
Deferred tax expense		
Current year	**(657)**	(4 771)
Secondary tax on companies	**(1 104)**	(2 442)
	(1 761)	(7 213)
Total income tax expense recognised in profit and loss	**(910)**	(11 581)
Reconciliation of effective tax rate	**%**	%
Income tax rate	**(28,0)**	(28,0)
Disallowed expenditure	**73,9**	37,8
Impairment of goodwill	**12,8**	6,0
Equity accounted earnings	**(34,1)**	(3,9)
Tax exempt income	**(231,7)**	(3,1)
Fair value gains or losses at capital gains tax rate	**195,8**	(13,1)
Capital gains tax	**(10,4)**	–
Unrecognised deferred tax assets	**24,0**	–
Secondary tax on companies (current and deferred)	**2,4**	(1,7)
Prior period adjustments	**(6,8)**	(1,6)
	(2,1)	(7,6)

Figures in Rand 000's	Land	Buildings	Leasehold improvement	Motor vehicles	Furniture and fittings	Office equipment	Computer equipment	Total
12. PROPERTY, PLANT AND EQUIPMENT								
Cost								
Balance at 31 December 2008	–	–	4 732	79	2 235	1 281	4 190	12 517
Additions	–	–	560	2	1 567	40	127	2 296
Transfer from/(to) investment property	2 541	22 864	(2 223)	–	–	–	–	23 182
Disposals	–	–	–	(6)	(13)	–	(60)	(79)
Balance at 31 December 2009	**2 541**	**22 864**	**3 069**	**75**	**3 789**	**1 321**	**4 257**	**37 916**
Acquisitions through business combinations	**–**	**–**	**201**	**–**	**194**	**28**	**1 446**	**1 869**
Additions	**–**	**–**	**1 676**	**–**	**–**	**–**	**429**	**2 105**
Transfer from investment property	**3 189**	**–**	**2 223**	**–**	**–**	**–**	**–**	**5 412**
Balance at 31 December 2010	**5 730**	**22 864**	**7 169**	**75**	**3 983**	**1 349**	**6 132**	**47 302**
Accumulated depreciation and impairment losses								
Balance at 31 December 2008	–	–	(1 678)	(33)	(1 061)	(912)	(3 293)	(6 977)
Depreciation	–	(686)	(998)	(18)	(300)	(128)	(529)	(2 659)
Impairment loss	–	(3 219)	–	–	–	–	–	(3 219)
Transfer to investment property	–	–	902	–	–	–	–	902
Balance at 31 December 2009	**–**	**(3 905)**	**(1 774)**	**(51)**	**(1 361)**	**(1 040)**	**(3 822)**	**(11 953)**
Depreciation	**–**	**(686)**	**(553)**	**(18)**	**(118)**	**(120)**	**(438)**	**(1 933)**
Transfer from investment property	**–**	**–**	**(902)**	**–**	**–**	**–**	**–**	**(902)**
Balance at 31 December 2010	**–**	**(4 591)**	**(3 229)**	**(69)**	**(1 479)**	**(1 160)**	**(4 260)**	**(14 788)**
Carrying amounts								
At 31 December 2008	–	–	3 054	46	1 174	369	897	5 540
At 31 December 2009	2 541	18 959	1 295	24	2 428	281	435	25 963
At 31 December 2010	**5 730**	**18 273**	**3 940**	**6**	**2 504**	**189**	**1 872**	**32 514**

A register of land and buildings is available for inspection at the registered office of the company.

Figures in Rand 000's	Goodwill	Other intangible assets	Total
13. INTANGIBLE ASSETS			
Cost			
Balance at 31 December 2008	75 596	20 569	96 165
Transfers	(4 500)	4 500	–
Deferred tax effect on intangible asset	1 260	–	1 260
Balance at 31 December 2009	**72 356**	**25 069**	**97 425**
Acquisitions through business combinations	**27 433**	**2 932**	**30 365**
Balance at 31 December 2010	**99 789**	**28 001**	**127 790**
Accumulated amortisation and impairment			
Balance at 31 December 2008	–	(10 285)	(10 285)
Amortisation	–	(13 534)	(13 534)
Impairment	(32 920)	–	(32 920)
Balance at 31 December 2009	**(32 920)**	**(23 819)**	**(56 739)**
Amortisation	**–**	**(1 739)**	**(1 739)**
Impairment	**(20 011)**	**–**	**(20 011)**
Balance at 31 December 2010	**(52 931)**	**(25 558)**	**(78 489)**
Carrying amounts			
At 31 December 2008	75 596	10 284	85 880
At 31 December 2009	39 436	1 250	40 686
At 31 December 2010	**46 858**	**2 443**	**49 301**

During the year the Group acquired an additional 40% shareholding in Vunani Fund Managers (Proprietary) Limited which resulted in goodwill of R27,4 million.

The carrying amount of the goodwill related to Vunani Treasury Resources and Vunani Corporate Finance business units acquired in 2008 was fully impaired during the current year.

Figures in Rand 000's	2010	2009
14. INVESTMENT PROPERTY		
Balance at beginning of year	**800 398**	817 132
Transfer to property, plant and equipment	**(4 510)**	(24 084)
Transfers from inventory	**–**	2 278
Additions	**1 572**	11 692
Fair value adjustments	**116 580**	(8 878)
Operating lease – straight lining	**1 583**	2 258
Balance at end of the year	**915 623**	800 398

The investment property portfolio comprises a number of commercial properties that are leased to third parties. Subsequent renewals are negotiated with the lessee. No contingent rentals are charged. The duration of these non-cancelable leases range between three and 10 years.

Details of valuation

The effective date of the revaluation was 1 November 2010. Revaluations are performed annually. In the current year the revaluations were performed independently by Mills Fitchet Magnus Penny (Proprietary) Limited. In determining the fair value for financial accounting purposes, market values have been used. Market values are defined as the estimated amount for which a property should be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction, after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

A register of investment property is available for inspection at the registered office of the company.

Figures in Rand 000's	Investments in associates	Loans to associates	Total
15. INVESTMENTS IN ASSOCIATES			
Balance at 31 December 2008	184 682	21 395	206 077
Increase in loans to associates	–	26 024	26 024
Fair value adjustments	13 699	–	13 699
Impairments	(3 191)	(3 246)	(6 437)
Disposals	(1 842)	(2 500)	(4 342)
Transfer to other investments	(608)	–	(608)
Equity accounted earnings, as restated	21 076	–	21 076
Equity accounted earnings, as previously stated	20 419	–	20 419
Adjustment for restatement of 2009 equity accounted earnings (refer to note 42)	657	–	657
Dividends received	(9 020)	–	(9 020)
Balance at 31 December 2009	**204 796**	**41 673**	**246 469**
Balance at 31 December 2009	**204 796**	**41 673**	**246 469**
Increase in loans to associates	**–**	**2 298**	**2 298**
Fair value adjustments	**(13 699)**	**–**	**(13 699)**
Disposal of associates	**(25)**	**(1 033)**	**(1 058)**
Impairments	**(30 700)**	**(5 472)**	**(36 172)**
Equity accounted earnings	**54 094**	**–**	**54 094**
Dividends received	**(12 263)**	**–**	**(12 263)**
Transfer to non-current assets held for sale (refer to note 20)	**(146 363)**	**–**	**(146 363)**
Transfer from other investments	**–**	**333**	**333**
Other	**–**	**(205)**	**(205)**
Balance at 31 December 2010	**55 840**	**37 594**	**93 434**

Figures in Rand 000's	2010	2009
Disposals		
During the year, the following investments in associate were disposed of:		
Waterstone Park Development Company (Proprietary) Limited	–	4 342
Mazars Moores Rowland Corporate Finance (Proprietary) Limited	**1 058**	–

Figures in Rand 000's	Group 2010	2009
15. INVESTMENTS IN ASSOCIATES continued		
Acquisitions		
During the year, Vunani Capital (Proprietary) Limited acquired a 37,5% investment in Black Wattle Colliery (Proprietary) Limited. The shares were acquired from Bisichi Mining PLC. through a vendor financed transaction. A balance of R187,5 million is owed to Bisichi Mining PLC. for the 37,5% stake, which will be financed through dividends paid by Black Wattle Colliery (Proprietary) Limited.		
The terms of the transaction are such that Vunani Capital (Proprietary) Limited is not entitled to economic benefits in Black Wattle Colliery (Proprietary) Limited until such time as the loan is settled in full. Vunani Capital (Proprietary) Limited has no obligation to pay the loan through resources other than future dividend flows receivable from Black Wattle Colliery (Proprietary) Limited. The result of this is that the investment has been accounted for as an investment in associate at cost, however, no equity accounted earnings have been taken into account and no liability has been recognised. The profile of economic benefits and obligations relating to the transaction have created an in-substance call option. The option has been valued using a Monte Carlo simulation model by an independent valuation expert.		
Option to acquire investment in Black Wattle Colliery (Proprietary) Limited	**17 864**	–
Deferred income relating to the option	**(17 864)**	–
Total value at 31 December 2010	**–**	–

The option will be revalued six monthly, with any movements in the value of the option being taken to profit or loss for the period. The deferred income will be amortised over a five year period to 31 December 2015.

				Group			
Figures in Rand 000's	Effective ownership %	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
15. INVESTMENTS IN ASSOCIATES continued							
2010							
Basfour 558 (Proprietary) Limited	31,2	–	–	–	(1)	–	(1)
Baycove Developments (Proprietary) Limited	35,1	–	–	–	(64)	–	(64)
Baycove Properties 2 (Proprietary) Limited	35,1	16 678	–	16 678	(2 879)	–	(2 879)
Black Wattle Colliery (Proprietary) Limited	37,5	70 802	98 797	169 599	(127 024)	(15 583)	(142 607)
Blue Age Properties 61 (Proprietary) Limited	26,0	3 492	–	3 492	(3 651)	–	(3 651)
Cape Gannet Properties 242 (Proprietary) Limited **	39,0	6	–	6	(337)	–	(337)
Civils 2000 Holdings (Proprietary) Limited	20,4	109 772	142 335	252 107	(237 717)	(7 872)	(245 589)
Edge Holdings (Proprietary) Limited	45,0	40 178	21 530	61 708	(12 817)	–	(12 817)
Glenhove Fund Managers (Proprietary) Limited	29,6	417	83	500	(586)	(826)	(1 412)
Greenstone Hill Office Park (Proprietary) Limited	31,2	35 928	112 100	148 028	(2 349)	(98 367)	(100 716)
K & M Investments (Proprietary) Limited	39,0	–	–	–	–	–	–
Kareebosch Estate (Proprietary) Limited	19,5	–	–	–	(78)	–	(78)
Lexshell 638 Investments (Proprietary) Limited	39,0	465	67 371	67 836	(1 346)	(44 154)	(45 500)
Loato Properties (Proprietary) Limited	31,6	41	31 961	32 002	(4 552)	(29 439)	(33 991)
Amber Falcon Properties 131 (Proprietary) Limited **	31,6	–	–	–	–	–	–
Blue Moonlight Properties 248 (Proprietary) Limited **	31,6	–	–	–	–	–	–
Day Break Properties 81 (Proprietary) Limited **	31,6	–	–	–	–	–	–
Before Sunset Properties 37 (Proprietary) Limited	25,3	1	–	1	(47)	–	(47)
Micawber 534 (Proprietary) Limited	47,6	1	–	1	(10 662)	–	(10 662)
Orion Properties 14 (Proprietary) Limited	39,0	35 799	450	36 249	(35 437)	–	(35 437)
Papillon in Flight (Proprietary) Limited	26,0	–	–	–	–	–	–
Royal Albatross Properties 379 (Proprietary) Limited	39,0	29 753	587	30 340	(31 848)	–	(31 848)
Solethu Investments (Proprietary) Limited	15,3	11 678	33 479	45 157	(250)	(565)	(815)
Solethu Civils Holdings (Proprietary) Limited	15,3	8 547	47 250	55 797	(10 000)	(35 733)	(45 733)
RRL Holdings (Proprietary) Limited	15,3	2 085	23 541	25 626	(2 418)	–	(2 418)
RRL Investments (Proprietary) Limited	15,3	318	37 846	38 164	(1 055)	(10 709)	(11 764)
Street Spirit Trading 169 (Proprietary) Limited	19,5	663	5 045	5 708	(5 754)	–	(5 754)
Vunani Private Client Holdings (Proprietary) Limited	40,0	–	–	–	–	–	–
Vunani Private Equity Partners (Proprietary) Limited	25,0	7 714	28	7 742	(141)	–	(141)
Wisdom of Africa (Proprietary) Limited (dormant)	35,0	*	–	–	–	–	–
		374 338	622 403	996 741	(491 013)	(243 248)	(734 261)

** Less than R1 000*

*** The company is in the process of being deregistered*

Figures in Rand 000's	Effective owner-ship %	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
				Group			
15. INVESTMENTS IN ASSOCIATES continued							
2009							
Basfour 558 (Proprietary) Limited	31,2	–	–	–	(1)	–	(1)
Baycove Developments (Proprietary) Limited	35,1	32	–	32	(45)	–	(45)
Baycove Properties 2 (Proprietary) Limited	35,1	8 090	–	8 090	(373)	(191)	(564)
Blue Age Properties 61 (Proprietary) Limited	26,0	20	3 472	3 492	(3 622)	–	(3 622)
Cape Gannet Properties 242 (Proprietary) Limited	39,0	3 210	–	3 210	(3 171)	–	(3 171)
Civils 2000 Holdings (Proprietary) Limited	20,4	109 772	142 335	252 107	(237 717)	(7 872)	(245 589)
Edge Holdings (Proprietary) Limited	45,0	27 948	16 241	44 189	(1 839)	–	(1 839)
Glenhove Fund Managers (Proprietary) Limited	29,6	1 940	3 241	5 181	(4 699)	–	(4 699)
Greenstone Hill Office Park (Proprietary) Limited	31,2	12 504	61 255	73 759	(1 399)	(51 152)	(52 551)
K & M Investments (Proprietary) Limited	39,0	–	–	–	–	–	–
Kareebosch Estate (Proprietary) Limited	19,5	–	–	–	(65)	–	(65)
Lexshell 638 Investments (Proprietary) Limited	39,0	481	50 876	51 357	(3 637)	(37 327)	(40 964)
Loato Properties (Proprietary) Limited	31,6	102	28 601	28 703	(4 527)	(26 202)	(30 729)
Amber Falcon Properties 131 (Proprietary) Limited	31,6	–	–	–	–	–	–
Blue Moonlight Properties 248 (Proprietary) Limited	31,6	1	–	1	(44)	–	(44)
Day Break Properties 81 (Proprietary) Limited	31,6	–	–	–	–	–	–
Before Sunset Properties 37 (Proprietary) Limited	25,3	1	–	1	(39)	–	(39)
Micawber 534 (Proprietary) Limited	47,6	88	55 103	55 191	(10 577)	(61 859)	(72 436)
Mazars Moores Rowland Corporate Finance (Proprietary) Limited	25,0	–	–	–	–	–	–
Orion Properties 14 (Proprietary) Limited	39,0	28 474	13	28 487	(31 085)	–	(31 085)
Papillon In Flight (Proprietary) Limited	26,0	–	–	–	–	–	–
Royal Albatross Properties 379 (Proprietary) Limited	39,0	12 902	–	12 902	(14 152)	–	(14 152)
Solethu Investments (Proprietary) Limited	15,3	20 668	102 100	122 768	(23 205)	(35 010)	(58 215)
Solethu Civils Holdings (Proprietary) Limited	15,3	1	45 000	45 001	(10 381)	(35 000)	(45 381)
RRL Holdings (Proprietary) Limited	15,3	28 939	2 222	31 161	(1 478)	–	(1 478)
RRL Investments (Proprietary) Limited	15,3	29 740	26	29 766	(4 928)	–	(4 928)
Street Spirit Trading 169 (Proprietary) Limited	19,5	5 708	–	5 708	(5 754)	–	(5 754)
V – Correspond (Proprietary) Limited	40,0	201	74	275	(1 811)	–	(1 811)
Vunani Private Equity Partners (Proprietary) Limited	25,0	4 342	30	4 372	(1 394)	–	(1 394)
Wisdom of Africa (Proprietary) Limited (dormant)	35,0	*	–	–	–	–	–
		295 164	510 589	805 753	(365 943)	(254 613)	(620 556)

** Less than R1 000*

Figures in Rand 000's	Revenue	Profit/ (loss)	Cost of invest- ment	Loans to asso- ciates	Impair- ments	Cumu- lative equity earnings net of dividends	Net carrying amount
				Group			
15. INVESTMENTS IN ASSOCIATES continued							
2010							
Basfour 558 (Proprietary) Limited	–	–	*	–	–	–	–
Baycove Developments (Proprietary) Limited	–	(51)	*	17	(17)	–	–
Baycove Properties 2 (Proprietary) Limited	16 500	6 273	*	133	–	6 209	6 342
Black Wattle Colliery (Proprietary) Limited	354 960	(33 261)	*	–	–	–	–
Blue Age Properties 61 (Proprietary) Limited	–	(29)	*	1 260	(159)	–	1 101
Cape Gannet Properties 242 (Proprietary) Limited **	160	(369)	*	148	(148)	–	–
Civils 2000 Holdings (Proprietary) Limited	–	–	4	24 996	–	–	25 000
Glenhove Fund Managers (Proprietary) Limited	1 079	(868)	1 150	499	–	(1 150)	499
Greenstone Hill Office Park (Proprietary) Limited	8 533	26 671	*	16	–	20 897	20 913
Kareebosch Estate (Proprietary) Limited	–	(13)	*	56	(56)	–	–
Lexshell 638 Investments (Proprietary) Limited	4 299	11 969	*	(101)	–	11 181	11 080
Loato Properties (Proprietary) Limited	–	33	*	3 626	(3 547)	–	79
Amber Falcon Properties 131 (Proprietary) Limited **	–	(2)	*	–	–	–	–
Blue Moonlight Properties 248 (Proprietary) Limited **	–	(2)	*	–	–	–	–
Day Break Properties 81 (Proprietary) Limited **	–	–	*	–	–	–	–
Before Sunset Properties 37 (Proprietary) Limited	–	(8)	*	–	–	–	–
Micawber 534 (Proprietary) Limited	–	161	*	5 129	(5 129)	77	77
Orion Properties 14 (Proprietary) Limited	15 828	3 410	*	5 955	–	406	6 361
Papillon in Flight (Proprietary) Limited	–	–	3 191	–	(3 191)	3 459	3 459
Royal Albatross Properties 379 (Proprietary) Limited	–	(258)	711	3 391	–	(711)	3 391
Solethu Investments (Proprietary) Limited	604	(4 473)	3 384	–	–	10 020	13 404
Solethu Civils Holdings (Proprietary) Limited	–	(2 245)	*	–	–	–	–
RRL Holdings (Proprietary) Limited	–	(4 011)	*	333	–	–	333
RRL Investments (Proprietary) Limited	–	(708)	*	–	–	–	–
Street Spirit Trading 169 (Proprietary) Limited	–	–	*	1 438	(43)	–	1 395
Vunani Private Client Holdings (Proprietary) Limited	–	–	*	–	–	–	–
	–	–	–	–	–	–	–
Edge Holdings (Proprietary) Limited	58 439	60 472	165 619	–	–	9 590	175 209
Vunani Private Equity Partners (Proprietary) Limited	8 450	4 737	*	–	–	1 854	1 854
Impairment of disposal group	–	–	–	–	(30 700)	–	(30 700)
Transfer to non-current assets held for sale	(66 889)	(65 209)	(165 619)	–	30 700	(11 444)	(146 363)
	401 963	2 219	8 440	46 896	(12 290)	50 388	93 434

* *Less than R1 000*

** *The company is in the process of being deregistered*

Figures in Rand 000's	Revenue	Profit/ (loss)	Cost of invest-ment	Loans to asso-ciates	Impair-ments	Cumu-lative equity earnings net of dividends	Net carrying amount
			Group				
15. INVESTMENTS IN ASSOCIATES continued							
2009							
Basfour 558 (Proprietary) Limited	–	(21)	*	–	–	–	–
Baycove Developments (Proprietary) Limited	641	(15)	*	17	–	–	17
Baycove Properties 2 (Proprietary) Limited	–	(566)	*	(104)	–	3 387	3 283
Blue Age Properties 61 (Proprietary) Limited	–	(50)	*	1 248	–	–	1 248
Cape Gannet Properties 242 (Proprietary) Limited	3 420	30	*	363	–	20	383
Capital Land Asset Management (Proprietary) Limited	–	–	*	–	–	–	–
Capital Land Development (Proprietary) Limited	–	(203)	*	–	–	–	–
Civils 2000 Holdings (Proprietary) Limited	289 141	6 508	4	24 996	–	1 389	26 389
Edge Holdings (Proprietary) Limited	73 171	30 533	165 619	–	–	8 340	173 959
Fairview Cheese Company (Proprietary) Limited	–	–	*	–	–	–	–
Glenhove Fund Managers (Proprietary) Limited	2 503	(2 061)	1 150	1 025	–	(1 055)	1 120
Greenstone Hill Office Park (Proprietary) Limited ***	33 348	22 195	*	57	–	8 878	8 935
Intelleca Voice and Mobile (Proprietary) Limited	–	–	*	–	–	–	–
K & M Investments (Proprietary) Limited	–	–	*	–	–	–	–
Kareebosch Estate (Proprietary) Limited	–	(8)	*	50	–	–	50
Lexshell 638 Investments (Proprietary) Limited	2 220	10 554	*	–	–	5 197	5 197
Loato Properties (Proprietary) Limited	–	936	*	3 547	(3 547)	1 765	1 765
Amber Falcon Properties 131 (Proprietary) Limited	–	–	*	–	–	–	–
Blue Moonlight Properties 248 (Proprietary) Limited	–	(16)	*	–	–	–	–
Day Break Properties 81 (Proprietary) Limited	–	–	*	–	–	–	–
Before Sunset Properties 37 (Proprietary) Limited	–	(11)	*	–	–	–	–
Micawber 534 (Proprietary) Limited	–	(18 294)	*	5 063	–	(8 212)	(3 149)
Mazars Moores Rowland Corporate Finance (Proprietary) Limited	–	–	25	1 033	–	–	1 058
Orion Properties 14 (Proprietary) Limited	–	(2 572)	*	4 087	–	–	4 087
Papillon In Flight (Proprietary) Limited	–	(1 488)	3 191	–	(3 191)	3 459	3 459
Qinisile (Proprietary) Limited	–	–	*	–	–	–	–
Royal Albatross Properties 379 (Proprietary) Limited	–	(1 154)	711	2 390	–	(625)	2 476
Rudian Investments (Proprietary) Limited	–	–	*	–	–	–	–
Solethu Investments (Proprietary) Limited	125	(159)	3 583	–	–	10 492	14 075
Solethu Civils Holdings (Proprietary) Limited	–	(380)	*	–	–	–	–
RRL Holdings (Proprietary) Limited	5 833	28 753	*	–	–	–	–
RRL Investments (Proprietary) Limited	243	301	*	–	–	–	–
Sponges Holdings (Proprietary) Limited	–	–	*	2 197	(2 197)	–	–
Street Spirit Trading 169 (Proprietary) Limited	–	(45)	*	1 438	–	–	1 438
V – Correspond (Proprietary) Limited	–	–	*	1 906	(1 906)	–	–
Vunani Private Equity Partners (Proprietary) Limited	11 519	5 672	*	–	–	669	669
Waterstone Park Development Company (Proprietary) Limited	5 851	1 004	*	–	–	–	–
Wisdom of Africa (Proprietary) Limited (dormant)	–	–	3 400	3 177	(6 577)	–	–
Other	–	–	*	10	–	–	10
	428 015	79 443	177 683	52 500	(17 418)	33 704	246 469

** Less than R1 000*

**** Restated for prior year adjustment (refer to note 41)*

15. INVESTMENTS IN ASSOCIATES continued

All associates are incorporated in the Republic of South Africa. The carrying amounts of associates are shown net of impairment losses. The Group cannot withdraw cash from the associates until such time as the funding to the associates has been repaid. The following associates have different year-ends to the Group, and are equity accounted on the basis of the associates' December 2010 management accounts:

Edge Holdings (Proprietary) Limited**
Glenhove Fund Managers (Proprietary) Limited
K & M Investments (Proprietary) Limited
Papillon In Flight (Proprietary) Limited
Vunani Private Equity Partners (Proprietary) Limited**

The Group has accounted for losses incurred by associates to the extent of investments made. The Group has not recognised losses relating to the following associates in 2010, since the Group has no obligation in respect of these losses:

The Group's share of associates losses in excess of the carrying value of the investment

Figures in Rand 000's	**2010**
Basfour 554 (Proprietary) Limited	*
Baycove Developments (Proprietary) Limited	**29**
Blue Age Properties 61 (Proprietary) Limited	**53**
Cape Gannet Properties 242 (Proprietary) Limited	**165**
Glenhove Fund Managers (Proprietary) Limited	**257**
Kareebosch Estate (Proprietary) Limited	**19**
Royal Albatross Properties 379 (Proprietary) Limited	**43**
Street Spirit Trading (Proprietary) Limited	**11**
	577

* *Less than R1 000*

** *Classified as non-current assets held for sale*

Figures in Rand 000's	Number of shares held (in millions)	% holding	Group Investments Listed	Unlisted	Fair value	Related debt Debt	Secured by underlying investment	Secured by group companies
16. OTHER INVESTMENTS								
2010								
African Legends Limited ***	2,2 m	2,40	–	*	*	–	–	–
Brikor Limited	130 m	20,28	16 900	–	16 900	(54 463)	(16 900)	(37 563)
Basil Read Limited	4,4 m	3,60	54 097	–	54 097	(98 538)	(54 097)	(44 441)
Buildworks Limited	5,7 m	0,50	5 130	–	5 130	(5 083)	(5 083)	–
BSI Limited	50 m	7,00	31 000	–	31 000	(58 843)	(31 000)	(27 843)
Wesizwe Platinum Limited	29,8 m	3,70	71 428	–	71 428	(70 291)	(70 291)	–
Esor Limited	10 m	3,50	21 000	–	21 000	–	–	–
Interwaste Holdings Limited	47,5 m	14,40	28 500	–	28 500	(28 503)	(28 500)	(3)
Gidani (Proprietary) Limited ****	*	10,80	–	44 878	44 878	–	–	–
Johannesburg Stock Exchange Limited	0,2 m	0,30	19 780	–	19 780	–	–	–
Nqoba Gaming (Proprietary) Limited ***	*	17,50	–	*	*	–	–	–
Qphoto Investment (Proprietary) Limited	*	10,00	–	*	*	–	–	–
Peregrine Holdings Limited	15 m	6,60	173 564	–	173 564	(130 741)	(130 741)	–
Respiratory Care Africa (Proprietary) Limited	*	1,00	–	1 432	1 432	–	–	–
Redefine Income Fund Limited	8 m	10,00	63 920	–	63 920	(58 114)	(58 114)	–
Waterstone Park Development Company (Proprietary) Limited	*	6,8	–	619	619	–	–	–
PSV Limited	47,5 m	19,20	11 400	–	11 400	(16 970)	(11 400)	(5 570)
Workforce Holdings Limited	42,9 m	19,00	17 160	–	17 160	(12 916)	(12 916)	–
			513 879	46 929	560 808	(534 462)	(419 042)	(115 420)
Disclosed as:								
Non-current			378 192	2 051	380 243	(287 649)	(287 646)	–
Current**			135 687	44 878	180 565	(246 813)	(131 396)	(115 420)

* *Less than R1 000*

** *The proceeds on the disposal of the investment will be utilised to settle the corresponding liability*

*** *The company is in the process of being deregistered*

**** *Shareholding diluted in 2010 due to the exercise of an option by the South African government to acquire 20% of the shareholding in Gidani (Proprietary) Limited. All shareholders were diluted as a result of this.*

The unlisted investments are fair valued annually by the directors. Total funds under management are used as the basis for valuing asset management bussinesses. Operating businesses are valued using the discounted cash flow method.

The listed investment values are determined with reference to the share price at year end. Both the listed and unlisted investments are designated at fair value through profit or loss.

The financial liabilities related to the investments are measured at fair value as reflected in note 8 and note 27. Financial liabilities at fair value includes capitalised interest and attributable profit participation. Details of the financial liabilities are detailed in note 27.

			Group					
			Investments			Related debt		
Figures in Rand 000's	Number of shares held (in millions)	% holding	Listed	Unlisted	Fair value	Debt	Secured by underlying investment	Secured by group companies
16. OTHER INVESTMENTS continued								
2009								
African Legends Limited	2,2 m	2,40	–	*	*	–	–	–
Brikor Limited	130 m	20,33	22 100	–	22 100	(124 109)	(22 100)	(102 009)
Basil Read Limited	5,6 m	4,52	73 314	–	73 314	(311 851)	(73 314)	(238 537)
Buildworks Limited	5,7 m	0,50	2 794	–	2 794	(2 721)	(2 721)	–
BSI Limited	50 m	7,00	30 000	–	30 000	(55 677)	–	(55 677)
Wesizwe Platinum Limited	29,8 m	5,08	62 798	–	62 798	(53 567)	(53 567)	–
Esor Limited	10m	3,50	36 500	–	36 500	–	–	–
General trading portfolios	Various	Various	2 913	–	2 913	–	–	–
Interwaste Holdings Limited	47,5 m	13,50	30 875	–	30 875	(30 704)	(24 563)	(6 141)
Gidani (Proprietary) Limited	*	10,80	–	62 350	62 350	–	–	–
Interwaste Holdings Limited	2,3 m		1 157	–	1 157	–	–	–
Peregrine Quant (Proprietary) Limited	0,1 m	11,00	–	14 296	14 296	–	–	–
Nqoba Gaming (Proprietary) Limited	*	17,5	–	*	*	–	–	–
Other				333	333	–	–	–
Redefine Income Fund Limited	8 m	10,00	57 200	–	57 200	(51 835)	(51 835)	–
Civils 2000 Holdings (Proprietary) Limited	0,2 m	20,4	–	4 995	4 995	–	–	–
Qphoto Investment (Proprietary) Limited	*	11	–	*	*	–	–	–
Peregrine Holdings Limited	15 m	6,60	166 802	–	166 802	(117 716)	(117 716)	–
Respiratory Care Africa (Proprietary) Limited	*	1	–	1 432	1 432	–	–	–
Iliad Africa Limited	1,4 m	0,9	13 332	–	13 332	(12 056)	(12 056)	–
Waterstone Park Development Company (Proprietary) Limited	*	6,8	–	608	608	–	–	–
PSV Limited	55 m	22,2	18 150	–	18 150	(16 573)	(16 573)	–
Workforce Holdings Limited	42,9 m	19,00	15 015	–	15 015	(13 009)	–	(13 009)
			532 950	84 014	616 964	(789 818)	(374 445)	(415 373)
Disclosed as:								
Non-current			488 743	84 014	572 757	(747 058)	(337 826)	(409 232)
Current **			44 207	–	44 207	(42 760)	(36 619)	(6 141)

* *Less than R 1000*

** *The proceeds on the disposal of the investment will be utilised to settle the corresponding liability as disclosed in note 27.*

Where investments in companies exceeded 20%, these investments were equity accounted only if the Group was able to exercise significant influence.

	Group		
Figures in Rand 000's	2010	Restated 2009	Restated 2008
17. DEFERRED TAX			
Deferred tax comprises			
Deferred tax assets	**62 475**	90 056	24 517
Deferred tax liabilities	**(73 823)**	(99 096)	(25 084)
	(11 348)	(9 040)	(567)
Deferred tax assets are expected to be utilised against future taxable profits.			
Recognised deferred tax assets and (liabilities) comprise			
Fair value adjustments	**(39 313)**	(56 871)	(19 782)
Intangible assets	**(2 192)**	(350)	–
Trade and other receivables	**(321)**	118	(31)
Provisions	**3 040**	(1 915)	(970)
Secondary tax on companies	**(4 402)**	(3 298)	–
Tax loss carry-forwards	**31 840**	53 276	20 216
	(11 348)	(9 040)	(567)
Reconciliation of deferred tax assets and (liabilities)			
Balance at the beginning of the year	**(9 040)**	(567)	(184 058)
Movement in profit and loss	**1 761**	(7 213)	189 982
Acquired through business combination	**(432)**	(1 260)	(5 759)
Transfers to non-current assets and liabilities held for sale	**(201)**	–	–
Other	**86**	–	(732)
Balance at the end of the year	**(11 348)**	(9 040)	(567)
Unrecognised deferred tax assets			
Estimated tax losses available for utilisation against future taxable income	**158 870**	205 702	85 792
Applied to reduce deferred tax liabilities	**(113 714)**	(190 271)	(72 200)
Estimated tax losses carried forward	**45 156**	15 431	13 592

The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is uncertain that future taxable profit will be available against which the Group can utilise the benefits there from.

	Group	
Figures in Rand 000's	2010	2009
18. OTHER NON-CURRENT ASSETS		
Amortisation of initial direct costs of operating lease income		
Balance at the beginning of the year	**2 395**	1 891
Additions	**2 266**	673
Amortisation (initial direct cost of operating lease income)	**(1 338)**	(169)
Balance at the end of the year	**3 323**	2 395

Figures in Rand 000's	Group 2010	2009
19. INVENTORY		
Inventory comprises work in progress on the following property development:		
Southern Spirit Properties 142 (Proprietary) Limited – Hurlingham	**3 335**	4 254
Reconciliation of work in progress		
Balance at the beginning of the year	**4 254**	6 406
Expenses capitalised	**136**	303
Inventory written down to net realisable value	**(1 055)**	–
Transfers to investment property	**–**	(2 278)
Transfers to cost of sales	**–**	(177)
Balance at the end of the year	**3 335**	4 254
No borrowing costs were capitalised to inventory during the current or previous year.		
20. NON-CURRENT ASSETS AND LIABILITIES HELD FOR SALE		
During the year the Group made the decision to dispose of its investments in Edge Holdings (Proprietary) Limited and Vunani Private Equity Partners (Proprietary) Limited, which both fall under the Asset Management segment. The investments have been presented as a disposal group held for sale. The sale of the investments were concluded on 15 April 2011. At 31 December 2010 the disposal group comprised of assets of R147,9 million less liabilities of R111,9 million (both net of impairment losses).		
An impairment loss of R30,7 million on the remeasurement of the disposal group to the lower of its carrying amount and its fair value less costs to sell has been recognised in fair value adjustment and impairments.		
Assets classified as held for sale		
Investment in associate (refer to note 15)	**146 363**	–
Deferred tax assets	**233**	–
Cash and cash equivalents	**1 343**	–
	147 939	–
Liabilities classified as held for sale		
Other financial liabilities (refer to notes 27.2 and 27.4)	**111 741**	–
Deferred tax liabilities	**32**	–
Trade and other payables	**98**	–
	111 871	–
21. LOAN TO HOLDING COMPANY		
Vunani Group (Proprietary) Limited	**–**	29
The loan to the holding company was unsecured, interest-free and was repaid during the year.		

Figures in Rand 000's	Group 2010	Group 2009
22. TRADE AND OTHER RECEIVABLES		
Sundry accounts receivable	**24 606**	22 346
Impairment	**(5 353)**	(1 763)
	19 253	20 583
Reconciliation of impairment		
Balance at the beginning of the year	**(1 763)**	(1 125)
Utilised	**–**	858
Increase in impairment	**(3 590)**	(1 496)
Balance at the end of the year	**(5 353)**	(1 763)
23. ACCOUNTS RECEIVABLE FROM TRADING ACTIVITIES		
Trading debtors	**124 271**	33 539
Prepaid expenses	**668**	627
	124 939	34 166
These amounts arise primarily from trading activities that the Group, through its subsidiary Vunani Securities (Proprietary) Limited, carries out on behalf of its clients. The balances are neither past due nor impaired.		
24. TRADING SECURITIES		
Trading securities receivable (held for trading)	**19**	249
Trading securities payable (held for trading)	**–**	(133)
	19	116
25. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	**22 073**	10 299
Bank overdraft	**(14 363)**	(6 526)
Cash and cash equivalents in the statement of cash flows	**7 710**	3 773
26. SHARE CAPITAL AND SHARE PREMIUM		
Authorised		
10 000 000 000 (2009: 10 000 000 000) Ordinary shares of R0.0001	**1 000**	1 000
99 000 Redeemable preference shares of R0.01 each	**1**	1
	1 001	1 001
Issued		
4 763 502 216 (2009: 1 340 562 216) Ordinary shares at R0.0001	**476**	134
Share premium	**601 532**	277 885
	602 008	278 019

Figures in Rand 000's	Group 2010	2009
26. SHARE CAPITAL AND SHARE PREMIUM continued		
Reconciliation of number of shares issued (000s)		
Reported at the beginning of the year	**1 340 562**	1 226 194
Issue of shares	**3 422 940**	114 368
Agterskot payment for acquisition of associate	**–**	114 368
Clawback offer	**3 285 940**	–
Acquisition through business combinations	**137 000**	–
	4 763 502	1 340 562
Unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.		
Reconciliation of value of shares issued		
Reported at the beginning of the year	**134**	123
Issue of shares	**342**	11
Agterskot payment for acquisition of associate	**–**	11
Clawback offer	**328**	–
Acquisition through business combinations	**14**	–
	476	134
Reconciliation of share premium		
Reported at the beginning of the year	**277 885**	250 226
Issue of shares	**341 952**	27 740
Agterskot payment for acquisition of associate	**–**	27 740
Clawback offer	**328 266**	–
Acquisition through business combinations	**13 686**	–
Share issue expenses written off	**(18 305)**	–
Adjustment	**–**	(81)
	601 532	277 885
27. OTHER FINANCIAL LIABILITIES		
Other financial liabilities comprise		
Other financial liabilities carried at amortised cost	**700 376**	779 299
Other financial liabilities carried at fair value through profit or loss	**534 462**	789 818
Capital	**575 392**	845 349
Accrued interest	**108 008**	188 041
Fair value adjustments	**(148 938)**	(243 572)
	1 234 838	1 569 117

Figures in Rand 000's	Group 2010	2009
27. OTHER FINANCIAL LIABILITIES continued		
Carried at amortised cost		
ABSA Bank Limited		
27.1 Cumulative redeemable participating preference shares in Pahana Investments 93 (Proprietary) Limited attracting interest at a variable rate of JIBAR and treasury liquidity cost. Capital and interest are repayable from dividends and loan repayments received from Civils 2000 Holdings (Proprietary) Limited.	**27 835**	25 949
AIG Limited		
27.2 Five year cumulative redeemable preference shares in Northern Ocean Investments 48 (Proprietary) Limited, with interest at 90% of prime and is secured by the investment in Edge Capital (Proprietary) Limited. The preference shares are redeemable on 20 June 2013. Refer to Note 20 Non-current liabilities held for sale for the 2010 figures.	**–**	41 318
Development Bank of South Africa Limited		
27.3 Seven year redeemable, cumulative debentures in Vunani Capital (Proprietary) Limited, with interest at 13,75% and secured by the investment in Lexshell 630 (Proprietary) Limited. The debentures are redeemable on 30 September 2013.	**32 741**	29 304
Grindrod Bank Limited		
27.4 Five year cumulative redeemable preference shares in Southern Palace Investments 359 (Proprietary) Limited, with interest at 75% of prime and is secured by the investment in Edge Capital (Proprietary) Limited. The preference shares are redeemable on 1 July 2011. Refer to Note 20 Non-current liabilities held for sale for the 2010 figures.	**–**	31 622
Hyprop Investments Limited		
27.5 Loan with no fixed terms of repayment in Vunani Property Investment Fund (Proprietary) Limited, with interest at JIBAR plus 3% and repayable on the 5th anniversary of the loan, October 2011.	**7 355**	7 355
27.6 Linked, 25 year debentures with no fixed interest rate in Vunani Property Investment Fund (Proprietary) Limited, redeemable in 2031.	**70 924**	70 924
Investec Bank Limited		
27.7 Mortgage bond over Athol Ridge Office Park in Vunani Properties (Proprietary) Limited with fixed interest of 10,15% up to 14 December 2010, after that date, interest will be at the bank's prime rate less 1,25%, repayable on 30 June 2013.	**174 202**	147 915
27.8 Mortgage bond over land and buildings in Cedar Park Properties 31 (Proprietary) Limited with fixed interest of 10,15%, repayable on 16 February 2011.	**14 567**	14 654
Rand Merchant Bank Limited – development bond		
27.9 Bond over Erf 562 Blair Athol extension 3 over land (property, plant and equipment) in Selectria Investments 49 (Proprietary) Limited with interest at bank facility rate less 0,35% repayable in 20 years on 12 January 2029.	**2 695**	2 754

Figures in Rand 000's	Group 2010	2009
27. OTHER FINANCIAL LIABILITIES continued		
Carried at amortised cost continued		
Standard Bank Limited		
27.10 Five year renewable loan in Vunani Properties (Proprietary) Limited with interest fixed at 11,78% secured by the investment in Vunani Property Investment Fund (Proprietary) Limited, repayable on 31 July 2011.	**40 640**	40 627
27.11 Five year renewable loan in Vunani Properties (Proprietary) Limited with interest fixed at 11,89% secured by the investment in Vunani Property Investment Fund (Proprietary) Limited, repayable on 31 July 2011.	**19 739**	19 733
27.12 Mortgage bond over land and buildings in Vunani Property Investment Trust with fixed interest of 11,78%, repayable on 10 October 2013.	**88 415**	88 415
27.13 Mortgage bond over land and buildings in Vunani Property Investment Trust with fixed interest fixed of 11,88%, repayable on 21 July 2013.	**99 418**	99 418
27.14 Mortgage bond over land and buildings in Vunani Property Investment Trust with fixed interest fixed of 11,87%, repayable on 20 March 2013.	**78 651**	78 651
27.15 Mortgage bond over land and buildings in Vunani Property Investment Trust with fixed interest of 11,88%, repayable on 30 May 2013.	**16 000**	16 000
27.16 Mortgage bond over land and buildings in Vunani Property Investment Trust with fixed interest fixed of 11,88%, repayable on 30 May 2013.	**727**	–
27.17 Mortgage bond over 14 Loop Street in Vunani Properties (Proprietary) Limited with interest at prime less 1%, repayable on 24 November 2014.	**–**	22 312
27.18 Mortgage bond over 14 Loop Street in Pacific Eagle Properties 204 (Proprietary) Limited with interest at a variable rate of JIBAR, repayable on 24 November 2014.	**22 559**	–
27.19 Five year cumulative redeemable preference shares in Northern Ocean Investments 54 (Proprietary) Limited, with interest at 90% of prime and is secured by the investment in Edge Capital (Proprietary) Limited. The preference shares are redeemable on 20 June 2013. Refer to note 20 on non-current liabilities held for sale for the 2010 figures.	**–**	41 318

Figures in Rand 000's	Group 2010	2009
27. OTHER FINANCIAL LIABILITIES continued		
Carried at amortised cost continued		
Peregrine Holdings Limited		
27.20 The loan is unsecured, bear interest at prime and is repayable on 31 March 2011.	**1 166**	–
Other financial liabilities		
27.21 Loans are unsecured, interest free and has no fixed term of repayment.	**1 896**	1 030
27.22 Loans are unsecured, bears interest at prime less 4% and has no fixed terms of repayment.	**846**	–
Total carried at amortised cost	**700 376**	779 299
Carried at fair value through profit or loss		
ABSA Bank Limited		
27.23 Cumulative redeemable, participating (35% profit share) preference shares in Camden Bay Investments 2 (Proprietary) Limited with interest at 75% of prime and is secured by the investment in Wesizwe Platinum Limited. The preference shares are redeemable on 23 February 2012.	**70 291**	53 567
Capital	**100 401**	100 401
Accrued interest	**39 178**	29 576
Fair value adjustment	**(69 288)**	(76 410)
27.24 Cumulative redeemable participating preference shares in Rapicorp 59 (Proprietary) Limited with interest at 75% of prime and is secured by the investment in Peregrine Holdings Limited, with the profit share ranging from 25% – 45% depending on the share price. The preference shares are redeemable on 1 March 2012.	**116 918**	104 009
Capital	**84 496**	104 709
Accrued interest	**13 551**	12 769
Fair value adjustment	**18 871**	(13 469)
27.25 Cumulative redeemable participating preference shares in Vunani Capital (Proprietary) Limited attracting interest at 75% of prime and secured by the investment in Peregrine Holdings Limited. The preference shares are redeemable on 1 March 2012.	**13 823**	13 707
Capital	**12 441**	12 441
Accrued interest	**1 382**	1 266
Fair value adjustment	**–**	–

Figures in Rand 000's	Group 2010	2009
27. OTHER FINANCIAL LIABILITIES continued		
Carried at fair value through profit or loss continued		
Firefly Investments 61 (Proprietary) Limited		
27.26 The loan in Aquarella Investments (Proprietary) Limited, has no fixed term of repayment, is secured by the investment in Buildworks Limited, and carries interest at prime and a profit participation of 80%.	**5 083**	2 721
Capital	**7 410**	7 410
Accrued interest	**3 620**	2 584
Fair value adjustment	**(5 947)**	(7 273)
First National Bank Limited		
27.27 Five year term loan issued on 1 February 2008 in Pacific Heights Investment 118 (Proprietary) Limited with interest equivalent to all dividend payments from Redefine Income Fund Limited and secured by the investment in Redefine Income Fund Limited, with a profit share of 23,33%.	**49 926**	44 574
Capital	**46 400**	46 400
Accrued interest	**–**	–
Fair value adjustment	**3 526**	(1 826)
Investec Bank Limited		
27.28 Renewable term loan in Anchor Park Investments 42 (Proprietary) Limited attracting interest at prime with a profit participation of 30% and secured by the investment in Brikor Limited. The loan is repayable on 31 October 2011.	**54 463**	124 109
Capital	**65 588**	132 280
Accrued interest	**5 848**	10 544
Fair value adjustment	**(16 973)**	(18 715)
27.29 Seven year term loan in Wonderwall Investments 36 (Proprietary) Limited attracting interest at prime less 0,5% and secured by the investment in PSV Limited. The loan is repayable on 31 July 2014.	**16 970**	16 573
Capital	**21 067**	29 640
Accrued interest	**1 785**	16 258
Fair value adjustment	**(5 882)**	(29 325)
27.30 Renewable term loan in Anchor Park Investments 81 (Proprietary) Limited attracting interest at prime less 1% with a profit participation of 30% and secured by the investment in Basil Read Limited. The loan is repayable on 31 October 2011.	**98 538**	311 851
Capital	**123 512**	292 387
Accrued interest	**6 451**	85 454
Fair value adjustment	**(31 425)**	(65 990)
Standard Bank Limited		
27.31 Three year term loan secured by investment in BSI Limited and carries interest at prime and a 20% profit participation. The loan is repayable on 31 October 2011.	**58 843**	55 677
Capital	**48 788**	44 607
Accrued interest	**9 189**	7 924
Fair value adjustment	**866**	3 146

Figures in Rand 000's	Group 2010	2009
27. OTHER FINANCIAL LIABILITIES continued		
Standard Bank Limited (continued)		
27.32 Five year term loan in Pacific Heights Investment 118 (Proprietary) Limited with 90% of loan attracting interest at 11,74% and the balance at a floating rate of prime less 1,5% and secured by the investment in Redefine Limited. The loan is repayable on 28 February 2013.	**8 188**	7 261
Capital	**5 655**	5 600
Accrued interest	**2 464**	1 661
Fair value adjustment	**69**	–
27.33 Three year term loan in Vunani Capital (Proprietary) Limited, attracting interest at prime and secured by the investment in Workforce Limited (prime for first 2 years and prime plus 3% for the last year). The loan is repayable on 31 October 2011.	**12 916**	13 009
Capital	**12 134**	13 009
Accrued interest	**593**	–
Fair value adjustment	**189**	–
Coronation Capital Limited		
27.34 Three year cumulative redeemable participating preference shares in Georgia Avenue Investments (Proprietary) Limited with interest at 70% of prime and is secured by the investment in Interwaste Limited, and entitled to a 50% profit share. The preference shares are redeemable on 15 June 2010. The loan has not been extended and is repayable on demand.	**28 503**	30 704
Capital	**47 500**	47 500
Accrued interest	**23 947**	17 883
Fair value adjustment	**(42 944)**	(34 679)
27.35 Cumulative redeemable participating preference shares in Sanski Investments 52 (Proprietary) Limited with interest at 71% of prime less 1,5% and is secured by the investment in Iliad Africa Limited with a profit share of 50% and shall be repaid from the proceeds of the sale of the investment by no later than 1 May 2010. The liability was settled during the year.	**–**	12 056
Capital	**–**	8 965
Accrued interest	**–**	2 122
Fair value adjustment	**–**	969
Total carried at fair value through profit or loss	**534 462**	789 818
Total liabilities	**1 234 838**	1 569 117
Less current liabilities	**(391 825)**	(486 659)
Non-current liabilities	**843 013**	1 082 458

	Figures in Rand 000's	Group 2010	Group 2009
28.	**TRADE AND OTHER PAYABLES**		
	Sundry payables	**47 168**	41 524
	Accrued leave pay	**2 937**	1 455
		50 105	42 979
29.	**ACCOUNTS PAYABLE FROM TRADING ACTIVITIES**		
	Accounts payable	**122 668**	33 611
	These amounts arise primarily from trading activities that the Group, through its stockbroking subsidiary Vunani Securities (Proprietary) Limited, carries out on behalf of its clients.		

30. RETIREMENT BENEFITS

Defined contribution plan

It is the policy of the Group to provide retirement benefits to all its employees through a defined contribution provident fund, which is subject to the Pension Funds Act of 1956. The Group is under no obligation to cover any unfunded benefits.

Employees make an election to join the provident fund and their contributions to the fund are included with staff costs as detailed in note 9.

31. SHARE BASED PAYMENTS

A group share scheme was introduced in May 2006, whereby employees were entitled to receive shares in the company upon vesting (which took place over a three year service period). In May 2009 all the shares vested and at 31 December 2010, no new scheme had been put in place.

		Group	
	Figures in Rand 000's	**2010**	Restated 2009
32.	**CASH GENERATED BY OPERATIONS**		
	Loss before taxation	**(43 792)**	(152 576)
	Adjusted for:		
	Depreciation of property, plant and equipment	**1 933**	2 659
	Impairment of property, plant and equipment	**–**	3 219
	Profit on disposal of property, plant and equipment	**–**	(28)
	Impairment of goodwill	**20 011**	32 920
	Bargain purchase of subsidiary	**(22 770)**	–
	Fair value adjustments on investment property	**(116 580)**	8 878
	Operating lease accrual on investment property	**(1 583)**	(2 258)
	Equity accounted earnings	**(54 094)**	(21 076)
	Impairment of investment in associates	**36 172**	6 437
	Loss on disposal of associates	**308**	3 139
	Fair value adjustments on associates	**13 904**	–
	Fair value adjustments on other investments	**21 975**	(41 968)
	(Profit)/loss on disposal of other investments	**(2 614)**	21 851
	Amortisation of other non-current assets	**1 338**	169
	Amortisation of other intangible assets	**1 739**	13 534
	Inventory written down to net realisable value	**1 055**	–
	Movement in provisions in trade and other receivables	**3 590**	(1 080)
	Share based payments expense	**–**	3 825
	Fair value adjustments on other financial liabilities	**88 003**	(899)
	Investment revenue	**(12 747)**	(16 876)
	Finance income	**(10 075)**	(6 391)
	Finance costs	**169 076**	199 746
	Other non-cash items	**–**	(81)
	Cash generated by operations before changes in working capital	**94 849**	53 144
	Changes in working capital:		
	Increase in inventories	**(136)**	(126)
	Decrease in trade and other receivables	**5 129**	45 100
	Increase/(decrease) in trade and other payables	**4 926**	(7 903)
	Decrease in trading securities	**97**	340
	Decrease in accounts receivable and payable from trading activities	**(5 852)**	(50 720)
	Cash generated by operations	**99 013**	39 835
33.	**TAX RECEIVED/(PAID)**		
	Balance at beginning of the year	**(1 396)**	(3 258)
	Current tax charge	**851**	(4 368)
	Other non-cash items	**(86)**	–
	Balance at end of the year	**3 149**	1 396
	Tax received/(paid)	**2 518**	(6 230)

34. BUSINESS COMBINATIONS

On 22 June 2010, the Group increased its holding in Peregrine iQ (Proprietary) Limited (subsequently renamed Vunani Fund Managers (Proprietary Limited)) from 11% to 51% for a total consideration of R20,6 million. This purchase price was settled partly through the issue of 137 million Vunani Limited shares at a value of 10c each, with the balance payable in cash. The fair value of the Group's previous 11% investment in Peregrine iQ (Proprietary) Limited of R12,3 million was added to the cost of the investment in the subsidiary at acquisition date, resulting in the total cost of the Group's 51% investment in the subsidiary being R32,9 million. The acquisition resulted in goodwill of R27,4 million, intangible assets of R2,9 million and related deferred taxation of R0,8 million. R5,3 million of the acquisition date net asset value of Peregrine iQ (Proprietary) Limited was allocated to the non-controlling interests. Since acquisition, an after tax loss of R0,6 million has been included in the Group's profit or loss. R0,3 million of this loss is attributable to non-controlling shareholders' interests. If the acquisition had taken place at the beginning of the year, after tax loss of R0,5 million would have been included in the Group's profit or loss. R0,3 million of this loss would be attributable to non-controlling shareholders' interests. Peregrine iQ (Proprietary) Limited's name was subsequently changed to Vunani Fund Managers (Proprietary) Limited ("VFM").

On 1 December 2010, Vunani acquired 100% of the shares in Kagiso Securities Limited ("KSL") at nominal value. The purchase price was settled in cash. The acquisition resulted in a bargain purchase of R22,8 million, which has been included in profit or loss. No post acquisition profits or losses have been recognised in Vunani's results. If the acquisition had taken place at the beginning of the year, after tax loss of R7,7 million would have been included in the Group's profit or loss.

The table below indicates the net assets acquired on the business combinations above.

	VFM	KSL	Total
Net assets acquired			
Property, plant and equipment	235	1 634	1 869
Other investments	–	19 780	19 780
Intangible assets	2 932	–	2 932
Deferred taxation on intangible asset	(821)	–	(821)
Goodwill/(bargain purchase)	27 433	(22 770)	4 663
Trade and other receivables	7 360	–	7 360
Accounts receivable from trading activities	–	90 977	90 977
Cash and cash equivalents	3 223	5 245	8 468
Deferred taxation	142	247	389
Trade and other payables	(2 298)	–	(2 298)
Accounts payable from trading activities	–	(95 113)	(95 113)
Outside shareholders' interest	(5 279)	–	(5 279)
Cost of investment	**32 927**	**–**	**32 927**
Settlement of cost of investment			
Existing investment in VFM	12 300	–	12 300
Shares issued	13 700	–	13 700
Cash paid	6 927	*	6 927
	32 927	*****	**32 927**
Cash flow on acquisition of businesses			
Cash and cash equivalents acquired	8 468	–	8 468
Cash paid	(6 927)	–	(6 927)
Net cash inflow	**1 541**	**–**	**1 541**

** Less than R1 000*

	Group	
Figures in Rand 000's	2010	Restated 2009
35. BASIC, DILUTED AND HEADLINE LOSS PER SHARE		
Basic loss per share (cents)	**(2,2)**	(13,6)
Headline loss per share (cents)	**(2,9)**	(11,4)

Basic loss per share

The calculation of basic loss per share was based on the loss attributable to ordinary shareholders of R95,6 million (2009: R172,9 million), and a weighted average number of ordinary shares outstanding of 4,282 billion (2009: 1,274 billion).

Headline loss per share

The calculation of headline loss per share was based on a headline loss attributable to ordinary shareholders of R125,6 million (2009: R145,6 million), and a weighted average number of ordinary shares outstanding of 4,252 billion (2009: 1,274 billion).

Diluted loss per share

There were no dilutive instruments in issue at year end.

Figures in Rand 000's	2010	Restated 2009
Weighted average number of ordinary shares (000's)		
Issued ordinary shares at the beginning of the year	**1 340 562**	1 234 250
Effect of own shares held	**–**	(8 056)
Effect of shares issued	**2 941 903**	47 941
Weighted average number of ordinary shares at the end of the year	**4 282 465**	1 274 135
Headline loss:		
Total comprehensive loss attributable to equity holders:	**(95 551)**	(172 880)
Adjust for:		
Revaluation of investment property		
Subsidiaries		
Gross revaluation	**(116 580)**	8 878
Deferred tax on revaluation	**16 321**	(2 493)
Non-controlling interest in revaluation	**58 730**	5 111
Associates		
Gross revaluation	**(20 859)**	(28 644)
Deferred tax on revaluation	**4 045**	7 540
Non-controlling interest in revaluation	**3 699**	13 724
Disposals of investment property		
Profit on disposal	**–**	(1 213)
Capital gains tax	**–**	145
Non-controlling interest in revaluation	**–**	(298)
Profit on disposal of associates		
(Loss)/profit on disposal	**–**	(228)
Tax	**–**	32
Non-controlling interest	**–**	43
Goodwill		
Impaired	**20 011**	32 920
Non-controlling interest	**–**	(341)
Profit on disposal of other investments		
Profit on disposal	**(2 573)**	(9 181)
Tax	**360**	1 285
Loss on disposal group		
Impairment	**30 700**	–
Tax	**(4 298)**	–
Business acquisitions		
Bargain purchase	**(22 770)**	–
Tax	**3 188**	–
	(125 577)	(145 600)

35. BASIC, DILUTED AND HEADLINE LOSS PER SHARE continued

Net asset value per share

Net asset value per share is the equity attributable to equity holders per share in issue.

Net tangible asset value per share

Net tangible asset value per share is the equity attributable to equity holders (excluding goodwill and other intangible assets) per share in issue.

36. COMMITMENTS

Guarantees and sureties to funders

The Group has provided guarantees and sureties to funders of group companies in the amount of R412,5 million (2009: R 160,4 million). At 31 December 2010 the Group did not expect any liability to arise on these guarantees and sureties. The potential liability in terms of these guarantees and sureties depends on the value of the properties and equities that secure the underlying debt.

	Group	
Figures in Rand 000's	**2010**	Restated 2009
Operating leases – as lessee (expense)		
Minimum lease payments due		
within one year	**1 104**	1 089
in second to fifth year inclusive	**–**	1 791
	1 104	2 880

Operating lease payments represent rentals payable by the Group for certain of its office properties and office equipment. Leases are negotiated for an average term of four years. Rentals on the office properties and office equipment escalate at an average rate of 9,5% per annum.

	2010	Restated 2009
Operating leases – as lessor (income)		
Minimum lease payments due		
within one year	**92 721**	79 291
in second to fifth year inclusive	**152 650**	119 205
later than five years	**71 801**	9 580
	317 172	208 076

Operating lease income represent rentals received by the Group for certain of its office properties. Leases are negotiated for an average term of four years. Rentals on the office properties escalate at an average rate of 9,5% per annum.

37. OPERATING SEGMENTS

The Group has five reportable segments being Asset management, Investment banking and advisory, Investment holdings, Securities broking and Properties investments and developments, as described below, which are the Group's strategic business segments, offering different products and services, are managed separately, requiring different skills, technology and marketing strategies. For each of the strategic business segments, the Group's CEO reviews internal management reports on at least a monthly basis.

All segments are located in South Africa. The costs associated with geographical reporting and information concerning products and services would be excessive and the necessary information is not available. There are no single major customers.

The following summary describes the operations in each of the Group's reportable segments:

Figures in Rand 000's	Asset management	Investment banking and advisory	Investment holdings	Securities broking	Properties investments and developments	Total
2010						
Revenues	**21 419**	**20 126**	**2 573**	**26 271**	**125 412**	**195 801**
Finance income	**175**	**8 518**	**233**	**513**	**636**	**10 075**
Finance costs	**(10 080)**	**(1 267)**	**(64 803)**	**(214)**	**(92 712)**	**(169 076)**
Depreciation	**(122)**	**(937)**	**–**	**(180)**	**(694)**	**(1 933)**
Amortisation of intangibles	**(489)**	**–**	**–**	**–**	**(1 250)**	**(1 739)**
Impairment on assets	**(30 700)**	**(9 410)**	**(9 942)**	**(5 850)**	**(459)**	**(56 361)**
Equity accounted earnings	**28 397**	**–**	**4 569**	**–**	**21 128**	**54 094**
Reportable segment profit/(loss) after tax	**(16 160)**	**(20 525)**	**(108 679)**	**14 062**	**86 600**	**(44 702)**
Reportable segment assets	**202 466**	**136 229**	**504 996**	**158 550**	**1 033 184**	**2 035 425**
Investment in associates	**–**	**–**	**42 851**	**–**	**50 583**	**93 434**
Capital expenditure	**452**	**1 464**	**–**	**2 027**	**28 565**	**32 508**
Reportable segment liabilities	**116 658**	**24 852**	**608 088**	**137 627**	**723 981**	**1 611 206**
2009						
Revenues	12 629	6 646	(34 276)	27 950	112 097	125 046
Finance income	191	–	2 876	634	2 690	6 391
Finance costs	(12 217)	(6 782)	(102 208)	(206)	(78 333)	(199 746)
Depreciation	–	(1 701)	–	(230)	(728)	(2 659)
Amortisation of intangibles	–	(10 284)	–	–	(3 250)	(13 534)
Impairment on assets	–	(32 920)	(6 437)	–	–	(39 357)
Equity accounted earnings	8 852	–	2 458	–	9 766	21 076
Reportable segment profit/(loss) after tax	10 150	(55 910)	(80 068)	(10 587)	(27 742)	(164 157)
Reportable segment assets	231 721	200 857	559 757	48 596	852 841	1 893 772
Investment in associates	174 628	–	44 728	–	27 113	246 469
Capital expenditure	–	2 097	–	285	24 902	27 284
Reportable segment liabilities	121 387	19 890	942 222	35 806	634 814	1 754 119

38. RELATED PARTIES

Relationships

Ultimate holding company/Parent	Vunani Group (Proprietary) Limited*
Associates	Refer to note 15
Directors	Refer to note 39

** The parent does not produce financial statements for public use.*

*** The company is in the process of being deregistered*

	Holding	
	2010	2009
Direct and indirect subsidiaries	**%**	%
Vunani Capital (Proprietary) Limited	**100**	100
African Dune Investments 183 (Proprietary) Limited	**100**	100
African Partnership Management Company (Proprietary) Limited	**100**	100
Anchor Park Investments 42 (Proprietary) Limited	**100**	100
Anchor Park Investments 81 (Proprietary) Limited	**100**	100
Aquarella Investments 507 (Proprietary) Limited	**100**	100
Before the Wind Investments 244 (Proprietary) Limited **	**–**	50
Lucretius Investments Holdings (Proprietary) Limited **	**–**	50
Blue Lounge Trading 124 (Proprietary) Limited --	**–**	100
Drees & Sommer (Proprietary) Limited **	**–**	100
Eagle Creek Investments 651 (Proprietary) Limited **	**–**	100
Evening Shade Properties 54 (Proprietary) Limited **	**–**	100
Georgia Avenue Investments 32 (Proprietary) Limited	**100**	100
Getgood Investments (Proprietary) Limited **	**–**	100
Hyrode Investments (Proprietary) Limited	**100**	100
Imvuno Fund Managers (Proprietary) Limited	**55**	55
Integrated Managed Investments (Proprietary) Limited	**51**	51
Jala Group (Proprietary) Limited	**51**	–
Kagiso Securities Limited	**100**	–
Lexshell 630 Investments (Proprietary) Limited	**100**	100
Mayborn Investments 17 (Proprietary) Limited	**–**	100
Northern Ocean Investments (Proprietary) Limited	**100**	100
Onaghan Investments 20 (Proprietary) Limited	**100**	100
Pacific Heights Investments 118 (Proprietary) Limited	**100**	100
Pahana Investments 93 (Proprietary) Limited	**51**	51
Rapicorp 59 (Proprietary) Limited	**100**	100
Sanski Investments 52 (Proprietary) Limited	**50**	50
Southern Palace Investments 359 (Proprietary) Limited	**100**	100
Spaciros (Proprietary) Limited	**51**	51
Tutuni Investments (Proprietary) Limited	**100**	100
Vunani Mining (Proprietary) Limited	**100**	100
VTV Community Ecosystem (Proprietary) Limited (Previously Vunani Asset Consulting Services (Proprietary) Limited)	**–**	100
Vunani Corporate Finance (Proprietary) Limited	**100**	100
Vunani Energy (Proprietary) Limited	**100**	100
Vunani Bunkers (Proprietary) Limited **	**–**	51

38. RELATED PARTIES continued

Direct and indirect subsidiaries	Holding 2010 %	2009 %
Vunani Capital (Proprietary) Limited – continued		
Vunani Equity Partners (Proprietary) Limited **	**–**	70
Vunani Finance (Proprietary) Limited **	**–**	100
Vunani Financial Solutions (Proprietary) Limited	**100**	100
Vunani Metals and Minerals (Proprietary) Limited	**100**	100
Camden Bay Investments 2 (Proprietary) Limited	**100**	100
Vunani Mining and Resources (Proprietary) Limited	**75**	75
Amber Falcon Properties 107 (Proprietary) Limited	**100**	–
Blue Lounge Trading 124 (Proprietary) Limited	**51**	–
Quintofor Investments (Proprietary) Limited	**100**	100
Vunani Portfolio Solutions (Proprietary) Limited	**85**	85
Vunani Resources (Proprietary) Limited **	**–**	100
Vunani Resources 2 (Proprietary) Limited **	**–**	100
Vunani Sponsors (Proprietary) Limited	**100**	100
Vunani Treasury Resources (Proprietary) Limited **	**–**	100
Wonderwall Investments (Proprietary) Limited	**100**	100
Vunani Securities (Proprietary) Limited	**100**	100
Vunani Nominee (Proprietary) Limited	**100**	100
Vector Equities (Proprietary) Limited	**100**	100
Vector Nominees (Proprietary) Limited	**100**	100
Vunani Capital Markets (Proprietary) Limited	**100**	100
Vunani Properties (Proprietary) Limited	**78**	78
Amber Falcon Properties 107 (Proprietary) Limited	**–**	100
Cedar Park Properties 31 (Proprietary) Limited	**100**	100
Double Peak Properties 70 (Proprietary) Limited **	**–**	100
Dreamworks Investments 125 (Proprietary) Limited	**85**	85
One Vision Investments 54 (Proprietary) Limited **	**–**	100
Pacific Eagle Properties 204 (Proprietary) Limited	**100**	100
Selectria Investments 49 (Proprietary) Limited	**100**	100
Southern Spirit Properties 142 (Proprietary) Limited	**100**	100
Sovereign Seeker Investments 30 (Proprietary) Limited	**100**	100
Vunani Properties International (Proprietary) Limited	**100**	0
Vunani Property Asset Managers (Proprietary) Limited	**100**	100
Vunani Property Fund Management Trust	**51**	100
Vunani Property Investment Fund (Proprietary) Limited	**50**	50
Vunani Property Investment Trust	**100**	100
Wolfsberg Arch Investments (Proprietary) Limited	**51**	51

Related party balances and transactions

All related party balances and transactions were eliminated on consolidation except for those balances and transactions with associates (refer to note 15) and directors (refer to note 39).

39. DIRECTORS' EMOLUMENTS

No loans were made to directors during the year under review. There were no material transactions with directors, other than the following:

Figures in Rand 000's	Directors' fees*	Salaries	Provident fund and medical aid contributions	Bonuses	Share-based payments	Total
2010						
EG Dube	**–**	**2 239**	**438**	**235**	**–**	**2 912**
NM Anderson	**–**	**1 348**	**298**	**150**	**–**	**1 796**
CE Chimombe-Munyoro	**–**	**1 040**	**249**	**115**	**–**	**1 404**
BM Khoza	**–**	**1 414**	**301**	**158**	**–**	**1 873**
WG Frawley	**–**	**731**	**144**	**–**	**–**	**875**
A Judin	**–**	**366**	**66**	**87**	**–**	**519**
G Nzalo	**96**	**–**	**–**	**–**	**–**	**96**
JR Macey	**96**	**–**	**–**	**–**	**–**	**96**
WC Ross	**350**	**–**	**–**	**–**	**–**	**350**
Dr BA Khumalo	**90**	**–**	**–**	**–**	**–**	**90**
NS Mazwi	**90**	**–**	**–**	**–**	**–**	**90**
Total	**722**	**7 138**	**1 496**	**745**	**–**	**10 101**
2009						
EG Dube	–	2 181	394	–	–	2 575
NM Anderson	–	1 274	263	–	–	1 537
CE Chimombe-Munyoro	–	828	189	–	831	1 848
BM Khoza	–	1 259	270	–	–	1 529
WG Frawley	–	1 283	217	–	831	2 331
G Nzalo	16	–	–	–	–	16
JR Macey	16	–	–	–	–	16
WC Ross	350	–	–	–	–	350
Dr BA Khumalo	90	–	–	–	–	90
NS Mazwi	90	–	–	–	–	90
Total	562	6 825	1 333	–	1 662	10 382

** Fees for attendance at meetings*

40. FINANCIAL INSTRUMENTS

40.1 Liquidity risk

Figures in Rand 000's	Carrying amount	Undiscounted contractual cash flows	Less than 1 year	1 – 5 years	Greater than 5 years
31 December 2010					
Non-derivative financial liabilities	**(1 533 845)**	**(2 124 860)**	**(762 522)**	**(1 130 936)**	**(231 401)**
Non-interest bearing	**(176 016)**	**(176 016)**	**(176 015)**	**–**	**–**
Fixed interest rate instruments	**(391 270)**	**(485 884)**	**(113 058)**	**(372 826)**	**–**
Variable interest rate instruments	**(967 303)**	**(1 462 960)**	**(473 449)**	**(758 110)**	**(231 401)**
31 December 2009					
Non-derivative financial liabilities	(1 652 366)	(2 204 663)	(220 568)	(1 841 488)	(142 607)
Non-interest bearing	(148 677)	(148 677)	(77 753)	–	(70 924)
Fixed interest rate instruments	(447 327)	(719 910)	(42 650)	(605 577)	(71 683)
Variable interest rate instruments	(1 056 362)	(1 336 076)	(100 165)	(1 235 911)	–

	2010	2009
40.2 Market risk		
Interest rate risk		
The company's interest rate exposure is as follows:		
Fixed rate instruments		
Financial liabilities	**(390 898)**	(447 327)
Variable rate instruments		
Financial assets	**22 073**	10 299
Financial liabilities	**(967 303)**	(1 056 362)
	(945 230)	(1 046 063)
Cash flow sensitivity analysis for variable rate instruments		
A change of 50 basis points in the interest rates at the reporting date would have increased/(decreased) profit or loss by the amount shown below. This analysis assumes that all other variables remain constant.		
Effect on statement of comprehensive income (profit/(loss))		
50 bps increase	**(4 726)**	(5 230)
50 bps decrease	**4 726**	5 230
40.3 Credit risk		
The carrying amount of financial assets represents the maximum credit exposure.		
The maximum exposure of credit risk was:		
Trade and other receivables	**19 322**	20 583
Cash and cash equivalents	**22 073**	10 299
	41 395	30 882

40. FINANCIAL INSTRUMENTS continued

40.3 Credit risk continued

Impairment losses

The ageing of accounts receivable at the reporting date was:

	Total net accounts receivable	Total gross accounts receivable	Past due and impaired	Past due and not impaired	Not past due and not impaired
Trading accounts receivable	3 958	9 310	5 352	–	3 958
Sundry accounts receivable	13 152	13 152	–	–	13 152
Accrued interest	2 119	2 119	–	–	2 119
Staff loans	24	24	–	–	24
Trading accounts	19	19	–	–	19
Accounts receivable from trading activities	124 938	124 938	–	–	124 938
	144 210	149 562	5 352	–	144 210

Factors considered in impairment

The Group reviews accounts receivable monthly. Unless customers have good payment records an impairment allowance is created for any accounts greater than 60 days.

40.4 Fair values

	2010		2009	
Figures in Rand 000's	**Carrying amount**	**Fair value**	Carrying amount	Fair value
Financial assets				
Designated at fair value on initial recognition	**706 894**	**708 748**	616 964	616 964
Loans and receivables	**181 804**	**181 804**	99 234	99 234
Cash and bank balances	**22 073**	**22 073**	10 299	10 299
	912 624	**912 624**	726 497	726 497
Financial liabilities				
Designated at fair value on initial recognition	**(534 462)**	**(534 462)**	(789 818)	(789 818)
Amortised cost	**(984 211)**	**(984 211)**	(856 022)	(856 022)
Bank overdraft	**(14 363)**	**(14 363)**	(6 526)	(6 526)
	(1 533 036)	**(1 533 036)**	(1 652 366)	(1 652 366)

At 31 December 2010 the fair values of all the financial instruments are substantially identical to the carrying amount reflected in the statement of financial position.

40. FINANCIAL INSTRUMENTS continued

40.5 Fair value hierarchy

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Figures in Rand 000's	Level 1	Level 2	Level 3
31 December 2010			
Financial assets designated at fair value through profit or loss	**514 499**	**46 310**	**147 940**
Financial liabilities designated at fair value through profit or loss	**–**	**–**	**(520 639)**
	514 499	**46 310**	**(372 699)**
31 December 2009			
Financial assets designated through profit or loss	531 793	64 938	20 233
Financial liabilities designated through profit or loss	–	(82 393)	(707 425)
	531 793	(17 455)	(687 192)

	2010	2009
Level 3 comprises:		
Balance at the beginning of the year	**(687 192)**	(621 026)
Total gains or losses in profit or loss	**28 897**	(19 945)
Proceeds from loan, interest, repayment	**190 075**	(9 205)
Purchases, sales, issues and settlements	**95 521**	(37 016)
Balance at the end of the year	**(372 699)**	(687 192)

41. EVENTS AFTER REPORTING DATE

Subsequent to year end the following events took place:

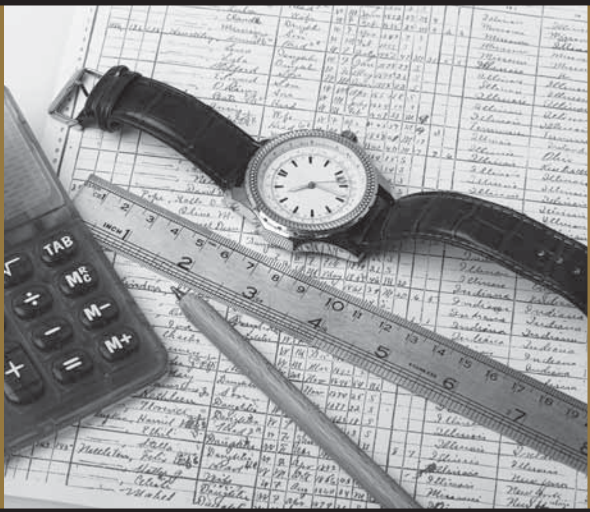
- On 24 January 2011 the company concluded negotiations for the disposal of its 40% investment in Edge Holdings Company, which was held through two of its subsidiaries, Northern Ocean Investments 48 (Proprietary) Limited and Southern Palace Investments 359 (Proprietary) Limited. The company disposed of its investment in Northern Ocean Investments 48 (Proprietary) Limited for R6 524 900 and its investment in Southern Palace Investments 359 (Proprietary) Limited for R100.
- On 24 January 2011 the company also concluded negotiations for the disposal of its 25% investment in Vunani Private Equity Partners (Proprietary) Limited for R6 800 000.
- On 11 February 2011 the company disposed of the 50 000 000 BSI Limited shares that were held as investments for R35 000 000. The proceeds from the disposed investment were used to repay a portion of the Standard Bank loan that financed the purchase of the shares.
- On 31 March 2011 the company concluded negotiations for the entire disposal of its 100% held subsidiary Rapicorp 59 (Proprietary) Limited for R15 000 000. As part of the disposal of the subsidiary the company redeemed the ABSA Bank Limited preference shares for R14 000 000.
- On 8 April 2011 a decision was taken that Vunani Property Investment Fund (Proprietary) Limited would acquire an additional three properties from Vunani Properties (Proprietary) Limited, and thereafter list on the main board of the Johannesburg Stock Exchange. The combined asset value of the listed vehicle will be increased to approximately R950 million. The net proceeds on the proposed listing will be use to settle debt. The expected listing date is July 2011.
- On 6 June 2011, African Dawn Capital Limited instituted a claim against Vunani Corporate Finance, a division of Vunani Capital (Proprietary) Limited, in the high court in the sum of R3 420 000, plus interest and costs. The matter is being opposed.

42. RESTATEMENTS OF PRIOR YEAR

The company has elected to early adopt the amendments introduced to IAS 12 *Income taxes* that were approved by the Accounting Practices Board on 26 January 2011. In terms of the amendment, deferred tax assets and liabilities on investment property carried at fair value should be measured using the sale rate, which is currently a rate of 14%. The financial statements have been restated retrospectively to effect the change in accounting policy.

Figures in Rand 000's	**Restated 2010**	Restated 2009
Total comprehensive loss for the year		
Total comprehensive loss for the year as previously stated		(158 781)
Prior period adjustment		
Income from associates (refer to note 15)		657
Deferred tax on investment property		(6 033)
Total comprehensive loss for the year as restated		(164 157)
Non-controlling interest		
Non-controlling interest as previously stated		8 939
Prior period adjustment		
Deferred tax on investment property		(216)
Non-controlling interest as restated		8 723
Accumulated loss		
Opening balance on accumulated loss as previously stated	**269 152**	277 132
Prior period adjustment		
Deferred tax on investment property (including non-controlling interest)	**(4 177)**	(9 337)
Opening balance on accumulated loss as restated	**264 975**	267 795
Minority interest		
Opening balance on minority interest as previously stated	**(103 667)**	(94 728)
Prior period adjustment		
Deferred tax on investment property	**(14 293)**	(14 509)
Opening balance on minority interest as restated	**(117 960)**	(109 237)
Investment in associates		
Opening balance on investment in associates as previously stated	**245 812**	–
Prior period adjustment		
Deferred tax on investment property	**657**	–
Opening balance on investment in associates as restated	**246 469**	–
Deferred tax assets		
Opening balance on deferred tax assets as previously stated	**99 196**	–
Prior period adjustment		
Deferred tax on investment property	**(9 140)**	–
Opening balance on deferred tax assets as restated	**90 056**	–
Deferred tax liabilities		
Opening balance on deferred tax liabilities as previously stated	**(126 049)**	(48 930)
Prior period adjustment		
Deferred tax on investment property	**26 953**	23 846
Opening balance on deferred tax liabilities as restated	**(99 096)**	(25 084)

Contents



Statement of comprehensive income

for the year ended 31 December 2010

Figures in Rand 000's	Note	Company 2010	2009
Revenue	43	**729**	–
Investment revenue	44	**–**	67
Fair value adjustments and impairments	45	**330 986**	(70 205)
Operating expenses	46	**(1 732)**	(5 542)
Results from operating activities		**329 983**	(75 680)
Finance income	47	**–**	4 787
Finance costs	47	**–**	(154)
Net finance income		**–**	4 633
Profit/(loss) before taxation		**329 983**	(71 047)
Income tax expense	48	**–**	(1)
Profit/(loss) for the year		**329 983**	(71 048)
Total comprehensive income/(loss) for the year		**329 983**	(71 048)

Statement of financial position

at 31 December 2010

Figures in Rand 000's	Note	Company 2010	2009
ASSETS			
Investments in subsidiaries	49	**13 297**	13 297
Other investments	50	**–**	–
Total non-current assets		**13 297**	13 297
Loans to subsidiary company	51	**599 124**	275 563
Trade and other receivables	52	**–**	5 500
Trading securities		**–**	1
Cash and cash equivalents	53	**–**	2
Total current assets		**599 124**	281 066
Total assets		**612 421**	294 363
EQUITY			
Share capital	54	**476**	134
Share premium	54	**601 532**	277 885
Accumulated loss		**(27 400)**	(357 383)
Equity attributable to equity holders		**574 608**	(79 364)
LIABILITIES			
Other financial liabilities	55	**–**	368 157
Total non-current liabilities		**–**	368 157
Other financial liabilities	55	**37 171**	–
Current tax payable		**57**	57
Trade and other payables	56	**585**	5 513
Current liabilities		**37 813**	5 570
Total liabilities		**37 813**	373 727
Total equity and liabilities		**612 421**	294 363

Statement of changes in equity

for the year ended 31 December 2010

Figures in Rand 000's	Share capital	Share premium	Total share capital	Accumu-lated loss	Total equity
Balance at 31 December 2008	123	250 226	250 349	(286 416)	(36 067)
Comprehensive income					
Loss for the year	–	–	–	(71 048)	(71 048)
Total comprehensive income	–	–	–	(71 048)	(71 048)
Transactions with owners, recorded directly in equity					
Issue of shares	11	27 740	27 751	–	27 751
Adjustment	–	(81)	(81)	81	–
Total transactions with owners	11	27 659	27 670	81	27 751
Balance at 31 December 2009	**134**	**277 885**	**278 019**	**(357 383)**	**(79 364)**
Comprehensive income					
Profit for the year	**–**	**–**	**–**	**329 983**	**329 983**
Total comprehensive income	**–**	**–**	**–**	**329 983**	**329 983**
Transactions with owners, recorded directly in equity					
Issue of shares	**342**	**341 952**	**342 294**	**–**	**342 294**
Share issue expenses written off	**–**	**(18 305)**	**(18 305)**	**–**	**(18 305)**
Total transactions with owners	**342**	**323 647**	**323 989**	**–**	**323 989**
Balance at 31 December 2010	**476**	**601 532**	**602 008**	**(27 400)**	**574 608**

Consolidated statement of cash flows

for the year ended 31 December 2010

		Company	
Figures in Rand 000's	Note	**2010**	2009
Cash flows from operating activities			
Cash utilised by operations	57	**(430)**	(5 570)
Investment revenue		**–**	67
Finance income		**–**	4 787
Finance costs		**–**	(154)
Tax paid	58	**–**	(1 156)
Cash utilised by operating activities		**(430)**	(2 026)
Cash flows from investing activities			
Disposal of other investments		**–**	26
Loans advanced to group companies		**(309 861)**	–
Cash (outflow)/inflow from investing activities		**(309 861)**	26
Cash flows from financing activities			
Net proceeds on share issue		**310 289**	–
Loans repaid by group companies		**–**	1 985
Cash inflow from financing activities		**310 289**	1 985
Net decrease in cash and cash equivalents		**(2)**	(15)
Cash and cash equivalents at the beginning of the year		**2**	17
Total cash and cash equivalents at the end of the year	53	**–**	2

		Company	
	Figures in Rand 000's	**2010**	2009
43.	**REVENUE**		
	Fee income		
	Management fees	**729**	–
44.	**INVESTMENT REVENUE**		
	Dividend revenue		
	Dividend revenue from investments	**–**	67
45.	**FAIR VALUE ADJUSTMENTS AND IMPAIRMENTS**		
	Guarantees	**330 986**	(68 206)
	Impairment of other investments	**–**	(1 999)
		330 986	(70 205)
46.	**OPERATING EXPENSES**		
	Auditors remuneration – current year	**475**	155
	Directors' emoluments (refer to note 39)	**722**	4 497
	Fees for professional services	**163**	165
47.	**FINANCE INCOME AND FINANCE COSTS**		
	Recognised in profit and loss		
	Interest income on bank balances	**–**	1
	Vunani Capital (Proprietary) Limited	**–**	4 786
	Finance income	**–**	4 787
	Interest expense on financial liabilities measured at amortised cost	**–**	(154)
	Net finance income recognised in profit and loss	**–**	4 633
48.	**INCOME TAX EXPENSE**		
	Deferred tax expense		
	Current year	**–**	(1)
	No taxation is payable in the current year as the company has an estimated tax loss of R1 910 687 (2009: R909 208) available for set off against future taxable income. A deferred tax asset is not recognised due to the realisation of this loss being uncertain over the foreseeable future.		
	Unrecognised deferred tax assets	**535**	255

Figures in Rand 000's	Company 2010 %	2009 %
48. INCOME TAX EXPENSE continued		
Reconciliation of effective tax rate		
Income tax rate	**28,0**	28,0
Tax exempt income	**(28,1)**	–
Disallowable expenditure	**–**	(27,7)
Deferred tax asset not recognised	**0,1**	(0,4)
	–	(0,1)

Figures in Rand 000's	Holding 2010	2009	Cost of investment 2010	2009
49. INVESTMENTS IN SUBSIDIARIES				
Investment in subsidiaries held at cost				
Vunani Capital (Proprietary) Limited	**100%**	100%	*****	*
Vunani Securities (Proprietary) Limited	**100%**	100%	**8 642**	8 642
Vunani Capital Markets (Proprietary) Limited	**100%**	100%	**4 655**	4 655
Vector Equities (Proprietary) Limited	**100%**	100%	*****	*
Vunani Resources 2 (Proprietary) Limited	**–**	100%	**–**	*
Vunani Properties (Proprietary) Limited	**78%**	78%	*****	*
			13 297	13 297

** Less than R1 000*

The Group cannot withdraw cash from the subsidiaries until such time as the funding to the subsidiaries has been repaid.

	Number of shares/ % holding	Unlisted	Fair value
50. OTHER INVESTMENTS			
2010			
African Legends Limited	**2,2 million**	**1 870**	**1 870**
Nqoba Gaming (Proprietary) Limited (%)	**17,5%**	**129**	**129**
NE Corp Holdings Limited	**0,45 million**	*****	*****
Impairment		**(1 999)**	**(1 999)**
		–	**–**

** Less than R1 000*

	Number of shares/ % holding	Unlisted	Fair value
2009			
African Legends Limited	2,2 million	1 870	1 870
Nqoba Gaming (Proprietary) Limited	17,5%	129	129
Impairment		(1 999)	(1 999)
		–	–

Figures in Rand 000's	2010	2009
Analysis of impairment		
Balance at the beginning of the year	**(1 999)**	–
Impairment	**–**	(1 999)
Balance at the end of the year	**(1 999)**	(1 999)
51. LOANS TO SUBSIDIARY COMPANY		
Vunani Capital (Proprietary) Limited	**599 124**	275 563
The loan to the subsidiary company is unsecured, interest free (2009: attracted interest at 13,75%) and has no fixed terms of repayment and is repayable on demand. The carrying amount approximates fair value.		
52. TRADE AND OTHER RECEIVABLES		
Expenditure incurred on debt restructure to be set-off against share premium raised in 2010.	**–**	5 500
53. CASH AND CASH EQUIVALENTS		
Bank balances	**–**	2
Cash and cash equivalents in the statement of cash flows	**–**	2
The carrying amount approximates the fair value.		

Figures in Rand 000's	2010	2009
54. SHARE CAPITAL AND SHARE PREMIUM		
Authorised		
10 000 000 000 (2009: 10 000 000 000) Ordinary shares of R0,0001	**1 000**	1 000
99 000 Redeemable preference shares of R0,01 each	**1**	1
	1 001	1 001
Issued		
4 763 502 216 (2009: 1 340 562 216) Ordinary shares at R0,0001	**476**	134
Share premium	**601 532**	277 885
	602 008	278 019
Reconciliation of number of shares issued (000's)		
Reported at the beginning of the year	**1 340 562**	1 226 194
Issue of shares	**3 422 940**	114 368
Agterskot payment for acquisition of associate	**–**	114 368
Clawback offer	**3 285 940**	–
Acquisition through business combinations	**137 000**	–
	4 763 502	1 340 562

Unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.

	2010	2009
Reconciliation of value of shares issued		
Reported at the beginning of the year	**134**	123
Issue of shares	**342**	11
Agterskot payment for acquisition of associate	**–**	11
Clawback offer	**328**	–
Acquisition through business combinations	**14**	–
	476	134
Reconciliation of share premium		
Reported at the beginning of the year	**277 885**	250 226
Issue of shares	**341 952**	27 740
Agterskot payment for acquisition of associate	**–**	27 740
Clawback offer	**328 266**	–
Acquisition through business combinations	**13 686**	–
Share issue expenses written off	**(18 305)**	–
Adjustment	**–**	(81)
	601 532	277 885

Figures in Rand 000's	Company 2010	2009
55. OTHER FINANCIAL LIABILITIES		
Carried at fair value through profit or loss (FVTPL)		
Investec Bank Limited		
Guarantee in respect of a renewable term loan in Anchor Park Investments 42 (Proprietary) Limited attracting interest at prime with a profit participation of 30% and secured by the investment in Brikor Limited. The loan is repayable on 31 October 2011.	**–**	125 692
Guarantee in respect of a renewable term loan in Anchor Park Investments 81 (Proprietary) Limited attracting interest at prime less 1% with a profit participation of 30% and secured by the investment in Basil Read Limited. The loan is repayable on 31 October 2011.	**–**	242 465
Guarantee in respect of the Investec Bank Limited SPV loan created as part of the restructure. The guarantee is in respect of the loans with Investec Bank Limited in Anchor Park Investments 42 (Proprietary) Limited, Wonderwall Investments (Proprietary) Limited and Anchor Park Investments 81 (Proprietary) Limited. Refer to notes 27.28, 27.29 and 27.30 for the terms of the loans.	**37 171**	–
	37 171	368 157
Less: current portion	**(37 171)**	–
Non-current portion	**–**	368 157
Fair value hierarchy		
The fair value hierarchy of the other financial liabilities is considered to be level 3 given the information above and the criteria in note 40.5.		
56. TRADE AND OTHER PAYABLES		
Sundry payables (including debt restructuring expenses)	**585**	5 513

Figures in Rand 000's	Note	Company 2010	Company 2009
57. CASH UTILISED BY OPERATIONS			
Profit/(loss) before taxation		**329 983**	(71 047)
Adjusted for:			
Investment revenue		**–**	(67)
Finance income		**–**	(4 787)
Finance costs		**–**	154
Fair value adjustments		**(330 986)**	68 206
Impairment		**–**	1 999
Cash utilised by operations before changes in working capital		**(1 003)**	(5 542)
Changes in working capital:			
Decrease in trade and other receivables		**5 500**	–
Decrease in trading securities		**1**	–
Decrease in trade and other payables		**(4 928)**	(28)
Cash utilised by operations		**(430)**	(5 570)
58. TAX PAID			
Balance at the beginning of the year		**(57)**	(1 213)
Current tax charge		**–**	–
Balance at the end of the year		**57**	57
		–	(1 156)
59. DIRECTORS' EMOLUMENTS			
Refer to note 39 for directors' emoluments.			

60. RELATED PARTIES

Relationships

Ultimate holding company/Parent	Vunani Group (Proprietary) Limited*
Subsidiaries	Refer to note 38
Directors	Refer to note 39

** The parent does not produce financial statements for public use.*

	Note	2010	2009
Related party balances			
Investments in subsidiaries	49	**13 297**	13 297
Loans to subsidiary company	51	**599 124**	275 563
		612 421	288 860
Related party transactions			
Revenue – management fee	43	**729**	**–**

Analysis of shareholders

at 31 December 2010

	Number of shareholders	Percentage of shares held %	Number of shares held (000's)	Percentage of shares held %
Analysis of shareholding				
Individuals and corporates	312	85,8	4 316 594	90,7
Investment and insurance companies	23	6,3	290 769	6,1
Nominees and trusts	27	7,4	154 546	3,2
Pension and provident funds	2	0,5	1 593	–
Shareholding per share register	364	100,0	4 763 502	100,0
Range of shareholding				
1 to 1 000	24	6,6	11	–
1 001 to 10 000	69	19,0	380	–
10 001 to 100 000	148	40,6	7 007	0,1
100 001 to 1 000 000	76	20,9	25 212	0,5
More than 1 000 000	47	12,9	4 730 892	99,4
	364	100,0	4 763 502	100,0

Shareholders spread analysis

To the best knowledge of the directors and after reasonable enquiry, as at 31 December 2010, the spread of shareholders, as defined in the listing requirements of the JSE Limited, was as follows:

	Number of shareholders	Percentage of shares held %	Number of shares held (000's)	Percentage of shares held %
Type of shareholder				
Non-public	8	2,2	2 681 353	56,3
Public	356	97,8	2 082 149	43,7
	364	100,0	4 763 502	100,0
Shareholdings greater than 5%				
Vunani Group (Proprietary) Limited			3 815 407	80,1
ABSA Bank Limited			277 597	5,8
			4 093 004	85,9

Analysis of non-public shareholding	Number of shares held		
	Beneficially direct (000s)	Beneficially indirect (000s)	Total number of shares held (000s)
EG Dube	–	1 169 867	1 169 867
NM Anderson	–	731 246	731 246
BM Khoza	–	731 246	731 246
J Rossouw	–	19 810	19 810
CE Chimombe-Munyoro	–	10 803	10 803
WG Frawley	10 803	–	10 803
A Judin	4 321	–	4 321
A Zuma	3 257	–	3 257
	18 381	2 662 972	2 681 353

Notice of Annual General Meeting

for the year ended 31 December 2010

VUNANI

LIMITED

VUNANI LIMITED
(Incorporated in the Republic of South Africa)
(Registration No. 1997/020641/06)
(JSE Code: VUN)
ISIN: ZAE000110359
(the "Company")

This document is important and requires your immediate attention

If you are in any doubt about what action you should take, consult your broker, central securities depositary participant **("CSDP")**, legal advisor, banker, financial advisor, accountant or other professional advisor immediately.

If you have disposed of all your shares in the Company, please forward this document together with the enclosed form of proxy to the purchaser of such shares or the broker, banker or other agent through whom you disposed of such shares.

Included in this document are:

- The Notice of General Meeting, setting out the resolutions to be proposed thereat [together with explanatory notes]. There are also guidance notes if you wish to attend the meeting or to vote by proxy.
- A proxy form for use by shareholders holding the Company's ordinary shares in certificated form or recorded in sub registered electronic form in "own name".

Shareholders on the Company share register who have dematerialised their ordinary shares through Strate, other than those whose shareholding is recorded in their "own name" in the sub register maintained by their CSDP, and who wish to attend the meeting in person, will need to request their CSDP or broker to provide them with the necessary authority to do so in terms of the custody agreement entered into between the dematerialised shareholders and their CSDP or broker.

A shareholder (including certificated shareholders and dematerialised shareholders who hold their shares with "own name" registration) entitled to attend and vote at the meeting may appoint one or more proxy or proxies to attend, participate and vote in his/her/its stead. A proxy does not have to be a shareholder of the Company. The appointment of a proxy will not preclude the shareholder who appointed that proxy from attending the annual general meeting and participating and voting in person thereat to the exclusion of any such proxy. A form of proxy for use at the meeting is attached.

NOTICE TO SHAREHOLDERS: ANNUAL GENERAL MEETING ("AGM")

NOTICE IS HEREBY GIVEN to shareholders as at 30 June 2011, being the record date to receive notice of the AGM in terms of section 59(1)(a) of the Companies Act, 71 of 2008, as amended, (the "**Companies Act**"), that the AGM of shareholders of the Company will be held in the boardroom, Vunani House, 151 Katherine Street, Sandton at 10:00 on 19 August 2011 to (i) deal with such other business as may lawfully be dealt with at the meeting; and (ii) consider and, if deemed fit to pass, with or without modification, the following ordinary and special resolutions, in the manner required by the Companies Act, as read with the JSE Limited Listing Requirements (the "**JSE Listings Requirements**"), which meeting is to be participated in and voted by shareholders as at the record date of 4 August 2011 in terms of section 62(3)(a), read with section 59 of the Companies Act.

NB: Section 63(1) of the Companies Act – Identification of Meeting Participants

Kindly note that, meeting participants (including proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in shareholders' meetings. Forms of identification include valid identity documents, drivers' licences and passports.

Prior to the Companies Act coming into force and effect on 1 May 2011, the Memorandum of Incorporation ("**MOI**") of the Company comprised its Memorandum of Association and its Articles of Association. On the date that the Companies Act came into effect, being 1 May 2011, the Memorandum of Association and Articles of Association of the Company automatically converted into the Company's MOI. Accordingly, for consistency of reference in this notice of AGM, the term "MOI" or "Memorandum of Incorporation" is used throughout to refer to the Company's Memorandum of Incorporation (which previously comprised the Company's Memorandum of Association and its Articles of Association, as aforesaid).

All references in this notice of AGM (including all of the ordinary and special resolutions contained herein) to the Company's MOI is to references to the provisions of the Company's MOI that was previously called the Company's Articles of Association.

When reading the resolutions below, please refer to the explanatory notes for AGM resolutions on pages 100 to 104.

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The consolidated audited financial statements of the Company and its subsidiaries (as approved by the board of directors of the Company), including the directors' report, the audit committee report and the external auditor's report for the year ended 31 December 2010 have been distributed as required and will be presented to shareholders.

The complete annual financial statements are set out on pages 21 to 89 of the annual report.

2. ORDINARY RESOLUTION NUMBER 1

Re-election of WC Ross as a director

"RESOLVED THAT the appointment of WC Ross, who retires as a director of the Company by rotation in accordance with the Company's Memorandum of Incorporation, and being eligible, offers himself for reappointment in this capacity, be approved. Please refer to page 2 of the annual report for a brief biography.

3. ORDINARY RESOLUTION NUMBER 2

Re-election of NM Anderson as a director

"RESOLVED THAT the appointment of NM Anderson, who retires as a director of the Company by rotation in accordance with the Company's Memorandum of Incorporation, and being eligible, offers himself for reappointment in this capacity, be approved." Please refer to page 2 of the annual report for a brief biography.

4. ORDINARY RESOLUTION NUMBER 3

Re-election of A Judin as a director

"RESOLVED THAT the appointment of A Judin, who retires as a director of the Company by rotation in accordance with the Company's Memorandum of Incorporation, and being eligible, offers herself for reappointment in this capacity, be approved." Please refer to page 2 of the annual report for a brief biography.

5. ORDINARY RESOLUTION NUMBER 4

Re-election of CE Chimombe-Munyoro as a director

"RESOLVED THAT the appointment of CE Chimombe-Munyoro, who retires as a director of the Company by rotation in accordance with the Company's Memorandum of Incorporation, and being eligible, offers herself for reappointment in this capacity, be approved. Please refer to page 3 of the annual report for a brief biography.

6. ORDINARY RESOLUTION NUMBER 5

Election of audit committee: section 94(2) of the Companies Act

"RESOLVED THAT G Nzalo be elected as a member and chairperson of the audit committee, with immediate effect, in terms of section 94(2) of the Companies Act."

7. ORDINARY RESOLUTION NUMBER 6

Election of audit committee: section 94(2) of the Companies Act

"RESOLVED THAT JR Macey be elected as a member of the audit committee, with immediate effect, in terms of section 94(2) of the Companies Act."

8. ORDINARY RESOLUTION NUMBER 7

Election of audit committee: section 94(2) of the Companies Act

"RESOLVED THAT NS Mazwi be elected as a member of the audit committee, with immediate effect, in terms of section 94(2) of the Companies Act."

9. ORDINARY RESOLUTION NUMBER 8

Appointment of auditor in terms of section 61(8)(c) of the Companies Act

"RESOLVED THAT G Parker of KPMG Inc. be and is hereby re-appointed as auditor of the Company (for its financial year to end on 31 December 2011) and that their appointment be of full force and effect until the conclusion of the Company's next annual general meeting."

10. ORDINARY RESOLUTION NUMBER 9

General authority to directors to allot and issue authorised but unissued ordinary shares

"RESOLVED THAT as required by and subject to the Company's Memorandum of Incorporation, and subject to the provisions of the Companies Act and the JSE Listings Requirements in force from time to time, the directors be and they are hereby authorised, as they in their discretion think fit, to allot, issue and grant options over and to undertake to allot, issue and grant options over ordinary shares:

- representing not more than 10% of the number of ordinary shares in issue as at 31 December 2010;
- as have specifically been reserved to be allotted and issued by the Company in terms of its share and other employee incentive schemes (currently 450 000 000 shares), from the authorised but unissued shares in the capital of the Company, such authority to endure until the forthcoming annual general meeting of the Company, whereupon this authority shall lapse, unless it is renewed at the aforementioned annual general meeting, provided that it shall not extend beyond 15 months of the date of this meeting."

11. ORDINARY RESOLUTION NUMBER 10

General authority to directors to allot and issue ordinary shares for cash

"Subject to renewal of the general authority proposed in terms of ordinary resolution number 5 and the JSE Listings Requirements, shareholders grant the directors a general authority for the allotment and issue of ordinary shares in the capital of the Company for cash, as and when suitable situations arise, on the following basis:–

- any such issue of shares shall be to public shareholders as defined by the JSE Listings Requirements and not to related parties;
- the authority shall only be valid until the next AGM of the Company, provided it shall not extend beyond 15 months from the date of this AGM;
- a paid announcement giving details including impact on net asset value and earnings per share, will be published at the time of any such allotment and issue of shares representing, on a cumulative basis within 1 year, 5% or more of the number of shares of that class in issue prior to any such issues;
- that issues of shares (excluding issues of shares exercised in terms of any Company group share scheme) in any one financial year shall not, in aggregate, exceed 5% of the number of shares of any class of the Company's issued share capital; and
- that, in determining the price at which an allotment and issue of shares will be made in terms of this authority, the maximum discount permitted will be 10% of the weighted average traded price of the class of shares to be issued over the 30 business days prior to the date that the price of issue is determined or agreed by the directors of the Company.

Voting

In terms of the JSE Listings Requirements, the approval of 75% majority of votes cast by shareholders present or represented by proxy at this AGM will be required for this authority to become effective."

12. ORDINARY RESOLUTION NUMBER 11

Drop down endorsement of the remuneration philosophy (policy)

"RESOLVED THAT, through a non-binding advisory vote, the Company's remuneration policy (excluding the remuneration of non-executive directors and the members of board committees for their services as directors and members of committees) is not to remunerate its executive directors for attendance at meetings, but rather to remunerate them in terms of an employment contract. This policy is hereby endorsed."

13. SPECIAL RESOLUTION NUMBER 1

Remuneration payable to non-executive directors

"It is hereby resolved as a special resolution in terms of section 66(9) of the Companies Act as read with section 65(11)(h) and subject to the provisions of the Company's Memorandum of Incorporation and the JSE Listings Requirements in force from time to time that the Company be and it is hereby authorised to pay remuneration to its directors for their service as directors and that the board of directors of the Company be and it is hereby authorised to determine the basis for such compensation as follows:

- Chairman of the board — R250 000 per annum
- Chairman of the audit committee — R130 000 per annum
- Chairman of the investment committee — R130 000 per annum
- Other non-executive directors — R100 000 per annum

In respect of the period between 1 May 2011 and 31 August 2011, the Company approves the payment to its directors of remuneration totalling R238 667 for their service as directors over the aforementioned period."

Special resolution number 1 is proposed in order to comply with the requirements of the Companies Act. The aforementioned rates have been selected in order to ensure that the remuneration of non-executive directors remains competitive in order to enable the Company to attract persons of the calibre, capability, skill and experience required in order to make a meaningful contribution to the Company. The remuneration proposed is considered to be fair and reasonable and in the best interests of the Company.

14. SPECIAL RESOLUTION NUMBER 2

Repurchase of Company shares

"It is hereby resolved as a special resolution that subject to the Company's Memorandum of Incorporation, the Companies Act and the JSE Listings Requirements in force from time to time, the Company and/or a subsidiary of the Company be and it is hereby authorised to repurchase or purchase, as the case may be, shares issued by the Company from any person, upon such terms and conditions and in such manner as the directors of the Company or the subsidiary may from time to time determine, including that such securities be repurchased or purchased from share premium or capital redemption reserve fund, and subject further to the restriction that the repurchase or purchase, as the case may be, by the Company and/or any of its subsidiaries, of shares in the Company of any class under this authority shall not, in the aggregate in any one financial year, exceed 10% of the shares in issue in such class at the commencement of such financial year."

The above resolution is required to be passed, on a show of hands, by not less than 75% of the number of shareholders of the Company entitled to vote on a show of hands, at the meeting, who are present in person or by proxy or where a poll has been demanded, by not less than 75% of the total votes to which the shareholders present in person or by proxy are entitled.

For the purpose of considering special resolution number 2 and in compliance with paragraph 11.26 of the JSE Listings Requirements, the information listed below has been included in the Company's annual report, of which this notice of annual general meeting forms part, at the places indicated below:

- directors and management – refer to page 2 and 3 of this report;
- major shareholders – refer to page 90 of this report;
- directors' interests and securities – refer to page 22 of this report;
- share capital of the Company – refer to page 59 of this report;
- the directors, whose names are set out on page 22 of this report, collectively and individually accept full responsibility for the accuracy of the information contained in this special resolution and so certify that to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement false or misleading and that they have made all reasonable enquiries in this regard.

There are no legal or arbitration proceedings (including any such proceedings that are pending or threatened of which the Company is aware) which may have or have had a material effect on the Company's financial position over the last 12 months.

At the date of completing this notice, there have been no material changes in the financial or trading position of the Company and its subsidiaries that have occurred since 31 December 2010. At the present time the directors have no specific intention with regard to the utilisation of this authority, which will be used only if circumstances are appropriate.

A general purchase or repurchase as the case may be, of the Company's share shall only take place after the JSE has received written confirmation from the Company's sponsor in respect of the directors' working capital statement.

The general repurchase contemplated in special resolution number 2 is subject to the following:

- that the Company and its subsidiaries are enabled by the Memorandum of Incorporation to repurchase such securities;
- that the repurchase of securities be effected through the order book operated by the JSE trading system and be done without any prior understanding or arrangement between the Company and the counter party;
- that this general authority be valid only until the next annual general meeting or the variation or revocation of such general authority by special resolution at any subsequent general meeting of the Company, provided that it shall not extend beyond 15 months from the date of this resolution;
- that an announcement be made giving such details as may be required in terms of the JSE Listings Requirements when the Company has cumulatively repurchased 3% of the initial number (the number of that class of security in issue at the time that the general authority is granted) of the relevant class of securities and for each 3% in aggregate of the initial number of that class acquired thereafter, in compliance with paragraph 11.27 of the JSE Listings Requirements;
- acquisitions of shares in aggregate in any one financial year may not exceed 5% of the Company's ordinary issued share capital, as at the date of passing this special resolution number 2;
- at any point in time the Company may only appoint one agent to effect any repurchase on the Company's behalf;
- repurchases may not be made by the Company and/or its subsidiaries during a prohibited period as defined in the JSE Listings Requirements unless a repurchase programme is in place where the dates and quantities of securities to be traded during the relevant period are fixed and full details of the programme have been disclosed in an announcement over SENS prior to the commencement of the prohibited period;
- the repurchase of shares shall not, in the aggregate, in any one financial year, exceed 20% of the Company's issued capital and a maximum of 10% in aggregate of the Company's issued capital may be repurchased in terms of the Act, by the subsidiaries of the Company, at the time this authority is given;
- the repurchase of securities may not be made at a price greater than 10% above the weighted average of the market value of the securities as determined over the five business days immediately preceding the date on which the transaction is effected;
- the Company may not enter the market to proceed with the repurchase of its securities until the Company's Designated Adviser has confirmed the adequacy of the Company's working capital for the purpose of undertaking a repurchase of securities in writing to the JSE; and
- the board of directors must pass a resolution that they authorised the repurchase and that the Company passed the solvency and liquidity test as set out in section 4 of the Companies Act No. 71 of 2008, as amended, and that since the test was done there have been no material changes to the financial position of the Group.

The directors are of the opinion that, after considering the effect of the maximum repurchase permitted and for a period of 12 months after the date of this resolution:

- the Company will be able, in the ordinary course of business, to pay their debts;
- the assets of the Company will be in excess of the liabilities of the Company, the assets and liabilities being recognised and measured in accordance with the accounting policies used in the latest annual financial statements;

- the ordinary share capital and reserves of the Company are adequate for ordinary business purposes; and
- the working capital of the Company will be adequate for ordinary business purposes.

15. SPECIAL RESOLUTION NUMBER 3

Financial assistance

"RESOLVED THAT subject to the Company's Memorandum of Incorporation and subject to the requirements of the Companies Act and the JSE Listings Requirements in force from time to time, it is hereby resolved as a special resolution that the board of directors of the Company may authorise the Company to provide direct or indirect financial assistance by way of loan, guarantee, the provision of security or otherwise to:

- any of its present or future subsidiaries and/or any other company or incorporation that is or becomes related or inter-related to the Company for any purpose or in connection with any matter, including but not limited to, the subscription of any option, or any securities issued or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the Company or a related or inter-related company; and
- any of its present or future directors or prescribed officers (or any person related to any of them or to any company or corporation related or inter-related to any of them) or to any other person who is a participant in any of the Company's share or other employee incentive schemes, for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the Company or a related or inter-related company, where such financial assistance is provided in terms of any such scheme that does not satisfy the requirements of section 97 of the Companies Act,

such authority to endure until the forthcoming annual general meeting of the Company."

16. VOTING PROCEDURES AND ELECTRONIC PARTICIPATION

16.1. On a show of hands, every shareholder present in person or represented by proxy and entitled to vote shall have only one vote irrespective of the number of shares such shareholder holds. On a poll, every shareholder present in person or represented by proxy and entitled to vote shall be entitled to one vote for every share held or represented by that shareholder. On a poll taken at any such meeting the shareholder entitled to more than one vote need not, if he votes, use all of his votes, or cast all the votes he uses in the same way. Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with "own name" registration, should contact their CSDP or broker in the manner and time stipulated in the agreement entered into between them and their CSDP or broker:

16.1.1. to furnish them with their voting instructions; or

16.1.2. in the event that they wish to attend the general meeting, to obtain the necessary letter of representation to do so.

16.2. Shareholders wishing to participate electronically in the AGM are required to deliver written notice to the Company at 151 Katherine Street, Sandown, Sandton (marked for the attention of Mrs A Judin, Company Secretary) by no later than 16:00 on 18 August 2011 that they wish to participate via electronic communication at the AGM (the "**Electronic Notice**"). In order for the Electronic Notice to be valid, it must contain: (a) if the shareholder is an individual, a certified copy of his identity document and/or passport; (b) if the shareholder is not an individual, a certified copy of a resolution by the relevant entity and a certified copy of the identity documents and/or passports of the persons who passed the relevant resolution. The relevant resolution must set out who from the relevant entity is authorised to represent the relevant entity at the AGM via electronic communication; (c) a valid email address and/or facsimile number (the "**Contact Address/Number**"); and (d) if the shareholder wishes to vote via electronic communication, set out that the shareholder wishes to vote via electronic communication. By no later than 16:00 on 18 August 2011, the Company shall use its reasonable endeavours to notify a shareholder at its Contact Address/Number who has delivered a valid Electronic Notice of the relevant details through which the shareholder can participate via electronic participation.

17. THRESHOLD FOR RESOLUTION APPROVAL

17.1. For ordinary resolution number 10 to be approved by shareholders, the resolution must be supported at least 75% of the voting rights exercised on the resolution concerned.

17.2. For all other ordinary resolutions, with the exception of ordinary resolution number 10 as mentioned in 17.1 above, to be approved by shareholders, each resolution must be supported by more than 50% of the voting rights exercised on the resolution concerned.

17.3. For special resolutions numbers 1, 2 and 3 to be approved by shareholders, each resolution must be supported at least 75% of the voting rights exercised on the resolution concerned.

18. PROXIES

18.1. A shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend, participate in and vote at the meeting in the place of the shareholder. A proxy need not also be a shareholder of the Company.

18.2. Shareholders who have not dematerialised their shares or who have dematerialised their shares with "own name" registration, and who are entitled to attend and vote at the AGM, are entitled to appoint one or more proxies to attend, speak and vote in their stead. A proxy need not be a shareholder and shall be entitled to vote on a show of hands or poll. It is requested that proxy forms be forwarded so as to reach the transfer secretaries no later than 17:00 on 16 August 2011. If shareholders who have not dematerialised their shares or who have dematerialised their shares with "own name" registration and who are entitled to attend and vote at the AGM do not deliver proxy forms to the transfer secretaries by 17:00 on 16 August 2011, such shareholders will nevertheless at any time prior to the commencement of the voting on the resolutions at the AGM be entitled to lodge the form of proxy in respect of the AGM, in accordance with the instructions therein with the chairperson of the AGM. Proxy forms must only be completed by shareholders who have not dematerialised their shares or who have dematerialised their shares with "own name" registration.

By order of the board

E G Dube
Chief Executive Officer

23 June 2011

Business address and registered office

Vunani House
Athol Ridge Office Park
151 Katherine Street
Sandton

South African Transfer Secretaries

Computershare Investor Services (Proprietary) Limited
(Registration No. 2004/003647/07)
70 Marshall Street, Johannesburg, 2001
PO Box 61051, Marshalltown, 2107
Fax No 2711 688 5238

Shareholder Communication

Computershare Investor Services (Proprietary) Limited
(Registration No. 2004/003647/07)
70 Marshall Street, Johannesburg, 2001
PO Box 61051, Marshalltown, 2107
Fax No 2711 688 5238

EXPLANATORY NOTES TO RESOLUTIONS PROPOSED AT THE ANNUAL GENERAL MEETING OF THE COMPANY

1. Election of Audit Committee – ordinary resolution numbers 5 to 7

1.1. In terms of the Companies Act, the audit committee is no longer a committee of the board but a committee elected by shareholders at each AGM.

1.2. In terms of the regulations promulgated in terms of the Companies Act, at least one third of the members of the Company's audit committee at any particular time must have academic qualifications, or experience, in economics, law, corporate governance, finance, accounting, commerce, industry, public affairs or human resource management.

2. RE-ELECTION OF DIRECTORS

Resolutions 2 to 4 provide for the re-election of retiring directors in accordance with the Memorandum of Incorporation.

3. APPROVAL OF REAPPOINTMENT OF EXTERNAL AUDITORS – ORDINARY RESOLUTION NUMBER 8

In compliance with section 90 of the Companies Act, KPMG Inc. is proposed to be reappointed as auditor for the financial year ending 31 December 2011 and until the conclusion of the next annual general meeting.

4. GENERAL AUTHORITY TO DIRECTORS TO ALLOT AND ISSUE AUTHORISED BUT UNISSUED ORDINARY SHARES AND GENERAL AUTHORITY TO ISSUE SHARES FOR CASH – ORDINARY RESOLUTION NUMBER 9

4.1. In terms of article 17 of the Company's Memorandum of Incorporation, read with the JSE Listings Requirements, the shareholders of the Company may authorise the directors to, *inter alia*, issue any unissued ordinary shares and/or grant options over them as the directors in their discretion think fit.

4.2. The existing authority in respect of the general authority to allot and issue authorised but unissued ordinary shares granted by the shareholders at the previous annual general meeting on 19 August 2010, is proposed to be renewed at this annual general meeting. The authority will be subject to the Companies Act and the JSE Listings Requirements respectively. The aggregate number of ordinary shares able to be allotted and issued in terms of this resolution, other than in terms of the Company's share or other employee incentive scheme shall be limited to 10% of the number of ordinary shares in issue as at 31 December 2010.

4.3. The directors have decided to seek annual renewal of its authority in accordance with best practice. The directors have no current plans to make use of this authority but wish to ensure by having it in place that the Company has necessary flexibility in managing the Company's capital resources and to enable the Company to take advantage of any business opportunity that may arise in future.

4.4. In terms of the JSE Listings Requirements, when shares are issued for cash (or their extinction of a liability, obligation or commitment, restraint or settlement of expenses), the shareholders have to authorise the issue.

4.5. The existing general authority in respect of shares issued for cash granted by shareholders at the previous AGM, held on 19 August 2010, will expire at the AGM to be held on 19 August 2011, unless renewed. This authority will be subject to the Companies Act and the JSE Listings Requirements. The aggregate number of ordinary shares able to be allotted and issued in terms of this authority is limited as set out in the respective resolutions.

4.6. The directors consider it advantageous to renew the general authority in respect of shares issued for cash so as to enable the Company to take advantage of any business opportunity that may arise in future.

5. APPROVAL OF REMUNERATION PHILOSOPHY (POLICY) – ORDINARY RESOLUTION NUMBER 11

In terms of King III recommendations, every year, the Company's remuneration policy should be tabled for a non-binding advisory vote at the AGM. The essence of this vote is to enable the shareholders to express their views on the remuneration policies adopted in the remuneration of executive directors and on the implementation. Accordingly, the shareholders are requested to endorse the Company's remuneration policy.

6. REMUNERATION PAYABLE TO NON-EXECUTIVE DIRECTORS – SPECIAL RESOLUTION NUMBER 1

6.1. In terms of sections 66(8) and 66(9) of the Companies Act, which took effect on 1 May 2011, the remuneration may only be paid to directors for their services as directors in accordance with the special resolution approved by the shareholders within the previous two years and if not prohibited in terms of a company's memorandum of incorporation. In terms of clause 91 of the Company's Memorandum of Incorporation, directors shall be entitled to such remuneration as may be determined by the Company in general meeting by an ordinary resolution. Although the Company has been advised that, in terms of the transitional provisions of the Companies Act, clause 91 of the Memorandum of Incorporation could possibly prevail in the interim in respect of this apparent conflict between such article and the Companies Act, the board of directors nonetheless wishes to comply with the provisions of the Companies Act and as such the resolution is proposed as a special resolution.

6.2. Special resolution number 1 is required to obtain the approval of the Company, in general meeting, of the revised remuneration payable to the non-executive directors for the 12 month period in question. Increases in remuneration are only implemented after formal approval by shareholders.

6.3. The last amendment to non-executive directors' remuneration was approved on 19 August 2010. Particulars of remuneration paid to non-executive directors for the financial year ended 31 December 2010 are set out on page 74 of the annual report and the proposed revised fees to be effective from 19 August 2011, being tabled for approval are set out hereunder.

7. GENERAL AUTHORITY FOR THE COMPANY AND/OR A SUBSIDIARY OF THE COMPANY TO REPURCHASE OR PURCHASE, AS THE CASE MAY BE, SHARES IN THE COMPANY – SPECIAL RESOLUTION NUMBER 2

7.1. The existing general authority of the Company and/or a subsidiary thereof to repurchase or purchase, as the case may be, shares in the Company, granted by shareholders at the previous annual general meeting on 19 August 2010, is due to expire at this annual general meeting, unless renewed.

7.2. The reason for and effect of this resolution is to grant the Company and its subsidiaries a general authority to facilitate the acquisition by the Company and/or its subsidiaries of the Company's own shares. Any decision by the directors, after considering the effect of an acquisition of up to 10% of the Company's issued ordinary shares, to use the general authority to acquire shares of the Company will be taken with regard to the prevailing market conditions and other factors and provided that, after such acquisition, the directors are of the opinion that:

7.2.1. the Company and its subsidiaries will be able to pay their debts in the ordinary course of business;

7.2.2. recognised and measured in accordance with the accounting policies used in the latest audited annual financial statements, the assets of the Company and its subsidiaries will exceed the liabilities of the Company and its subsidiaries;

7.2.3. the share capital and the reserves of the Company and its subsidiaries will be adequate for the purposes of the business of the Company and its subsidiaries;

7.2.4. the working capital of the Company and its subsidiaries will be adequate for the purpose of the Company and its subsidiaries,

for the period of twelve months after the date of the notice of AGM.

7.3. The directors are of the opinion that it would be in the best interests of the Company to extend such general authority and thereby allow the Company or any subsidiary of the Company to be in a position to repurchase or purchase, as the case may be, the shares issued by the Company through the order book of the JSE, should the market conditions and price justify such action.

This general approval shall be valid until the earlier of the next annual general meeting of the Company, or the variation or revocation of such general authority by special resolution passed at any subsequent general meeting of the Company, provided that the general authority shall not be extended beyond fifteen months from the date of passing the special resolution. The resolution is required to be passed, if voted on by a poll, by not less than 75% of the total votes to which the shareholders present in person or by proxy at the meeting are entitled.

8. GENERAL AUTHORITY FOR THE COMPANY TO PROVIDE FINANCIAL ASSISTANCE TO ITS SUBSIDIARIES AND OTHER RELATED AND INTER-RELATED COMPANIES AND CORPORATIONS AND TO DIRECTORS, PRESCRIBED OFFICERS AND OTHER PERSONS PARTICIPATING IN SHARE OR OTHER EMPLOYEE INCENTIVE SCHEMES – SPECIAL RESOLUTION NUMBER 3

8.1. Notwithstanding the title of section 45 of the Companies Act, being "Loans or other Financial Assistance to Directors", on a proper interpretation, the body of the section may also apply to financial assistance provided by a company to related or inter-related companies, incorporations, including, *inter alia*, its subsidiaries for any purpose.

8.2. Furthermore, section 44 of the Companies Act may also apply to the financial assistance so provided by a company to related or inter-related companies, in the event that financial assistance is provided for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the Company or a related or inter-related company, or for the purchase of any securities of the Company or a related or inter-related company.

8.3. Both sections 44 and 45 of the Companies Act provide, *inter alia*, that the particular financial assistance must be provided only pursuant to a special resolution of the shareholders, adopted within the previous two years, which approved such assistance either for the specific recipient, or generally for a category of potential recipients, and the specific recipient falls within that category and the board of directors must be satisfied that:

8.3.1. immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test; and

8.3.2. the terms under which financial assistance is proposed to be given are fair and reasonable to the Company.

8.4. The Company is not precluded from providing financial assistance to its subsidiaries or directors as contemplated in sections 44 and 45 of the Companies Act. The Company would like the ability to provide financial assistance, if necessary, also in other circumstances, in accordance with section 45 of the Companies Act. Further, it may be necessary or desirous for the Company to provide financial assistance to related or inter-related companies and corporations to subscribe for options or securities or purchase securities of the Company or other companies related or inter-related to it. Under the Companies Act, the Company will however require the special resolution referred to above to be adopted. In the circumstances and in order to, *inter alia*, ensure that the Company's subsidiaries and other related and inter-related companies and corporations have access to financing and/or financial backing from the Company (as opposed to banks), it is necessary to obtain the approval of shareholders as set out in special resolution number 3.

8.5. Sections 44 and 45 contain exemptions in respect of employee share schemes that satisfy the requirements of section 97 of the Companies Act. To the extent that any of the Company's share or other employee incentive schemes do not satisfy such requirements, financial assistance (as contemplated in sections 44 and 45) to be provided under such schemes will, *inter alia*, also require approval by special resolution. Accordingly, special resolution number 3 authorises financial assistance to any of the Company's directors or prescribed officers (or any person related to any of them or to any company or corporation related or inter-related to them), or to any other person who is a participant in any of the Company's share or other employee incentive schemes, in order to facilitate their participation in any such schemes that do not satisfy the requirements of section 97 of the Companies Act.

9. VOTING AND PROXIES

9.1. Every holder of shares present in person or by proxy at the meeting, or in the case of a body corporate represented at the meeting, shall be entitled to one vote on a show of hands and on a poll shall be entitled to one vote for every share held.

9.2. A shareholder (including certificated shareholders and dematerialised shareholders who hold their shares with "own name" registration) entitled to attend and vote at the meeting may appoint one or more proxies to attend, participate and vote in his/her/its stead. A proxy does not have to be a shareholder of a company. The appointment of a proxy will not preclude the shareholder who appointed that proxy from attending the annual general meeting and participating and voting in person thereat to the exclusion of any such proxy. A proxy form for use at the meeting is attached.

9.3. It is requested that duly completed proxy forms or powers of attorney be lodged at the registered office of the Company or with the Company's South African transfer secretary, at Computershare, 70 Marshall Street, Johannesburg, 2001 (P O Box 61051, Marshalltown, 2107) not less than 48 hours] before the time appointed for holding the AGM. If shareholders who have not dematerialised their shares or who have dematerialised their shares with "own name" registration, and who are entitled to attend and vote at the AGM do not deliver forms of proxy to the transfer secretaries by the time referred to as aforesaid, such shareholders will nevertheless at any time prior to the commencement of the voting on the resolutions at the AGM be entitled to lodge a form of proxy in respect of the AGM, in accordance with the instructions with the chairperson of the AGM.

9.4. The attention of shareholders is directed to the additional notes relating to the form of proxy attached, which notes are set out in the proxy form.

9.5. Dematerialised shareholders other than dematerialised shareholders who hold their shares with "own name" registration, who wish to attend the AGM must contact their CSDP or broker who will furnish them with the necessary authority to attend the AGM or they must instruct their CSDP or broker as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between such shareholder and its CSDP or broker.

Form of Proxy

VUNANI LIMITED
(Incorporated in the Republic of South Africa)
(Registration No. 1997/020641/06)
(JSE Code: VUN)
ISIN: ZAE000110359
(the "Company")

To be completed by registered certificated shareholders and dematerialised shareholders with own-name registration only.

For use in respect of the annual general meeting to be held at the Company's offices, Vunani House, Athol Ridge Office Park, 151 Katherine Street, Sandown, Sandton on Friday, 19 August 2011 at 10h00.

Ordinary shareholders who have dematerialised their shares with a CSDP or broker, other than with own-name registration, must arrange with the CSDP or broker concerned to provide them with the necessary Letter of Representation to attend the general meeting or the ordinary shareholders concerned must instruct their CSDP or broker as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the shareholder and the CSDP or broker concerned.

I/We (full name in block letters) ____________________

of (address) ____________________

Telephone (work) __________ Telephone (home) __________

being the holder(s) of __________ ordinary shares in the Company, appoint (see note 1):

____________________ or failing him/her,

____________________ or failing him/her,

the chairman of the annual general meeting,

as my/our proxy to act on my/our behalf at the general meeting which is to be held for the purpose of considering and, if deemed fit, passing, with or without modification, the ordinary resolutions to be proposed thereat and at any adjournment thereof and to vote for or against the ordinary resolutions or to abstain from voting in respect of the ordinary shares registered in my/our name/s, in accordance with the following instructions (see note 2):

	Number of votes (one vote per ordinary share)		
	For	Against	Abstain
To be inserted from notice above once finalised			

(Please indicate instructions to proxy in the space provided above by the insertion therein of the relevant number of votes exercisable).

Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder of the Company) to attend, speak, and on a poll, vote in place of that shareholder at the general meeting.

Signed at __________ on __________ 2011

Signature(s) ____________________

Capacity ____________________

Please read the notes on the reverse side hereof.

Notes to form of proxy

1. A member may insert the name of a proxy or the names of two alternate proxies of the member's choice in the space(s) 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 the general meeting will be entitled to act as proxy to the exclusion of those whose names follow.

2. A member should insert an "X" in the relevant space according to how he wishes his votes to be cast. However, if a member wishes to cast a vote in respect of a lesser number of ordinary shares than he owns in the Company, he should insert the number of ordinary shares held in respect of which he wishes to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the general meeting as he deems fit in respect of all the member's votes exercisable at the general meeting. A member is not obliged to exercise all of his votes, but the total of the votes cast and abstentions recorded may not exceed the total number of the votes exercisable by the member.

3. The completion and lodging of this form of proxy will not preclude the relevant member from attending the general meeting and speaking and voting in person to the exclusion of any proxy appointed in terms hereof, should such member wish to so do.

4. The chairman of the general meeting may reject or accept any form of proxy, which is completed and/or received, other than in compliance with these notes.

5. Shareholders who have dematerialised their shares with a CSDP or broker, other than with own-name registration, must arrange with the CSDP or broker concerned to provide them with the necessary Letter of Representation to attend the general meeting or the ordinary shareholders concerned must instruct their CSDP or broker as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the shareholder and the CSDP or broker concerned.

6. Any alteration to this form of proxy, other than the deletion of alternatives, must be signed, not initialled, by the signatory/ies.

7. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity (e.g. on behalf of a company, close corporation, trust, pension fund, deceased estate, etc.) must be attached to this form of proxy, unless previously recorded by the Company or waived by the chairman of the general meeting.

8. A minor must be assisted by his/her parent or guardian, unless the relevant documents establishing his/her capacity are produced or have been recorded by the Company.

9. Where there are joint holders of shares:
   - any one holder may sign the form of proxy; and
   - the vote of the senior joint holder who tenders a vote, as determined by the order in which the names stand in the Company's register of members, will be accepted.

10. To be valid, the completed forms of proxy must either (a) be lodged so as to reach the transfer secretaries by no later than the Relevant Time; or (b) be lodged with the chairperson of the general meeting prior to the general meeting so as to reach him by no later than immediately prior to the commencement of voting on the ordinary resolutions to be tabled at the general meeting.

11. The proxy appointment is revocable by the shareholders giving written notice of the cancellation to the Company prior to the general meeting or any adjournment thereof. The revocation of the proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholders as of the later of: (i) the date stated in the written notice, if any; or (ii) the date on which the written notice was delivered as aforesaid.

12. If the instrument appointing a proxy or proxies has been delivered to the Company, any notice that is required by the Act or the articles to be delivered by the Company to shareholders must (as long as the proxy appointment remains in effect) be delivered by the Company to: (i) the shareholder; or (ii) the proxy or proxies of the shareholder has directed the Company to do so, in writing and pay it any reasonable fee charged by the Company for doing so.

Summary of the rights established in terms of section 58 of the Companies Act, 71 of 2008 ("Act")

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

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

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

3. Except to the extent that the Memorandum of Incorporation of a company provides otherwise:
   3.1. a shareholder of the relevant company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by such shareholder;

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

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

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

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

6. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the relevant shareholder as of the later of the date: (a) stated in the revocation instrument, if any; or (b) upon which the revocation instrument is delivered to the proxy and the relevant company as required in section 58(4)(c)(ii) of the Act.

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

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

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

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

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

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

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

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