VUNANI

LIMITED

Integrated Annual Report

31 December **2011**

About this report

This is Vunani's first integrated report in line with the requirements of the King Code and Report on Governance for South Africa ("King III"). We support the principles of King III and believe that it has enabled us to improve our reporting.

This integrated annual report was compiled in terms of the discussion paper as published by the Integrated Reporting Committee of South Africa on 25 January 2011, which recommends that companies should not only report on their financial performance, but also on their sustainability by disclosing social, environmental and economic influences, both positive and negative.

Vunani has embarked on a journey towards providing a more holistic view of the group in one document. Vunani regards this process as a valuable opportunity to engage with its stakeholder groups and we welcome your feedback on this report.

Any comments can be emailed to annualreport2011@vunanigroup.co.za.

VUNANI
LIMITED

VUNANI LIMITED ("Vunani" or "the company" or "the group")
Incorporated in the Republic of South Africa
Registration number 1997/020641/06
JSE code: VUN ISIN:ZAE000163382
Listed on Alt-X on the JSE Limited ("JSE")

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VUNANI
LIMITED

Vunani at a glance

Scope and boundary

This integrated report covers the financial year from 1 January 2011 to 31 December 2011. The report is released at least 15 business days prior to its annual general meeting("AGM") to be held on 13 August 2012.

This report provides a general narrative on the performance of the group's business across its reportable operating segments, namely

- Asset management;
- Group overhead;
- Investment banking and advisory;
- Investment holdings;
- Securities broking; and
- Properties (including investments, developments and asset management).

It includes the activities within the holding company, its subsidiaries and associates. Included in the report are the group's consolidated annual financial statements.

Assurance

The board of directors acknowledges its responsibility to ensure the integrity of the integrated report. The board has accordingly applied its mind to the integrated report and in its opinion, the report initiates a process to better address all material issues whilst endeavouring to present fairly the integrated performance of the group and its impacts on all stakeholders.

Annual financial statements
The annual financial statements for the year ended 31 December 2011 were approved by the board of directors on 20 June 2012. KPMG Inc., the independent auditors, have audited the annual financial statements and their unmodified audit report is presented on page 35 of the integrated report.

Sustainability information
The sustainability information has not been assured in 2011. The sustainability overview is presented on page 26 of the integrated report.

Our profile

Vunani Limited is a **black owned and managed** diversified financial services group. Through a series of acquisitions, Vunani has built a strong financial services platform, which has facilitated the growth in its business.

The group operates out of offices in **Johannesburg, Cape Town** and more recently, **Harare in Zimbabwe**.

Our heritage

The development of Vunani Limited has taken place in three distinct phases: inception, platform building and expansion.

2004: Inception
Vunani Limited began as a wholly owned subsidiary of African Harvest Limited in 1997.

By 2001 the group had established offices in Johannesburg and Cape Town with four divisions focused on private equity, hedge fund management, structured finance and corporate finance.

In early 2002 the senior executives of Vunani Limited began a buyout process covering all of African Harvest's operating businesses including African Harvest Fund Managers. This buyout was supported by the Metallon Group, who retained ownership of African Harvest Fund Managers when the buyout was completed in 2004.

2005 to 2007: Platform building
In July 2005 ABSA acquired a 20% interest in the group through a share subscription.

Vunani Limited listed on the JSE Limited's AltX exchange in November 2007, raising R175 million.

The capital raised through these transactions provided the group with the means to expand its operations and build a diversified financial services platform.

2008 onwards: Expansion
Through the acquisition of a number of additional operating businesses from as early as 2008, including asset management, treasury and corporate finance specialists, Vunani complemented the existing service offering, resulting in a diversified financial services platform.

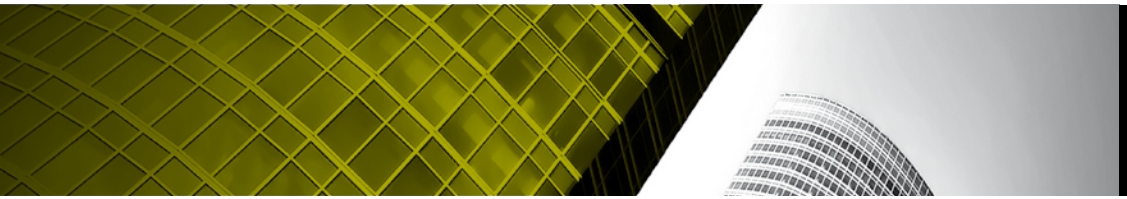
The focus of the group is now aimed at growing the underlying operating business.

Our vision

The group's goal is to become South Africa's pre-eminent black-owned financial services provider, differentiated by the following key elements:

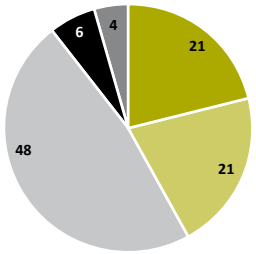
- Strong operating business focus with targeted strategic empowerment equity investments;
- Diversified financial service product offering;
- Strong growth track record; and
- Experienced management team.

2011 highlights



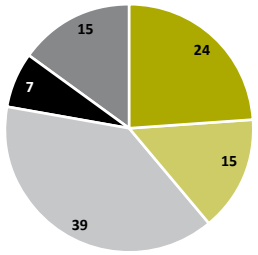
- Revenue from continuing operations increased by **58%** on the back of a heightened focus on professional services operations;
- Benefit of disposal-led restructuring resulted in net finance costs decreasing by **57%**; and
- Loss per share reduced from a loss of **2.2 cents** per share to a loss of **1 cent** per share.

Revenue from continuing operations December 2011 (%)



- Asset management
- Investment banking and advisory
- Securities broking
- Properties
- Group overheads

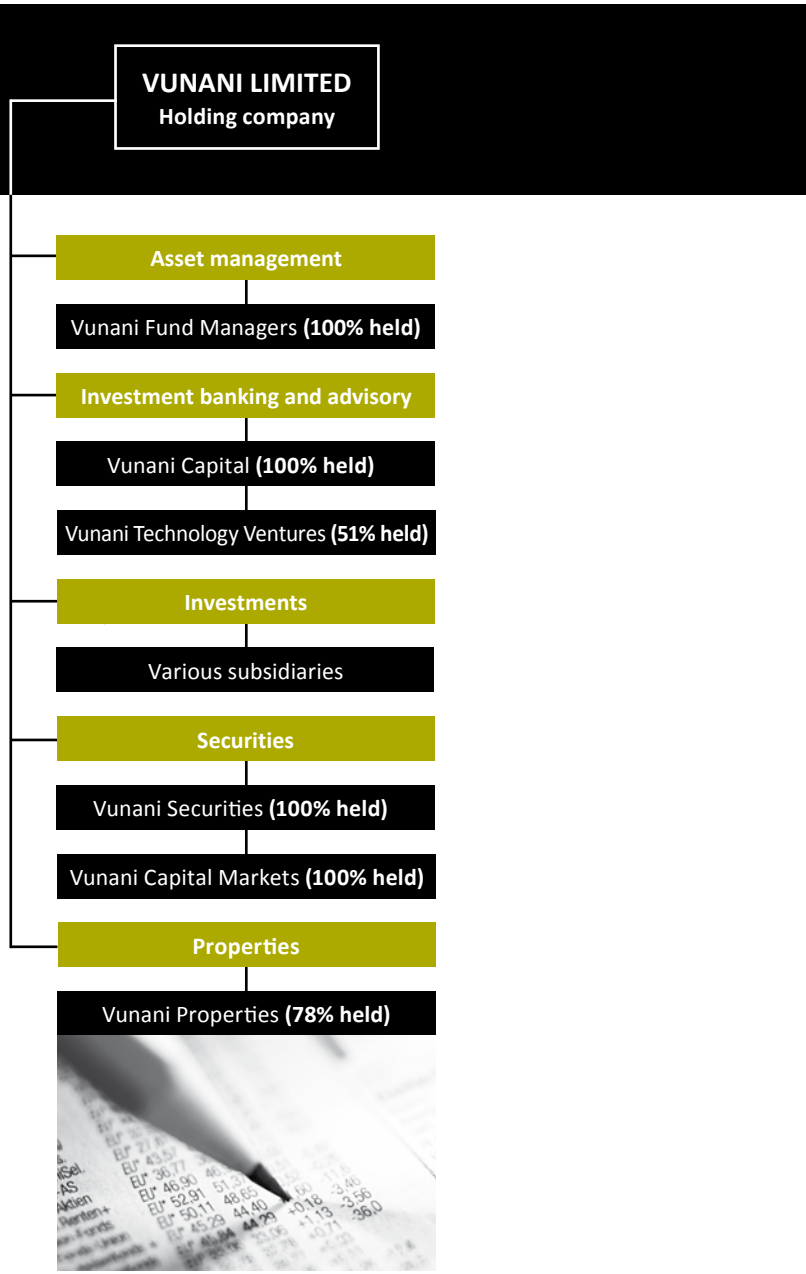
Revenue from continuing operations December 2010 (%)



- Asset management
- Investment banking and advisory
- Securities broking
- Properties
- Group overhead

Group structure

The group's major operating subsidiaries per segment are represented as follows:



Directorate

1. **Ethan Dube** **Chief executive officer** *MSc (Statistics), Executive MBA (Sweden)*, 53
2. **Aphrodite Judin** **Chief financial officer** *BCom, BAcc, CA (SA)*, 35
3. **Butana Khoza** **Managing director** *BCom, PG Dip (Accounting), CA (SA)*, 45
4. **Mark Anderson** **Executive director** *CTA, CA (SA)*, 52
5. **Evelyn Chimombe-Munyoro** **Executive director** *BA LLB, LLM (Commercial law/Maritime law)*, 39
6. **Willy Ross** **Independent non-executive chairman** *CTA, CA (SA)*, 67
7. **Dr. Bongani Khumalo** **Independent non-executive director** *MA, AEP, Diploma in Management and MBA*, 59
8. **Nambita Mazwi** **Independent non-executive director** *BProc LLB, Dip Company Law, Programme in Business Leadership*, 38
9. **Gordon Nzalo** **Independent non-executive director** *BCom, BAcc, CA (SA)*, 46
10. **John Macey** **Independent non-executive director** *B Bus Sci (Hons), BCom (Hons) CA (SA)*, 50

** Numbers represent ages of directors.*

1. 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 chief executive officer of Vunani Capital Holdings (previously African Harvest Capital) since its inception in the late 1990s.
2. Aphrodite joined Vunani in 2005, focusing on the stockbroking operations of the group. She was appointed financial director in August 2010. Before joining Vunani, Aphrodite worked at Deloitte as an audit manager.
3. 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.
4. 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.
5. 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.
6. 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.
7. Bongani is chairman of Grey Global (SA), EDS South Africa and is the current CEO of Gidani Proprietary Limited. He is the immediate past-chairman of Transnet Limited. Bongani, who has also served as a strategic advisor 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.
8. 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.
9. 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.
10. John studied at the University of Cape Town ("UCT"). He completed articles with Deloitte and Touche, after which he was a financial director of a manufacturing company for five years. He was a tenured member of the academic staff in the Department of Accounting, UCT, for nine years. Since 2009, he has been involved in the private equity and investment banking industry, having structured investments in the textiles and hospitality industries.

Strategy

Strategy	Progress 2011	Focus 2012
Investing in our expansion by funding the growth of underlying operating businesses	• Focused on businesses segments where we are able to exercise control, and consequently acquired the balance of the shares in Vunani Fund Managers Proprietary Limited after disposing of our minority share in Edge Holdings Proprietary Limited. • Appointment of key individuals to drive growth of operating subsidiaries. • Listing of Vunani Property Investment Fund and effective disposal of our majority interest demonstrates the group's strategy in focusing on operating businesses within the financial services arena. • A satellite office in Harare, Zimbabwe, was opened with an initial focus on advisory services.	• Inward focus on each operation to ensure sustainability and increased profitability. • Driving revenues, while keeping costs contained to be a key theme. • Expand the client base and product offering in Zimbabwe.
Return the group to profitability	• Loss per share improved from 2.2 cents loss per share to 1 cent loss per share. • The expansion in operating businesses can be seen at an "operating loss" level. • Great strides made towards reducing debt and related interest cost.	• Emphasis on operating entities to increase profitability. • Reduction of costs group-wide, specifically at a group overhead segment. • Continue growing revenues across all segments, looking for arbitrage opportunities.
Build cash reserves to service and repay financial liabilities	• Cash and cash equivalents increased by 121% during the year. • The disposal of a number of investments and associates during the year saw the reduction of other financial liabilities by 67%.	• Eradicate the remaining debt where the underlying assets do not produce sufficient revenues to service the financial liability. • Where possible, favourably renegotiate the terms of existing facilities.

Strategy	Progress 2011	Focus 2012
Maintain robust risk management policies and practices	• Risk management processes have historically been focused at an operational level. In 2011, an initiative was introduced to centralise risk reporting at a group level. While the process has commenced, fine-tuning is required to ensure that all the components of the risk management functions are operating congruently. • Nkonki Inc. appointed as an outsourced internal audit provider for the group.	• Make inroads into the centralised risk reporting framework that was initiated in 2011. • Nkonki to roll out internal audit plan and formally report to the audit and risk committee.
Where we can, deliver integrated solutions to our clients as an advisor, financier, market maker, asset manager and co-investor	• The diversity of products offered by the group provides opportunity to deliver on integrated solutions. • Increased efforts on relationship building with current and prospective clients have been a focus area for 2011.	• Unlocking the benefit of developed relationships both in the public and private sector. • Continued focus on marketing diversity of product offering. • Ongoing identification of targeted clients.
Deliver consistent through-the-cycle returns to our shareholders and establish a regular dividend payment culture	• No dividend has been declared in the 2011 financial year.	• Dividend declarations will be considered to the extent that sufficient profits are available for distribution after all other commitments to third parties have been met.

Risk management

Risk management and internal control
The board acknowledges that it is accountable for the process of risk management and the system of internal control of the group 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 the 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 year.

Each group company has its own board of directors responsible for the risk management and internal control of that company and its business.

The establishment of a more formalised enterprise-wide risk management process was initiated during 2011. Detailed risk assessments for each operating entity and the formulation of a risk management plan is the focus for 2012.

The group operates in a highly regulated environment. Compliance officers have been appointed at each of the group's key operating subsidiary company levels to ensure adherence to the various acts and codes that govern the group's day-to-day operations.

The enterprise-wide risk management process is guided by the following key principles:

- A common enterprise-wide risk management framework and process;
- The identification of current strategic and operational risks facing the group and the implementation of controls to mitigate the identified risk;
- The identification of uncertain future events that may influence the achievement of business plans and strategic objectives; and
- A clear assignment of responsibilities and accountabilities.

Risk management (continued)

Most significant risks

The key objectives and risks to fulfilment of the objectives are:

Risk	Risk mitigation and response
Liquidity risk	• Integrated budgeting and cash flow forecasting, which is reviewed at least four times a year; • Regular monitoring of group and subsidiary working capital requirements, which are discussed in weekly/monthly management meetings; • Maintenance of liquid assets that can be redeemed in order to fund cash shortfalls; and • Regular review of appropriateness of going-concern assertion as part of corporate governance processes.
Sustainability risk	• Participative management style ensures that key group executives are accessible to help with new business development and client relationship management; • Weekly and/or monthly management meetings ensure that critical tactical decisions are made to ward-off negative impacts of the risks; and • Unsustainable business lines are discontinued if there is no prospect of turning them around.
Investment risk	• A dedicated investment committee ("IC") reviews, evaluates and approves all investment decisions relating to acquisitions and disposals; liquidation or winding-up, deregistration or the discontinuance or suspension of any business activities; restructuring, merger or any joint venture agreements; the financing of capital or borrowing; issue of guarantees or other similar undertakings; and the change in business of any subsidiary. • The IC recommends investments to the board; • Activities of the IC are governed by an Investment Charter; and • The IC is accountable to the board for its activities.
Compliance and legal risk	• Risk assessment, management and monitoring governed by the board through the audit and risk committee; • The group risk and compliance forum ensures that regulation associated with specific subsidiaries and allied to particular laws and regulations are complied with; • All regulated businesses have a dedicated compliance officer managing and overseeing compliance with applicable regulatory provisions; and • Risk management embedded in internal controls applied in daily operations.

Risk	Risk mitigation and response
Human capital risk	• Experience and qualifications are key requirements in the recruitment of professional staff; • Market competitive remunerations paid; • Generous bonus structures allied to profitability of operating subsidiaries are in place; • Remuneration supplemented by a group staff incentive share scheme to aid wealth creation; • Key individuals offered direct equity in subsidiaries; • Continuing professional development facilitated for professionals; and • Ongoing communication with staff on group objectives, challenges and successes.
Reputational risk	• Business built around experienced, qualified and skilled individuals; • Client relationship development and management core to product and service offering; • Active support of key group executives in new business development and retention; and • Linkages with ongoing strategy development and monitoring used to revisit relevance of product and services.
Operational risk	• Documented procedures governing business process and information technology; • Training of new employees supplemented with external courses and qualifications; • Comprehensive system of internal controls; • Maintenance of a group wide risk management framework; • A risk and compliance forum comprising senior management, group MD and CFO considers group wide and specific risks; • Consistent review of the appropriateness of business systems and processes; • Service level agreements with technology service providers; • Membership of industry related associations to keep abreast of the latest developments and benchmarks; • Procure services from market leading and reputable service providers; and • Use skilled and suitably qualified staff to manage key business processes.
Stakeholder risk	• Key stakeholders identified at all levels of the group and operating subsidiaries; • Obtain regular feedback on perception of performance, quality of service, relevance of service and the reputation of the business; and • Benchmark performance against the relevant industry and peer companies.
Strategy risk	• Group and subsidiary strategy sessions held bi-annually to consider SWOT analysis of the business; • Key tactics planned through weekly and/or monthly meetings with key group executives; and • Where relevant, daily meetings outline tactical interventions for the day.

Reports to stakeholders

Leadership statements

WC Ross
Chairman

Ethan Dube
Chief Executive Officer

"We aggressively restructured the balance sheet through asset sales and used the proceeds to redeem debt and strengthen the cash generating businesses"

Introduction

During the reporting period, Vunani continued its focus on reducing debt and related service costs and positioning the business to limit the negative impact of expected interest rate increases.

This has been the group's unwavering objective since the aftermath of the 2008 global financial crisis, which saw the decimation of many companies in a similar position.

We are pleased to report that this determination is increasingly paying off as we aggressively restructured the balance sheet through asset sales and used the proceeds to redeem debt and strengthen the cash generating businesses. The net result of these activities culminated in a 57% reduction in net finance costs to R39 million and the reduction of our headline loss to 0.6 cents per share from 2.9 cents in the previous period.

The board believes that Vunani has now successfully embedded a sustainable business platform from which to grow profitably.

Business conditions

Vunani's performance for the financial year to 31 December 2011 is set against a background of global market volatility throughout the year. Significant oil price increases, rising inflation and depressed growth forecasts on the back of weak consumer demand were the overriding economic features both locally and abroad.

Austerity measures imposed on Greece, Italy and Spain further negatively impacted business sentiment, whilst the European Union – a significant trading partner of South Africa – continued to slide into a mild recession.

On the domestic front, the country did not escape the pervasive negative sentiment, exacerbated by political upheaval related to the "Arab Spring." A season of violent industrial action by the National Union of Metalworkers South Africa (NUMSA) coupled with Moody's placing the country on negative watch, threatened to make 2011 a forgettable year.

Subdued growth countered expected interest rate hikes and inflationary increases. This resulted in South Africa achieving modest growth of close to 3% with inflation in the upper end of the 6% inflation band.

Operational overview

During the year under review, the management team continued with its focus on restructuring the business. We are pleased to report that our earlier initiatives and tenacity culminated in a number of successes during the reporting period.

The board is of the view that Vunani has turned the corner so to speak, and after restructuring the residual debt it will be well positioned for sustainable growth going forward.

Highlights

Positive cash flow of R9.3 million was generated compared to R3.9 million in 2010 and a negative R33.8 million in 2009.

Revenue increased substantially by R39.3 million or 58% to R106.8 million from R67.5 million in 2010.

We continued to address the legacy interest burden. Net finance costs have been reduced by 57% from R91.0 million to R39.3 million.

Vunani Property Investment Fund successfully listed through a well subscribed private placement in some of the JSE's most volatile trading weeks in August 2011.

R740.1 million of long-term debt and R93.2 million in current financial liabilities was paid down following the commencement of the debt restructuring.

The acquisitions of the remaining holding in Vunani Fund Managers Proprietary Limited and the acquisition of Kagiso Securities in the previous reporting period has been fully integrated under the brands of Vunani Fund Managers and Vunani Securities.

These acquisitions have added substantial critical mass to the divisions.

Continuing operations have reported a strong turnaround, with the exception of the Securities Broking division where the acquisitions are being integrated.

The management team, supported by the board, aggressively disposed of non-performing investments.

We have structured the business appropriately to mitigate against expected interest rate increases.

Asset management

Vunani Fund Managers has been in operation for more than a decade. Its fund managers are some of the most experienced in the industry with more than 19 years' track record on average. During the reporting period, the team expanded on its business offering and continues to win new mandates as it fast-tracks its growth strategy.

Asset management reported a stellar performance with a 39% revenue increase to R22.7 million (2010: R16.3 million) for the year under review. Profitability improved to R5.9 million, reversing a loss of R17.1 million in 2010.

Investment banking and corporate advisory

This division is mainly supported by Vunani's corporate finance division. During the review period, revenues more than doubled to R22.2 million with a profit of R8.7 million against a loss of R3.6 million in 2010.

The opening of a satellite office in Harare, Zimbabwe, has diversified this segment's revenue streams with its appointment as the primary advisor to the National Indigenisation Board in that country.

Securities broking

Vunani Securities acquired the business of Kagiso Securities on 1 December 2010 for a nominal amount. This acquisition introduced significant economies of scale to the business and enhanced

the group's equity research offering on equity, bonds and money market dealing capability.

The integration of any business is not without teething problems, which impacted on the segment and resulted in a small loss of R0.8 million against a profit of R14.1 million in 2010. These costs related to the consolidation of a full year of mainly personnel costs.

Revenue increased substantially from R26.3 million to R50.7 million as the equities division improved its JSE ranking from 39th to 19th on volume and value traded.

Properties business

A strategic decision was made early in the year under review to restructure the property assets of the group. The objective was to reduce debt on the statement of financial position. This culminated on 11 August 2011, when Vunani listed a significant portion of its investment property portfolio on the main board of the JSE Limited through Vunani Property Investment Fund (VPIF) (JSE code VPF).

This well subscribed offer raised R622 million in capital for the fund and has since grown its enterprise value considerably.

Overall the properties segment (including developments, asset management and investments) made a profit of R8.6 million (2010: R21.4 million loss) as a result of profits made in associate companies. Revenues of R6.5 million increased from R4.8 million in 2010, attributable to asset management revenue derived from the management of VPIF.

The listing of VPIF dropped the value of investment property on the statement of financial position from R915.6 million to R4.0 million.

Going forward, Vunani will reflect its investment in VPIF under Other Investments at fair value on the group statement of financial position.

Investment business

This segment formed the focal point of Vunani's disposal-led restructuring during the reporting period. The disposal of some dividend paying investments reduced investment income by 63% to R4.7 million (2010: R12.7 million).

Losses on disposals of assets of R6.1 million (2010: R1.2 million) highlight the intensity of restructuring activity during the year. This was mitigated by positive fair value adjustments of R48.4 million (2010: R141.3 million loss) reflecting the improved valuation of residual investments as markets ended 2011 stronger.

Long-term investment holdings were subsequently reduced from R380.2 million to R238.0 million, which positively influenced the drop in finance costs for the 2011 financial year. This is particularly important as management believes that interest rates will be increased in the foreseeable future.

Operating expenses

Operating expenses increased by 61% to R153.2 million (2010: R95.1 million). Key contributors were the consolidation of a full year of Vunani Fund Manager costs, the skilling up of Vunani Technology Ventures to meet deadlines on a significant advisory mandate and the costs associated with integrating Kagiso Securities.

Some of these costs are once-off, although the biggest contributor is salaries. Management remains focused on managing expenses tightly.

Prospects

In the aftermath of the global financial crisis we have single-mindedly focused on rebuilding and restructuring the business for growth. We sincerely believe that this platform for sustained growth has now been established.

Vunani's balance sheet has changed considerably during the year. The positive effects of the restructured investments and redemption of debt continues to gain momentum and has left us considerably more nimble, which we believe will help in returning the group to profitability.

The second half of the 2011 financial year tracks a growth path, which is encouraging. Management's strategic focus will increasingly be on developing sustainable operating divisions to get to a point where operating profits and residual investment activity yield comprehensive profits.

Furthermore, a key objective for the 2012 financial year is the redemption of the financial liabilities relating to the investments in Brikor Limited, Basil Read Limited, PSV Limited, BSI Limited and Workforce Limited. We are currently in discussions with the various lenders regarding the resolution of the legacy debt.

A drive in growing revenue and a group-wide cost containment initiative is a key priority for 2012, with a view to boosting cash reserves. Focus will be placed on enhancing risk management reporting structures. We welcome the introduction of an internal audit process to assist the achievement of group-wide objectives.

Corporate social responsibility and empowerment

Group initiatives are primarily directed at developing and empowering a broad spectrum of previously disadvantaged groupings through various ways of contribution.

Vunani remains a black controlled and black managed company with a portfolio of strategic broad-based black economic empowerment (BBBEE) investments with an 83% interest in the hands of previously disadvantaged individuals.

Governance and board

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.

This report is also our first integrated report aligned with the requirements of the new Companies Act, which became effective from 1 May 2011, in addition to our first full implementation of King III.

The board currently consists of five non-executive directors, all of whom are independent and five executive directors. Grindrod Bank is the lead designated advisor (DA), with Vunani Corporate Finance the joint DA.

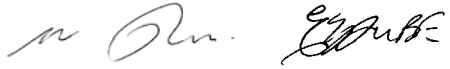
Appreciation

Vunani has made significant progress in embedding a platform for sustained growth. This would not have been possible without the contribution of every member of staff, management, directors and the support of all stakeholders.

We would like to extend our heartfelt gratitude to our fellow board members for their support and guidance during the past year. The additional demands on your time as we aligned ourselves with King III and the Companies Act are acknowledged.

The efforts of our executive team and staff to drive our strategy will continue to stand the group in good stead. We congratulate you on the results of these unwavering efforts.

Lastly, but equally important, are our shareholders' support and loyalty which has helped position Vunani for growth. On behalf of the board, we thank you.



WC Ross — *Chairman*

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 board began the process of complying with the recommendations as set out in the King III Report. The board is committed to the principles of good corporate governance as set out in the King III Report on Corporate Governance for South Africa, the JSE Listings Requirements and the Companies Act, 71 of 2008.

In line with the King III Report's "apply or explain" approach, the directors will continue to state the extent to which the company applies good corporate governance principles to create and sustain value for stakeholders over the short, medium and long term and to explain any instances of non-compliance.

Board of directors

The board composition reflects people with different skills, knowledge and experience. Details of the group's directors are provided on page 6 and 7 of this integrated report. The board met four times during the past year. The attendance of these meetings is set out in the table overleaf.

The group's memorandum of incorporation ("MOI") 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 ("AGM"), with the exception of the CEO and MD. In accordance with the company's memorandum of association, N Mazwi and BA Khumalo retire by rotation.

King III 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 independent non-executive chairman, EG Dube the role of chief executive officer and BM Khoza as managing director.

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.

Board charter

The board adopted a formal charter during the year to ensure compliance with the principles of the King III Report and current relevant legislation.

The main purpose of the board charter is to regulate the parameters within which the board operates and to ensure the application of principles of good corporate governance. The charter requires the board to represent and promote the legitimate interests of the group and its stakeholders in a manner that is both ethical and sustainable. It specifically outlines the board's primary function, which is to determine the group's strategy, purpose, values and stakeholders relevant to its business. The charter states that directors are required to exercise effective leadership, integrity and judgement, based on fairness, accountability, responsibility, transparency and ethical business conduct.

Board meeting attendance

Executive directors	29 Mar 2011	8 Jun 2011	30 Aug 2011	1 Dec 2011
EG Dube	✓	✓	✓	✓
BM Khoza	✓	✓	✓	✓
NM Anderson	✓	✓	✓	✓
CE Chimombe-Munyoro	✓	✓	✓	✓
A Judin	✓	✓	✓	✓
Independent non-executive directors				
WC Ross (Chairman)	✓	✓	✓	✓
BA Khumalo	✗	✓	✓	✓
NS Mazwi	✓	✓	✗	✓
G Nzalo	✓	✓	✓	✓
JR Macey	✓	✓	✓	✓

All executive directors are shareholders in the company. The director's 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;
- Investment committee; and
- Social and ethics committee.

The board constituted the social and ethics committee in April 2012.

The board undertakes the role of the 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, *inter alia*, for:

- Setting the principles for recommending the use of the external auditors for audit services and other non-attest services;
- Setting the principles for recommending the use of the internal auditors for internal audit services;
- Satisfying itself, on an annual basis, of the appropriateness of the expertise and experience of the chief financial officer;
- Performing an annual assessment of the independence of the external auditors;
- Reviewing and approving external audit budgets and staffing to ensure critical risk areas of the business are effectively addressed;
- Reviewing the effectiveness of the company's systems of internal control, including internal financial control and business risk management and the maintenance of effective internal control systems;
- Reviewing and approving the internal audit charter, internal audit plans and internal audit's conclusions with regard to internal control;
- Reviewing the co-operation and co-ordination between the internal and external audit functions and co-ordinating the formal internal audit work plan with external auditors to avoid duplication of work;

- Reviewing the accounts and financial statements taken as a whole to ensure they present a balanced and understandable assessment of the position, performance and prospects of the company;
- Reviewing compliance matters that could have a significant impact on the financial statements;
- Monitoring the ethical conduct of the company, its executives and senior officials; and
- Reviewing compliance with the law and regulations of any other applicable statute and of controlling bodies.

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

Audit and risk committee meeting attendance

	16 Mar 2011	3 Jun 2011	24 Aug 2011	22 Nov 2011
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 and risk 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.

Internal audit

During the year the audit committee appointed Nkonki Inc. to provide the internal audit function for the group. Nkonki Inc. will begin the implementation of the internal audit function in 2012.

Internal audit will provide an assessment of the adequacy and effectiveness of the group's system of internal controls and risk management using a risk-based methodology.

Internal audit will report directly to the audit committee, which will be tasked with providing feedback to the board covering progress on projects, problems encountered, issues demanding attention, feedback from operations and project priorities.

A formal internal audit charter has been approved by the audit committee. The charter sets out the key responsibilities of the internal audit function as well as the scope of the function. The key responsibilities of the internal audit function are listed below:

- Evaluating the company's governance processes including ethics;
- Performing an objective assessment of the effectiveness of risk management and the internal control framework;
- Systematically analysing and evaluating business processes and associated controls; and
- Providing a source of information, as appropriate, regarding instances of fraud, corruption, unethical behaviour and irregularities.

Remuneration committee

The remuneration committee is chaired by WC Ross and includes BA Khumalo and EG Dube. The committee meets at least annually to review the performance of the executive directors and is responsible for determining the remuneration strategy, conditions of employment and remuneration packages of executives. The board is of the opinion that the chairman's role in the remuneration committee does not affect his independence.

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 (representative of significant shareholder/funder)

As part of the restructure agreement signed in 2010, Investec Private Bank Limited, a significant shareholder of Vunani Limited's parent company, Vunani Group Proprietary Limited was entitled to appoint one representative to the investment committee. This was done to provide additional expertise to the committee to help in decision making.

Dealing in securities

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

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.

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.

Remuneration committee report

The remuneration committee is chaired by WC Ross and includes BA Khumalo and EG Dube. The committee meets at least annually or more frequently if required.

The remuneration committee is an independent and objective body, which is responsible for assessing non-executive and executive remuneration, as well as determining short-term and long-term remuneration for executives and staff.

It is responsible for determining the remuneration strategy and conditions of employment for executives.

Remuneration philosophy and policy

The group recognises that it operates in a competitive environment and that its performance depends on the quality of its people. The group wishes to provide a level of remuneration which attracts, retains and motivates employees of the highest calibre.

The group defines total remuneration as a combination of all types of rewards, including financial and non-financial, and direct and indirect. The group's position is to pay for performance, while ensuring that there is a distribution of remuneration around the market median.

Summary of key remuneration philosophies

- Performance conditions have been determined to align with the business strategy and to maximise shareholder value;
- Ensure remuneration arrangements are equitable;
- Total remuneration is set at levels that are relevant and competitive within the market;
- Consistency across the group;
- Fairness and transparency; and
- Encourage a focus on long-term sustained performance.

Components of total remuneration

General remuneration

The levels of basic remuneration are reviewed and revised annually. The criteria that have been adopted for determining pay increases are as follows:

- CPI (inflation);
- Market comparison;
- Individual performance;
- Affordability based on group budgets; and
- Group performance.

Remuneration consists of the following guaranteed components and is applicable to all employees:

- Basic salary;
- Medical aid; and
- Provident fund.

Annual salary increases are ratified by the remuneration committee.

Provident fund contributions are based on a scale of 10 to 20% of the annual total remuneration package, as elected by the individual employees. These contributions ensure monetary security and dignity to employees and their beneficiaries (on retirement, death and disability).

Short-term incentive plan

Annual incentive bonuses are paid if key performance targets, including but not limited to financial targets are met.

All employees participate in the group's incentive bonus schemes. Any bonus is conditional on performance and is paid annually subject to the achievement of group and/or divisional targets combined with key performance indicators agreed to by the chief executive and the remuneration committee.

Long-term incentive plan

Share option scheme

A group share scheme was introduced in June 2011, whereby employees were entitled to acquire shares in the company. At 31 December 2011 no shares had vested.

The purchase price is the closing price of the company's shares listed on the Johannesburg Stock Exchange on 29 June 2011, being the trading day immediately preceding the day on which a resolution of the board of directors of the company was passed authorising the allocation of the shares.

The purchase price was funded by the Vunani Share Incentive Scheme Trust and in turn the employees became indebted to the trust for the value of the shares offered. The shares are pledged as security to the trust until the employee has settled the debt. The employees' debt shall include interest charged thereon, which interest will be charged and rolled up with the outstanding debt at the official rate as published by the South African Revenue Service (SARS) from time to time.

Employees shall be entitled to settle the outstanding debt though the sale of the shares once they have vested on the dates set out below.

Vesting of shares

The shares shall vest in tranches as follows.

- 20% of the shares after the first anniversary of the acceptance date;
- 25% of the shares after the second anniversary of the acceptance date;
- 25% of the shares after the third anniversary of the acceptance date; and
- 30% of the shares after the fourth anniversary of the acceptance date.

Employees may instruct the trustees to sell the shares once they have vested. The proceeds shall firstly be used to settle debt.

Executive directors' remuneration

The group aims to adhere to the broad guidelines of executive remuneration set out in King III. The overall principles applied consist of the following:

- Establish appropriate and competitive balance between fixed and variable remuneration structure to achieve performance excellence;
- Establish a performance oriented culture with a pay for performance approach that aligns with sustainable shareholder value;
- Appropriately leverage market and industry benchmarks to ensure competitive remuneration aligned to market median; and
- Drive sustainable business results through short-term and long-term performance driven incentives.

For details of the executive directors' remuneration refer to note 41 of the annual financial statements.

Non-executive directors remuneration

The level of fees paid to non-executive directors is reviewed by the remuneration committee on an annual basis. For details regarding fees paid during the current and prior year, refer to note 41 of the annual financial statements.

Non-executive directors do not participate in the group's incentive bonus plan or share option scheme. There were no direct or indirect beneficial holdings in the current or prior year.

Sustainability report

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 group 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 (see stakeholder engagement for details of the groups' stakeholders and the engagements undertaken).

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.

Training and development

The group provides training to its employees in a number of different ways. The group sends employees to various external training courses facilitated by organisations governing the various sectors the group operates in. The company pays for learnership programmes embarked on by employees such as CFA. The group also performs in-house training, facilitated by senior employees as a method of transferring knowledge to junior employees.

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 was put in place during the year and employees are now 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.

Safety, health and environment

The group is committed to a safe, healthy and hygienic working environment in compliance with the Occupational Health and Safety Act, 85 of 1993.

The group has undertaken to prepare a formal safety and health policy. The policy will outline the responsibilities of the group and employees in terms of health and safety requirements. It will also detail procedures for first aid, emergency evacuation and exposure to environmental health risks.

Health

The group in conjunction with its medical aid provider (Discovery Health) holds an annual health day. The purpose of this day is for employees to get tested for various ailments. This helps increase health awareness amongst employees.

Environment

The group is committed to having a positive carbon footprint on the environment. The group is currently focused on paper usage and recycling. Employees are encouraged to print responsibly. The group also has recycling boxes for paper, to encourage responsible use of paper. The group disposes of all old IT equipment in a green manner.

Stakeholder engagement

Key stakeholders	Methods of engagement	Reasons for engagement
Stakeholders and investor community	• Stock Exchange News Service (SENS) • Interim and annual results publications • Investor presentations • Ongoing discussions with investment analysts, institutional investors and journalists in South Africa	To keep stakeholders and the investor community updated on our financial results, group performance, strategy, risks, and opportunities.
Funders	• Meetings with funders' top executives • Specific funders attend board meetings and are represented on the investment committee	To present a transparent view of our business. Obtaining finance and investment solutions.
Customers	• In depth one-on-one presentations to various customers • Facilitation of workshops • Advertising • Corporate website • Newsletters	To obtain feedback on our products and services, promote our services and obtain feedback on customer needs.
Regulatory authorities	• Personal contact with regulatory bodies such as JSE and SARS • Contact via compliance advisors	To ensure compliance with all regulatory requirements. To ensure we can continuously service our clients' needs.
Employees	• Open door policy to all employees • Performance reviews • Bi-annual news letters • Staff training	To ensure that staff goals are aligned to the company's goals. Effective communication is fundamental to the success of the company.
Suppliers and service providers	• Personal contact with strategic service providers	To understand any service provider's concerns and ensure that service providers adhere to the company's standards.
Media	• Distribution of press releases • Interviews by key executives	To build positive relationships with the media. To maintain a positive profile in the media.

Annual financial statements

The annual report has been audited in terms of Section 29 (1)(e)(i) of the Companies Act of South Africa, 2008.

The annual report was published on 29 June 2012.

The annual report has been prepared under the supervision of the chief financial officer, Aphrodite Judin CA (SA).

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

for the year-ended 31 December 2011

The directors are responsible for the preparation and fair presentation of the consolidated and separate annual financial statements of Vunani Limited, that comprise the statements of financial position at 31 December 2011, the statements of comprehensive income, statements of changes in equity, statements of cash flows for the year then ended, the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with the International Financial Reporting Standards and the requirements of the Companies Act of South Africa, 2008. In addition, the directors are responsible for preparing the directors' report.

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 and its subsidiaries 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 consolidated and separate annual financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of consolidated and separate annual financial statements
The consolidated and separate annual financial statements of Vunani Limited, as identified in the first paragraph, were approved by the board of directors on 20 June 2012 and signed by:

EG Dube
Chief Executive Officer
Authorised Director

20 June 2012, Sandton

A Judin
Chief Financial Officer
Authorised Director

20 June 2012, Sandton

Certification by the company secretary

for the year-ended 31 December 2011

In my capacity as company secretary, I hereby certify that for the financial year-ended 31 December 2011, Vunani Limited has filed with the Companies and Intellectual Properties Commission, all such returns and notices as are required in terms of the Companies Act of South Africa, 71 of 2008, and that all such returns appear to be true, correct and up to date.

A Judin
Company Secretary

20 June 2012, Sandton

Report of the audit and risk committee

for the year-ended 31 December 2011

The audit and risk committee ("the committee") reports that it has considered the matters set out in section 94(7)(f) of the Companies Act and is satisfied with the independence and objectivity of the external auditor, KPMG Inc.

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

The committee consists of three members, each of whom are independent non-executive directors and who have the requisite financial skills and experience to contribute to the committee's deliberations. The committee met four times during the year with the managing director, chief financial officer, group financial manager and representatives from external audit attending each meeting by invitation. During the year Nkonki Inc. were engaged to perform the internal audit function for the group.

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 company and 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 2011 and, based on the information provided to the committee, considers that the group complies, in all material respects, with the requirements of the Companies Act of South Africa, 2008, the AC 500 series issued by the Accounting Practices Board and International Financial Reporting Standards.

G Nzalo
Chairman of the Audit And Risk Committee

20 June 2012, Sandton

Directors' report

for the year-ended 31 December 2011

The directors submit their report for the year-ended 31 December 2011.

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 asset management, security trading operations, investment banking, corporate advisory services, property development and investment 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 note 44 of financial statements.

Special resolutions

The following special resolutions were passed by Vunani Limited and its major subsidiaries:

1 On 30 March 2011 the company passed a resolution that gave general approval to directors to acquire its own shares;

2. On 24 June 2011, Vunani Property Investment Fund Proprietary Limited, a subsidiary of the group at the time, passed a resolution to update its memorandum of incorporation ("MOI"). The MOI was ammended to allow dividends that are unclaimed after a period of three years after the date they became payable may be forfeited by resolution of the directors for the benefit of the company;

3. On 19 August 2011, remuneration payable to non-executive directors was approved by special resolution at the company's annual general meeting.

4. On 19 August 2011, the approval for the directors to acquire the company's shares was approved by special resolution at the company's annual general meeting.

5. On 19 August 2011, the provision of financial assistance (direct or indirect) by way of loan, guarantee or otherwise to the company's future or present subsidiaries, and/or directors was approved by way of special resolution at the company's annual general meeting.

Directors

Executive directors

EG Dube (Chief Executive Officer)
BM Khoza (Managing Director)
A Judin (Chief Financial Officer)
CE Chimombe-Munyoro
NM Anderson

Independent non-executive directors

WC Ross (Chairman)
G Nzalo
BA Khumalo
JR Macey
NS Mazwi

There have been no changes to the directors, as well as their roles and responsibilities during the year.

Directors' report (continued)

for the year-ended 31 December 2011

Secretary

A Judin

There have been no changes to the secretary, as well as her roles and responsibilities during the year. From 2013, A Judin will not fulfil both the roles of company secretary and chief financial officer.

Shareholding of directors

The shareholding of directors in the issued share capital of the company as At 31 December 2011 was as follows:

	Number of shares held		Total number of shares held
	Beneficially direct ('000s)	Beneficially indirect ('000s)	('000s)
EG Dube	–	1 169 867	1 169 867
NM Anderson	–	731 246	731 246
BM Khoza	–	731 246	731 246
CE Chimombe-Munyoro	–	6 373	6 373
A Judin	4 321	–	4 321
	4 321	2 638 732	2 643 053

EG Dube has purchased 829 600 shares (16 592 shares after share consolidation of 50:1 on 12 March 2012 since year-end and date of approval of the annual report.

Physical and registered address
Vunani House
Athol Ridge Office Park
151 Katherine Street
Sandown, Sandton
2196

Postal address
PO Box 652419
Benmore
2010

Independent auditor's report

for the year-ended 31 December 2011

To the shareholders of Vunani Limited

We have audited the consolidated and separate annual financial statements of Vunani Limited which comprise the statements of financial position as at 31 December 2011, 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, as set out on pages 37 to 137.

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 the requirements of the Companies Act of South Africa, 2008, 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.

Auditors' responsibility

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

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

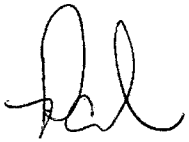
In our opinion, these financial statements present fairly, in all material respects, the consolidated and separate financial position of Vunani Limited as at 31 December 2011, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act of South Africa, 2008.

Independent auditor's report (continued)

for the year-ended 31 December 2011

Other reports required by the Companies Act

As part of our audit of the financial statements for the year-ended 31 December 2011, we have read the directors' report, the audit and risk committee's report and the company secretary's certificate for the purpose of identifying whether there are material inconsistencies between these reports and the audited financial statements. These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.



KPMG Inc.
Registered Auditor

Per G Parker
Chartered Accountant (SA)
Registered Auditor
Director

20 June 2012

KPMG Crescent
85 Empire Road
Parktown
Johannesburg

Consolidated statement of comprehensive income

for the year-ended 31 December 2011

VUNANI LIMITED – GROUP

Figures in Rand 000's	Note	2011	Re-presented 2010
Continuing operations			
Revenue	5	**106 755**	67 454
Gross profit		**106 755**	67 454
Other income	6	**9 360**	25 637
Investment revenue	7	**4 737**	12 747
Loss on disposal of assets	8	**(6 099)**	(1 235)
Fair value adjustments and impairments	9	**48 448**	(141 322)
Operating expenses	10	**(153 207)**	(95 078)
Results from operating activities		**9 994**	(131 797)
Finance income	11	**25 070**	9 495
Finance costs	11	**(64 407)**	(100 522)
Net finance costs		**(39 337)**	(91 027)
Results from operating activities after net finance cost		**(29 343)**	(222 824)
Equity accounted earnings (net of income tax)	17	**5 715**	54 094
Loss before income tax expense		**(23 628)**	(168 730)
Income tax expense	12	**(1 263)**	15 069
Loss from continuing operations		**(24 891)**	(153 661)
Discontinued operations			
(Loss)/profit from discontinued operations (net of taxation)	13	**(33 944)**	108 959
Loss for the year		**(58 835)**	(44 702)
Loss and total comprehensive loss for the year		**(58 835)**	(44 702)
Loss from continuing operations and total comprehensive loss attributable to:			
Owners of the company		**(21 760)**	(142 706)
Non-controlling interest		**(3 131)**	(10 955)
		(24 891)	(153 661)
Loss and total comprehensive loss attributable to:			
Owners of the company		**(47 603)**	(95 551)
Non-controlling interest		**(11 232)**	50 849
		(58 835)	(44 702)
Earnings per share			
Basic loss per share (cents)	37	**(1.0)**	(2.2)
Diluted loss per share (cents)	37	**(1.0)**	(2.2)

Consolidated statement of financial position

at 31 December 2011 **VUNANI LIMITED – GROUP**

Figures in Rand 000's	Note	2011	2010
ASSETS			
Property, plant and equipment	14	**4 191**	32 514
Goodwill	15	**34 123**	46 858
Intangible assets	15	**1 466**	2 443
Investment property	16	**4 000**	915 623
Investments in associates	17	**98 093**	93 434
Other investments	18	**237 981**	380 243
Deferred tax asset	19	**93 886**	62 475
Other non-current assets	20	**4 709**	3 323
Total non-current assets		**478 449**	1 536 913
Inventory	21	**3 287**	3 335
Other investments	18	**181 687**	180 565
Non-current assets held-for-sale	22	**–**	147 939
Taxation prepaid		**154**	389
Trade and other receivables	23	**21 289**	19 253
Accounts receivable from trading activities	24	**95 638**	124 939
Trading securities	25	**1 030**	19
Cash and cash equivalents	26	**17 169**	22 073
Total current assets		**320 254**	498 512
Total assets		**798 703**	2 035 425

Consolidated statement of financial position (continued)

at 31 December 2011 **VUNANI LIMITED – GROUP**

Figures in Rand 000's	Note	2011	2010
EQUITY			
Share capital	27	**527**	476
Share premium	27	**609 561**	601 532
Treasury shares	27	**(14 276)**	–
Share-based payment reserve	32	**2 524**	–
Accumulated loss		**(399 480)**	(351 877)
Equity attributable to equity holders of Vunani Limited		**198 856**	250 131
Non-controlling interest		**13 842**	174 088
Total equity		**212 698**	424 219
LIABILITIES			
Other financial liabilities	28	**103 140**	843 013
Deferred tax liabilities	19	**46 784**	73 823
Total non-current liabilities		**149 924**	916 836
Other financial liabilities	28	**298 585**	391 825
Non-current liabilities held-for-sale	22	**–**	111 871
Current tax payable		**445**	3 538
Trade and other payables	29	**47 225**	50 105
Accounts payable from trading activities	30	**89 407**	122 668
Trading securities	25	**259**	–
Bank overdraft	26	**160**	14 363
Current liabilities		**436 081**	694 370
Total liabilities		**586 005**	1 611 206
Total equity and liabilities		**798 703**	2 035 425
Shares in issue (000s)	27	**5 270 732**	4 763 502
Net asset value per share (cents)	37	**3.8**	5.3
Net tangible asset value per share (cents)	37	**3.1**	4.2

Consolidated statement of changes in equity

for the year-ended 31 December 2011 **VUNANI LIMITED – GROUP**

Figures in Rand 000's	Note	Share capital	Share premium	Revaluation reserve	Treasury shares	Share-based payment reserve	Accumulated 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		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
Comprehensive income										
Loss for the year		–	–	–	–	–	(47 603)	(47 603)	(11 232)	(58 835)
Total comprehensive income		–	–	–	–	–	(47 603)	(47 603)	(11 232)	(58 835)
Transactions with owners, recorded directly in equity										
Issue of shares	27	51	8 029	–	–	–	–	8 080	–	8 080
Share-based payment	32	–	–	–	–	2 524	–	2 524	–	2 524
Treasury shares		–	–	–	(14 276)	–	–	(14 276)	–	(14 276)
Disposal of subsidiaries		–	–	–	–	–	–	–	(149 014)	(149 014)
Total transactions with owners		**51**	**8 029**	**–**	**(14 276)**	**2 524**	**–**	**(3 672)**	**(149 014)**	**(152 686)**
Balance At 31 December 2011		**527**	**609 561**	**–**	**(14 276)**	**2 524**	**(399 480)**	**198 856**	**13 842**	**212 698**

* *The revaluation reserve arose as a result of fair value adjustments to investment property.*

** *The share-based payment reserve is as a result of employees receiving shares of the company for services rendered.*

Consolidated statement of cash flows

for the year-ended 31 December 2011 **VUNANI LIMITED – GROUP**

Figures in Rand 000's	Note	2011	2010
Cash flows from operating activities			
Net cash generated by operating activities	33	**8 717**	99 013
Investment revenue	7	**4 737**	12 747
Finance income		**25 322**	10 075
Finance costs		**(19 196)**	(169 076)
Income tax (paid)/received	34	**(3 195)**	2 518
Net cash utilised by operating activities		**16 385**	(44 723)
Cash flows from investing activities			
Acquisition of property, plant and equipment		**(3 528)**	(2 105)
Proceeds on disposal of property, plant and equipment		**21 117**	–
Proceeds on disposal of discontinued operation		**203 601**	–
Proceeds on disposal of business		**15 600**	–
Acquisition of businesses		**(150)**	1 541
Proceeds on disposal of investment property		**85 040**	–
Acquisition of investment property		**(5 888)**	(1 572)
Increase in investments and loans to associates		**(8 573)**	9 965
Proceeds on disposal of associates		**–**	750
Proceeds on disposal of non current assets held-for-sale		**9 000**	
Proceeds on disposal of other investments		**84 954**	43 942
Acquisition of other investments		**(129 771)**	–
Acquisition of other non-current asset		**(802)**	(2 266)
Transfer of cash to non-current assets held-for-sale		**–**	(1 343)
Net cash inflow from investing activities		**270 600**	48 912
Cash flows from financing activities			
Proceeds from share issue		**–**	310 289
Increase in other financial liabilities		**3 133**	30 400
Repayments of other financial liabilities		**(280 819)**	(340 941)
Net cash outflow from financing activities		**(277 686)**	(252)
Net increase in cash and cash equivalents		**9 299**	3 937
Cash and cash equivalents at the beginning of the year		**7 710**	3 773
Total cash and cash equivalents at end of year	26	**17 009**	7 710

Reporting activities

Vunani Limited ("the company") is a company domiciled in South Africa. The consolidated and separate financial statements of the company as at and for the year-ended 31 December 2012 comprise the company and its subsidiaries (together referred to as the "group") and the group's interest in associated entities. The group operates in the financial services industry.

1. Basis of preparation

1.1 Statement of compliance

The consolidated and separate annual financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS"), its interpretations adopted by the International Accounting Standards Board and the requirements of the Companies Act of South Africa, 2008 and Companies Regulation, 2011 and the AC 500 Series 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 held-for-sale, which are disclosed at the lower of the carrying amount and fair value less costs to sell.

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 has been rounded 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 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 9 – fair value of financial instruments;

Note 19 – utilisation of tax losses;

Note 15 – impairments of goodwill and intangibles;

Note 16 – valuation of investment property; and

Notes 17 and 23 – impairment losses on loans and advances.

1. Basis of preparation (continued)

1.5 Changes in accounting policies

There have been no changes in accounting policies in the current year.

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.

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. 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. The group accounts for subsidiaries on acquisition using the cost method in the separate financial statements.

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 SPE's 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 SPE's management and that result in the group receiving the majority of the benefits related to the SPE's 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 % 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. Accounting policies (continued)

2.1.4 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised profit and loss 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.

2.2 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 asset 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 comprise 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 Financial instruments (continued)

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.

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.

2.3 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:

Buildings	20 years
Leasehold improvements	Remaining lease period
Motor vehicles	4 years
Furniture and fittings	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

2.4 Business combinations (continued)

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.

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, as a gain on bargain purchase. 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 that arises upon the acquisition of business operations is included in intangible assets.

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 it is incurred.

2.5.4 Amortisation

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

2.5 Intangible assets (continued)

2.5.4 Amortisation (continued)

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.

2.6 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 initially measured at cost on initial recognition and subsequently 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.

Finance lease obligations are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability.

Other leases are operating leases and the leased assets are not recognised in the group's statement of financial position.

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

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

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.

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 profit or loss 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 effect 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

2.10 Impairment (continued)

2.10.1 Financial assets (including receivables) (continued)

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.

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

2.11 Employee benefits (continued)

2.11.1 Defined contribution plans (continued)

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.

2.13 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 a finance cost.

2.14 Revenue

2.14.1 Sales of property developments

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

2.14 Revenue (continued)

2.14.1 Sales of property developments (continued

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, including property management and advisory services, 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

Commissons comprise brokerage fees and asset management fees. 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.

2.14.5 Proprietary trading revenue

Revenue consists of trading income earned from trading activities that the company carries out on behalf of its clients. Trading income is recognised upon the successful conclusion of trades for a specific client.

2.14.6 Dividends

Dividend income is recognised in profit or loss the date that the group's right to receive a payment is established, which in the case of quoted securities is the ex-dividend date.

2.15 Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and dividends on preference shares classified as liabilities, 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.

2.16 Discontinued operations

Classification as a discontinued operation occurs on when a component of an entity is disposed or when the operation meets the criteria to be classified as held-for-sale, and:

- represents a separate major line of business or geographical area of operations
- is part of a co-ordinated single plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Whan an operation is classified as a discontinued operation, the comparative statement of comprehensive income is represented as if the operation had been discontinued from the start of the comparative year.

2.17 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 or other comprehensive income. Current taxation comprises taxation

2.17 Income tax (continued)

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, and any adjustment of taxation payable for previous years. 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 reporting date.

Investment property is presumed to be sold except where it can be demonstrated that the economic benefits will be consumed entirely through use.

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 goodwill, 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 the parent is able to control the timing of the reversal of the temporary differences and 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.

2.18 Earnings per share

The group presents basic and diluted earnings per share ("EPS") 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, adjusted for own shares held, for the effects of all dilutive potential ordinary shares which comprise convertible notes and share options granted to employees.

2.19 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.

2.20 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.

The group has the following operating segments:

- Asset management;
- Investment banking and advisory;
- Investments holding;
- Securities broking;
- Properties; and
- Group overhead.

2.21 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the asset. Qualifying assets 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.

2.22 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated into the functional currency at the exchange rate ruling at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation, at year-end exchange rates, of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Non-monetary assets and liabilities measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the foreign exchange rates at the dates the fair value was determined.

Foreign operations

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency are transalted into rands as follows:

- Assets and liabilities are translated at the foreign exchange rate ruling at the financial year-end date; and
- Income and expenses are translated at average exchange rates for the year, to the extent that such average rates

2.22 Foreign currencies (continued)

approximate rates ruling at the dates of the transactions. Exchange differences arising on the translation are recognised directly in a separate component of other comprehensive income (foreign currency translation reserve). When a foreign operation is sold, such exchange differences are recognised in profit or loss as part of the gain or loss on sale.

2.22 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).

Amendment to IAS 19 and IFRIC 20 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:

IFRS 9

IFRS 9 will be adopted by the group for the first time for its financial reporting period ending 31 December 2015. 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.

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 2015. 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:

(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.

2.22 New standards and interpretations not yet adopted (continued)

(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 and accounting for 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.

IFRS 10

IFRS 10 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, if there is a change in the control conclusion between IAS 27/SIC 12 and IFRS 10.

IFRS 10 introduces a single control model to assess whether an investee should be consolidated. This control model requires entities to perform the following in determining whether control exists:

- Identify how decisions about the relevant activities are made;
- Assess whether the entity has power over the relevant activities by considering only the entity's substantive rights;
- Assess whether the entity is exposed to variability in returns; and
- Assess whether the entity is able to use its power over the investee to affect returns for its own benefit.

Control should be assessed on a continuous basis and should be reassessed as facts and circumstances change.

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

IFRS 11

IFRS 11 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 certain transitional provisions.

IFRS 11 establishes that classification of the joint arrangement depends on whether parties have rights to and obligations for the underlying assets and liabilities.

According to IFRS 11, joint arrangements are divided into two types, each having its own accounting model.

Joint operations whereby the jointly controlling parties, known as joint operators, have rights to assets and obligations for the liabilities, relating to the arrangement.

Joint ventures whereby the joint controlling parties, known as joint venturers, have rights to the net assets of the arrangement.

In terms of IFRS 11, all joint ventures will have to be equity accounted.

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

IFRS 12

IFRS 12 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 12 combines, in a single standard, the disclosure requirements for subsidiaries, associates and joint arrangements as well as unconsolidated structured entities.

2.22 New standards and interpretations not yet adopted (continued)

The required disclosures aim to provide information to enable the user to evaluate:

- the nature of, and risks associated with an entity's interests in other entities;
- the effects of those interests on the entity's financial position, financial performance and cash flows; and
- the adoption of the new standard will increase the level of disclosure provided for the entity's interests in subsidiaries, joint arrangements, associates and structured entities.

IFRS 13

IFRS 13 will be adopted by the group for the first time for its financial reporting period ending 31 December 2013. The standard will be applied prospectively and comparatives will not be restated.

IFRS 13 introduces a single source of guidance on fair value measurement for both financial and non-financial assets and liabilities by defining fair value, establishing a framework for measuring fair value and setting out disclosures requirements for fair value measurements. The key principles in IFRS 13 are as follows:

- Fair value is an exit price;
- Measurement considers characteristics of the asset or liability and not entity-specific characteristics;
- Measurement assumes a transaction in the entity's principal (or most advantageous) market between market participants;
- Price is not adjusted for transaction costs;
- Measurement maximises the use of relevant observable inputs and minimises the use of unobservable inputs; and
- The three-level fair value hierarchy is extended to all fair value measurements.

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

Amendment to IAS 1

The amendment to IAS 1 will be adopted by group for the first time for its financial reporting period ending 31 December 2013.

The group will present those items of other comprehensive income that may be reclassified to profit or loss in the future separately from those that would never be reclassified to profit or loss. The related tax effects for the two sub-categories will be shown separately.

This is a change in presentation and will have no impact on the recognition or measurement of items in the financial statements.

This amendment will be applied retrospectively and the comparative information will be restated.

IAS 27

The amendment to IAS 27 (2011) will be adopted by group for the first time for its financial reporting period ending 31 December 2013.

IAS 27 (2011) supersedes IAS 27 (2008). IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications.

The adoption of IAS 27 (2011) will not have a significant impact on the company's separate financial statements.

IAS 28

The amendment to IAS 28 (2011) will be adopted by group for the first time for its financial reporting period ending 31 December 2013.

IAS 28 (2011) supersedes IAS 28 (2008) and carries forward the existing accounting

2.22 New standards and interpretations not yet adopted (continued)

and disclosure requirements with limited amendments. These include:

- IFRS 5 is applicable to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held-for-sale; and
- On cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture or vice versa, the company does not remeasure the retained interest.

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

Amendment to IFRS 7

The amendment to IFRS 7 will be adopted by group for the first time for its financial reporting period ending 31 December 2012.

In terms of the amendments additional disclosure will be provided regarding transfers of financial assets that are:

- not derecognised in their entirety; and
- derecognised in their entirety but for which the group retains continuing involvement.

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. Valuations are performed annually. 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.

3.2 Investments in equity and debt securities

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

3.3 Unlisted investments

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

3.4 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.

3.5 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.

3.6 Financial liabilities at fair value through profit or loss (continued)

The group's financial liabilities held at fair value through profit or loss are all linked to listed equity investments held by the group and are accounted for in special purpose entities. The fair value adjustments that relate to financial liabilities are not a result of the group's inability to discharge its obligation, but rather in terms of the agreements with its lenders. The terms of the financial liability are such that in the event that asset fair value falls below the face value of the liability, the group is not obligated to pay the full face of the debt, but rather a value that is directly linked to the value of the related asset. The full fair value adjustment is considered to be as a result of a change in market conditions.

4. Financial risk management

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

- liquidity risk;
- credit risk; and
- 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 and risk 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 risk is to ensure, as far as possible, that it will always have sufficient liquidity or near liquid assets 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, consist principally of trade and other receivables and cash and cash equivalents.

4.2 Credit risk (continued)

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 allowance is required.

The trade and other receivables relate to trade receivables and value added taxation ("VAT") due from the South African Revenue Service ("SARS"). The group reviews accounts receivable monthly. Unless customers have good payment records, an impairment allowance is created for any unpaid trade receivables that are outstanding for greater than 60 days.

The group deposits cash surpluses with major banks.

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 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 interest rate risk on funds that are borrowed at variable interest rates. The group manages its exposure to interest rate fluctuations by reviewing interest rate projections and fixing the rate of interest where appropriate.

4.4 Equity price risk

The group is exposed to equity price risk on its BBBEE 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. The investments are not hedged and the pricing is reviewed on a daily basis.

4.5 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 a 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 28 and 29, and equity as disclosed in the statement of financial position. The group monitors capital on the basis of the gearing ratio.

In all externally regulated entities there are capital adequacy requirements for the day-to-day operations. Each entity has a compliance officer who is responsible for monitoring these requirements. The compliance officer reports to the board of directors of each entity to ensure the requirements are met.

	Figures in Rand 000's	2011	Represented 2010
5.	**REVENUE**		
	Sales of property developments	**240**	4 230
	Rental income	**19**	56
	Proprietary trading income	**12 580**	942
	Advisory fees	**34 099**	19 424
	Brokerage and asset management fees	**59 817**	42 802
		106 755	67 454
6.	**OTHER INCOME**		
	Bargain purchase on acquisition (refer to note 35)	**346**	22 770
	Sundry income	**387**	584
	Management fees	**2 611**	1 972
	Realisation of deferred income (refer to note 17)	**3 573**	–
	Rental guarantee reversal	**2 000**	–
	Client administration fees	**443**	212
	Recovery of bad debts	**–**	99
		9 360	25 637
7.	**INVESTMENT REVENUE**		
	Dividend income		
	Dividend income from listed shares	**4 627**	12 101
	Dividend income from unlisted shares	**110**	646
		4 737	12 747
8.	**NET LOSS ON DISPOSAL OF ASSETS**		
	Loss on disposal of subsidiaries (refer to note 36)	**(14 971)**	(2 149)
	Loss on disposal of associates	**–**	(306)
	Profit on disposal of property, plant and equipment	**703**	40
	Profit on disposal of non-current assets held-for-sale	**7 969**	–
	Profit on disposal of other investments	**200**	1 180
		(6 099)	(1 235)

Figures in Rand 000's	2011	Represented 2010
9. FAIR VALUE ADJUSTMENTS AND IMPAIRMENTS		
Investment property	**810**	3 858
Financial assets and liabilities – held at fair value through profit or loss (refer below)	**47 786**	(88 819)
Impairment of investment of associate	**–**	(30 700)
Impairment of non-current assets held-for-sale	**(201)**	–
Goodwill impairment	**–**	(20 011)
Reversal/(impairment) of loans to associates	**53**	(5 472)
Other impairments	**–**	(178)
	48 448	(141 322)
Adjustments on financial assets and liabilities at fair value through profit or loss comprise the following:		
Other financial liabilities	**96 666**	(88 003)
Other investments – listed shares	**(28 392)**	34 858
Other investments – unlisted shares	**(20 488)**	(35 674)
	47 786	(88 819)

Figures in Rand 000's	2011	Represented 2010
10. OPERATING EXPENSES		
Operating expenses are arrived at after taking the following into account:		
Amortisation of other non-current assets (refer to note 20)	**–**	1 338
Amortisation of other intangible assets	**977**	1 739
Property, plant and equipment		
Depreciation	**2 030**	1 926
Auditor's remunerations	**3 831**	2 780
current year	**2 974**	2 593
prior year	**653**	–
other services	**204**	187
Operating lease expense	**5 477**	3 572
	12 314	10 101
Directors' emoluments (refer note 40)		
Directors' fees	**716**	722
Salaries	**8 004**	7 138
Bonuses	**1 633**	745
Provident fund and medical aid contributions	**1 371**	1 496
Equity settled share-based payments	**590**	–
Staff costs (excluding directors' emoluments)	**61 920**	43 070
Staff provident fund contributions	**3 014**	1 874
Bad debt expense	**802**	3 590
Equity settled share-based payment charge (excluding directors)	**1 934**	–

Figures in Rand 000's	2011	Represented 2010
11. FINANCE INCOME AND FINANCE COSTS		
Recognised in profit and loss		
Interest received – investments	**5 440**	7 740
Interest received – loan and receivables	**18 876**	776
Interest received – bank deposits	**754**	979
Finance income	**25 070**	9 495
Interest charge – bank overdraft	**(408)**	(1 095)
Interest charge – long term borrowings	**(40 618)**	(68 864)
Interest charge – debentures	**(4 054)**	(3 438)
Preference dividend	**(19 327)**	(27 125)
Finance costs	**(64 407)**	(100 522)
Net finance costs	**(39 337)**	(91 027)
Interest expense on financial liabilities measured at amortised cost	**(14 895)**	(39 156)
Interest expense on financial liabilities measured at fair value through profit or loss	**(49 512)**	(61 366)
Finance costs	**(64 407)**	(100 522)

Refer to note 18 and 28 for details of assumptions used in determining the fair values of other investments and other financial liabilities respectively.

Figures in Rand 000's	2011	Represented 2010
12. INCOME TAX EXPENSE		
Current tax expense		
Current year	**(426)**	16 911
Adjustment for prior periods	**89**	(87)
	(337)	16 824
Deferred tax expense		
Current year	**(728)**	(396)
Origination and reversal of temporary differences	**(5 576)**	(11 472)
Previoulsy unrecognised deferred tax assets	**4 848**	11 076
Secondary tax on companies	**(198)**	(1 359)
	(926)	(1 755)
Total income tax expense recognised in profit and loss	**(1 263)**	15 069
Reconciliation of effective tax rate	**%**	%
Income tax rate	**(28.0)**	(28.0)
Disallowed expenditure	**130.0**	15.8
Equity accounted earnings	**(6.9)**	(4.3)
Tax exempt income	**(11.1)**	(60.1)
Fair value gains or losses at capital gains tax rate	**(70.0)**	62.1
Capital gains tax	**(6.9)**	0.2
Unrecognised deferred tax assets	**12.3**	6.6
Secondary tax on companies	**4.8**	0.8
Prior period adjustments	**0.6**	(1.8)
Assessed loss utilised	**(14.3)**	–
Schedule 8 interest	**(5.2)**	(0.2)
	5.3	(8.9)

Basis of calculation

The above is a numerical reconciliation between the average effective tax rate and the applicable tax rate. The applicable tax rate is the aggregate of the national income tax rate of 28%, the effective capital gains tax rate of 14% and the secondary tax on companies rate of 10%.

13. DISCONTINUED OPERATION

A strategic decision was made early in the year to restructure the property assets of the group in order to reduce debt on the statement of financial position. This culminated in Vunani listing a significant portion of its investment property portfolio on the JSE Limited on 11 August 2011. As these assets related to a major line of Vunani's business, the related activities have been presented as a discontinued operation. The segment was not classified as held-for-sale or a discontinued operation at 31 December 2010 as the decision to dispose of the assets was made in the 2011 financial year. The comparative for the December 2011 consolidated statement of comprehensive income has been re-presented to show the discontinued operation separately from continuing operations.

The group also disposed of its investment in Vunani Portfolio Solutions Proprietary Limited ("VPS"). This investment was previously classified in the asset management segment. It was considered a separate major line of business as it was the only business in the segment that provided a consultancy service to asset management businesses, whilst the remaining businesses provide asset management services as their main business. It was not classified as held-for-sale or a discontinued operation at 31 December 2010 as the decision to dispose of the assets was made in the 2011 financial year. The comparative for the December 2011 consolidated statement of comprehensive income has been represented to show the discontinued operation separately from continuing operations.

Figures in Rand 000's	2011	Represented 2010
Results of discontinued operation		
Revenue	**79 956**	125 733
Other income	**96**	973
Fair value adjustments and impairments	**(206)**	116 580
Operating expenses	**(36 171)**	(50 365)
Results from operating activities	**43 675**	192 921
Net finance cost	**(54 234)**	(67 983)
(Loss)/profit before income tax expenses	**(10 559)**	124 938
Income tax expense	**(262)**	(15 979)
(Loss)/profit after taxation	**(10 821)**	108 959
Loss on sale of discontinued operation (refer below)	**(23 123)**	–
(Loss)/profit for the year	**(33 944)**	108 959
Attributable to non-controlling interest	**8 101**	(61 804)
(Loss)/profit from discontinued operation attributable to owners of the company	**(25 843)**	**47 155**
Basic (loss)/earnings per share (cents)	**(0.5)**	1.1
Diluted (loss)/earnings per share (cents)	**(0.5)**	1.1
Headline (loss)/earnings per share (cents)	**(0.2)**	0.1

Figures in Rand 000's	2011	Represented 2010
13. DISCONTINUED OPERATION (continued)		
Cash flows from discontinued operation		
Net cash generated by operating activities	**58 082**	21 206
Net cash inflow/(outflow) from investing activities	**550 200**	(144 087)
Net cash (outflow)/inflow from financing activities	**(613 376)**	124 602
Net cash (outflows)/inflows for the year	**(5 094)**	1 721

	Asset management	Property investments	2011* Total
Property, plant and equipment	–	6 218	**6 218**
Investment property	–	836 593	**836 593**
Other non-current assets	–	2 989	**2 989**
Goodwill	3 100	–	**3 100**
Trade and other receivables	1 034	8 561	**9 595**
Cash and cash equivlents	13	4 256	**4 269**
Deferred tax	18	(49 040)	**(49 022)**
Trade and other payables	(148)	(20 022)	**(20 170)**
Other financial liabilities	–	(415 624)	**(415 624)**
Non-controlling interest	–	(145 027)	**(145 027)**
Net assets and liabilities disposed	4 017	228 904	**232 921**
Profit/(loss) on sale of discontinued operation	83	(23 206)	**(23 123)**
Proceeds	4 100	205 698	**209 798**
Consideration receivable	(1 928)	–	**(1 928)**
Consideration received in cash	2 172	205 698	**207 870**
Cash and cash equivlents disposed of	(13)	(4 256)	**(4 269)**
Net cash received	2 159	201 442	**203 601**

* *There were no discontinued operations in 2010 and therefore there are no comparatives.*

Figures in Rand 000's	Land	Buildings	Leasehold improve-ment	Motor vehicles	Furniture and fittings	Office equipment	Computer equipment and software	Total
14. PROPERTY, PLANT AND EQUIPMENT								
Cost								
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
Additions	–	–	5	–	346	145	3 032	3 528
Disposals	(2 541)	(22 864)	(3 418)	–	(2 619)	(231)	(2 117)	(33 790)
Transfer to investment property	(3 189)	–	–	–	–	–	–	(3 189)
Balance at 31 December 2011	**–**	**–**	**3 756**	**75**	**1 710**	**1 263**	**7 047**	**13 851**
Accumulated depreciation and impairment losses								
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 to investment property	–	–	(902)	–	–	–	–	(902)
Balance at 31 December 2010	–	(4 591)	(3 229)	(69)	(1 479)	(1 160)	(4 260)	(14 788)
Depreciation	–	(400)	(644)	(6)	(156)	(115)	(709)	(2 030)
Disposals	–	4 991	734	–	474	204	755	7 158
Balance at 31 December 2011	**–**	**–**	**(3 139)**	**(75)**	**(1 161)**	**(1 071)**	**(4 214)**	**(9 660)**
Carrying amounts								
At 31 December 2010	5 730	18 273	3 940	6	2 504	189	1 872	32 514
At 31 December 2011	**–**	**–**	**617**	**–**	**549**	**192**	**2 833**	**4 191**

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
15. GOODWILL AND INTANGIBLE ASSETS			
Cost			
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
Disposal of discontinued operation	(3 100)	–	(3 100)
Disposal of subsidiary	(9 635)	–	(9 635)
Balance at 31 December 2011	**87 054**	**28 001**	**115 055**
Accumulated amortisation and impairment			
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)
Amortisation	–	(977)	(977)
Balance at 31 December 2011	**(52 931)**	**(26 535)**	**(79 466)**
Carrying amounts			
At 31 December 2010	46 858	2 443	49 301
At 31 December 2011	**34 123**	**1 466**	**35 589**

During the year the group disposed of its entire shareholding in Vunani Portfolio Solutions Proprietary Limited and a 3% shareholding in Integrated Managed Investments Properietary Limited which resulted in a decrease in goodwill of R12.7 million.

The remaining goodwill and intangibles in the group arose from the business combinations of Vunani Securities Proprietary Limited and Vunani Fund Managers Proprietary Limited.

It is the group's policy to test the impairment of goodwill and intangibles on an annual basis even if there are no indicators of impairment.

Assumptions applied in testing for the impairment of goodwill

Vunani Fund Managers Proprietary Limited

The carrying amount of goodwill and intangibles that arose through historic business combinations is R27.7 million and R1.5 million respectively.

The recoverable amount was determined as the value in use of the company.

15. GOODWILL AND INTANGIBLE ASSETS (continued)

The significant driver of the valuation is the expected growth in assets under management resulting from new fund inflows and investment returns and taking into account client withdrawals, mandate cancellations and levels of client retention. The assumptions applied for each of these variables are conservative and match those applied in the reparation of group budgets and forecasts. Assumptions are supported by past experience. A percentage of the funds under management was used to determine the value of the company.

As a result of the above analysis the group does not believe that the goodwill needs to be impaired.

Vunani Securities Proprietary Limited

The carrying amount of goodwill that arose through historic business combinations is R6.4 million.

The recoveravable amount was determined as the value in use of the company. As such future cashflows were discounted at a rate of 9% to determine a valuation. A 10% annual growth is expected, while expenses are expected to increase based on inflation.

The significant driver of the valuation is expected growth in revenue due to increased reasearch offering and stock, bonds and money market dealing capability that arose from the acquisition of KSL in 2010. The assumptions applied for each of these variables are conservative and match those applied in the reparation of group budgets and forecasts. Assumptions are supported by past experience.

As a result of the above the group does not believe that the goodwill needs to be impaired.

Figures in Rand 000's	2011	2010
16. INVESTMENT PROPERTY		
Balance at beginning of year	**915 623**	800 398
Transfer from/(to) property, plant and equipment	**3 189**	(4 510)
Disposal of discontinued operation	**(836 593)**	–
Disposal of investment property	**(85 040)**	–
Additions	**5 888**	1 572
Fair value adjustments	**604**	116 580
Operating lease – straight lining	**329**	1 583
Balance at end of the year	**4 000**	915 623

A strategic decision was made early in the year to restructure the property assets of the group in order to reduce debt on the statement of financial position. This culminated in Vunani listing a significant portion of its investment property portfolio on the JSE Limited on 11 August 2011.

As a result of the above the investment property portfolio comprises a single piece of land that is held for capital appreciation purposes.

16. INVESTMENT PROPERTY (continued)

Details of valuation

The effective date of the revaluation was 31 December 2011. Revaluations are performed annually. In the current year the revaluations were performed independently by Wraypex 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.

Significant assumptions

The valuation for the investment property was based on current market conditions and property sales achieved recently.

The investment property (land only) is situated at Erf 562 Blair Atholl, Extension 3.

17. INVESTMENTS IN ASSOCIATES

Figures in Rand 000's	Investment in associates	Loans to associates	Total
Balance at 31 December 2009	**204 796**	**41 673**	**246 469**
Increase in loans to associates	–	2 298	2 298
Reversal of 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 22)	(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	Investments in associates	Loans to associates	Total
17. INVESTMENTS IN ASSOCIATES (continued)			
Balance at 31 December 2010	**55 840**	**37 594**	**93 434**
Increase in investments in associates	4 688	–	4 688
Advance of loans to associates	–	3 885	3 885
Reversal of impairments	–	53	53
Equity accounted earnings	5 715	–	5 715
Dividends received	(5 580)	–	(5 580)
Transfer from investment in subsidiaries (refer to note 36)	9 323	312	9 635
Transfer to other investments	(13 404)	(333)	(13 737)
Reclassification	(169)	169	–
Balance at 31 December 2011	**56 413**	**41 680**	**98 093**

Figures in Rand 000's	2011	2010
Disposals		
The following investments in associates was disposed of:		
Mazars Moores Rowland Corporate Finance Proprietary Limited	–	1 058

Impairments

Annually, the group reviews the recoverability of investments in asociates. Investments in associates and loans to associates are impaired if the investee is making losses and the cumulative losses are in excess of the carrying amountof the investment.

Acquisitions

During 2010, 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.

Figures in Rand 000's	2011	2010
Option to acquire investment in Black Wattle Colliery Proprietary Limited	**17 864**	17 864
Deferred income recognised in statement of comprehensive income	**(14 291)**	(17 864)
Deferred income recognised	**3 573**	–

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.

Figures in Rand 000's	Effective ownership	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
17. INVESTMENTS IN ASSOCIATES (continued)							
At 31 December 2011							
Avram International LLC	26.0%	–	–	–	–	–	–
Basfour 558 Proprietary Limited*	31.2%	–	–	–	–	–	–
Baycove Properties 2 Proprietary Limited	35.1%	1 452	–	1 452	(1 364)	–	(1 364)
Black Wattle Colliery Proprietary Limited	37.5%	111 239	99 484	210 723	(182 390)	(9 136)	(191 526)
Blue Age Properties 61 Proprietary Limited	26.0%	3 479	–	3 479	(3 678)	–	(3 678)
Buttonwood Proprietary Trading Proprietary Limited	25.0%	1 964	361	2 325	(1 697)	(123)	(1 820)
Civils 2000 Holdings Proprietary Limited	20.4%	54 427	3 028	57 455	(24 489)	(32 819)	(57 308)
Glenhove Fund Managers Proprietary Limited	29.6%	134	35	169	(215)	–	(215)
Greenstone Hill Office Park Proprietary Limited	31.2%	42 684	150 800	193 484	(3 078)	(123 943)	(127 021)
Lexshell 638 Investments Proprietary Limited	39.0%	268	67 117	67 385	(5 791)	(39 634)	(45 425)
Loato Properties Proprietary Limited	31.6%	30 884	1	30 885	(33 446)	(138)	(33 584)
Before Sunset Properties 37 Proprietary Limited	25.3%	1	–	1	(56)	–	(56)
Micawber 534 Proprietary Limited*	47.6%	1	–	1	(10 662)	–	(10 662)
Orion Properties 14 Proprietary Limited	26.5%	81 362	976	82 338	(42 617)	(40 261)	(82 878)
Papillon in Flight Proprietary Limited	26.0%	–	–	–	–	–	–
Integrated Managed Investments Proprietary Limited	48.0%	1 269	141	1 410	(1 358)	–	(1 358)

Figures in Rand 000's	Effective ownership	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
17. INVESTMENTS IN ASSOCIATES (continued)							
At 31 December 2011							
Royal Albatross Properties 379 Proprietary Limited	39.0%	32 656	587	33 243	(17 442)	(13 996)	(31 438)
Street Spirit Trading# 169 Proprietary Limited	19.5%	663	5 045	5 708	(5 751)	–	(5 751)
Vunani Capital Zimbabwe (Private) Limited	49.0%	112	151	263	(760)	–	(760)
Vunani Private Client Holdings Proprietary Limited	40.0%	10 975	4 421	15 396	(4 913)	–	(4 913)
Vunani Solar Power Proprietary Limited	26.0%	72	–	72	(52)	–	(52)
Wisdom of Africa Proprietary Limited (dormant)	35.0%	–	–	–	–	–	–
		373 642	**332 147**	**705 789**	**(339 759)**	**(260 050)**	**(599 809)**

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

\# *The investment is equity accounted because the group has an indirect interest through a subsidiary which the group owns less than 100% resulting in an effective investment of less than 20%. The group is able to exercise significant influence at the subsidiary level.*

Figures in Rand 000's	Effective ownership	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
17. INVESTMENTS IN ASSOCIATES (continued)							
At 31 December 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)

Figures in Rand 000's	Effective ownership	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
17. INVESTMENTS IN ASSOCIATES (continued)							
At 31 December 2010							
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)

* *In the process of being deregistered.*

\# *The investment is equity accounted because the group has an indirect interest through a subsidiary which the group owns less than 100% resulting in an effective investment of less than 20%. The group is able to exercise significant influence at the subsidiary level.*

Figures in Rand 000's	Revenue	Profit/ (loss)	Cost of investment	Loans to associates	Impairments	Cumulative equity earnings net of dividends	Net carrying amount
17. INVESTMENTS IN ASSOCIATES (continued)							
For the year-ended 31 December 2011							
Avram International LLC	–	–	1 833	–	–	–	1 833
Basfour 558 Proprietary Limited*	–	–	*	–	–	–	–
Baycove Properties 2 Proprietary Limited	–	(1 311)	*	35	–	39	74
Before Sunset Properties 37 Proprietary Limited	–	(9)	*	–	–	–	–
Black Wattle Colliery Proprietary Limited	330 024	(7 795)	*	–	–	–	–
Blue Age Properties 61 Proprietary Limited	–	(40)	*	1 273	(171)	–	1 102
Buttonwood Proprietary Trading Proprietary Limited	8 956	961	1 555	–	–	200	1 755
Civils 2000 Holdings Proprietary Limited	144 421	(10 717)	4	24 996	–	(4)	24 996
Glenhove Fund Managers Proprietary Limited	2 868	(311)	1 150	499	–	(1 150)	499
Greenstone Hill Office Park Proprietary Limited	12 224	14 418	*	33	–	26 732	26 765
Integrated Managed Investments Proprietary Limited	6 946	11	9 323	312	–	5	9 640
Lexshell 638 Investments Proprietary Limited	9 263	(403)	*	261	–	10 980	11 241
Loato Properties Proprietary Limited	–	(710)	*	3 626	(3 626)	–	–

* *Less than R1 000.*

Figures in Rand 000's	Revenue	Profit/ (loss)	Cost of investment	Loans to associates	Impairments	Cumulative equity earnings net of dividends	Net carrying amount
17. INVESTMENTS IN ASSOCIATES (continued)							
For the year-ended 31 December 2011 (continued)							
Micawber 534 Proprietary Limited**	–	(4)	*	5 150	(5 150)	75	75
Orion Properties 14 Proprietary Limited	14	(1 352)	*	8 200	–	(189)	8 011
Papillon in Flight Proprietary Limited	–	–	3 191	–	(3 191)	3 159	3 159
Royal Albatross Properties 379 Proprietary Limited	53 211	3 313	711	4 087	–	690	5 488
Street Spirit Trading 169 Proprietary Limited	–	(3)	*	1 438	(43)	–	1 395
Vunani Capital Zimbabwe (Private) Limited	–	(667)	*	760	–	–	760
Vunani Private Client Holdings Proprietary Limited	6 169	567	*	–	–	–	–
Vunani Solar Power Proprietary Limited	644	18	1 300	–	–	–	1 300
Wisdom of Africa Proprietary Limited (dormant)	–	–	–	–	–	–	–
	574 740	(4 034)	19 067	50 670	(12 181)	40 537	98 093

* *Less than R1 000.*

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

	Investment at cost	Loans to associates	Total
Investment at cost and loans to associates	19 067	50 670	**69 737**
Impairments	(3 191)	(8 990)	**(12 181)**
Cumulative equity earnings net of dividends	40 537	–	**40 537**
	56 413	41 680	**98 093**

Figures in Rand 000's	Revenue	Profit/ (loss)	Cost of investment	Loans to associates	Impairments	Cumulative equity earnings net of dividends	Net carrying amount
17. INVESTMENTS IN ASSOCIATES (continued)							
For the year-ended 31 December 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

Figures in Rand 000's	Revenue	Profit/ (loss)	Investment at cost	Loans to associates	Impairments	Cumulative equity earnings net of dividends	Carrying amount
17. INVESTMENTS IN ASSOCIATES (continued)							
For the year-ended 31 December 2010							
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.*

** *In the process of being deregistered.*

	Investment at cost	Loans to associates	**Total**
17. INVESTMENTS IN ASSOCIATES (continued)			
Investment at cost and loans to associates	8 440	46 896	**55 336**
Impairments	(3 191)	(9 099)	**(12 290)**
Cumulative equity earnings net of dividends	50 388	–	**50 388**
	55 637	37 797	**93 434**

All associates are incorporated in the Republic of South Africa, with the exception of Vunani Capital Zimbabwe (Private) Limited. 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:

- Civils 2000 Holdings Proprietary Limited
- Glenhove Fund Managers 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 2011 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	**2011**	2010
Basfour 554 Proprietary Limited	–	*
Baycove Developments Proprietary Limited	–	29
Blue Age Properties 61 Proprietary Limited	**13**	53
Cape Gannet Properties 242 Proprietary Limited	–	165
Glenhove Fund Managers Proprietary Limited	**92**	257
Kareebosch Estate Proprietary Limited	*	19
Royal Albatross Properties 379 Proprietary Limited	–	43
Street Spirit Trading Proprietary Limited	–	11
	105	577

* *Less than R1 000.*

** *In the process of being deregistered.*

*** *Deregistered.*

17. INVESTMENTS IN ASSOCIATES (continued)

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

Figures in Rand 000's	2011	2010
Basfour 554 Proprietary Limited	*	*
Baycove Developments Proprietary Limited	–	29
Blue Age Properties 61 Proprietary Limited	66	53
Cape Gannet Properties 242 Proprietary Limited	–	165
Glenhove Fund Managers Proprietary Limited	1 242	1 150
Kareebosch Estate Proprietary Limited	20	19
Royal Albatross Properties 379 Proprietary Limited	–	754
Street Spirit Trading Proprietary Limited	11	11
	1 339	2 181

18. OTHER INVESTMENTS

	2011	2010
Balance at begining of year	560 808	616 964
Fair value adjustments	(48 880)	(816)
Additions	146 713	19 780
Disposals	(252 710)	(74 787)
Transfer from/(to) associates	13 737	(333)
Balance at end of year	419 668	560 808

18. OTHER INVESTMENTS (continued)

at 31 December 2011

Figures in Rand 000's	Investments					Related borrowings		
	Number of shares held (million)	% holding	Listed	Unlisted	Fair value	Total borrowings	Secured by underlying investment	Secured by group companies
African Legends Limited ***	2.2	2.40%	–	*	*	–	–	–
Arrowhead Limited	0.5	****	2 456	–	2 456	–	–	–
Brikor Limited	130.0	21.15%	15 600	–	15 600	(47 023)	(15 600)	(31 423)
Basil Read Limited	4.3	3.45%	60 183	–	60 183	(81 771)	(60 183)	(21 588)
Consolidated Infrastructure Group Limited (previously Buildworks Limited)	0.6	0.50%	5 700	–	5 700	(5 362)	(5 362)	–
BSI Limited	20.2	3.00%	12 800	–	12 800	(20 584)	(12 800)	(7 784)
Wesizwe Platinum Limited	29.8	1.83%	43 452	–	43 452	(43 450)	(43 450)	–
Esor Limited	7.7	1.94%	10 723	–	10 723	–	–	–
Gidani Proprietary Limited	*	10.80%	–	33 892	33 892	–	–	–
Johannesburg Stock Exchange Limited	0.3	0.30%	19 580	–	19 580	–	–	–
Respiratory Care Africa Proprietary Limited	*	1.00%	–	1 432	1 432	–	–	–
Redefine Income Fund Limited	8.0	0.30%	59 200	–	59 200	(57 660)	(57 660)	–
Solethu Investments Proprietary Limited	15.9	15.00%	–	2	2			
Trilinear Equity Fund	*	–	–	1 099	1 099	–	–	–
Vunani Property Investment Fund Limited	18.2	15.00%	130 689	–	130 689	–	–	–
Qphoto Investment Proprietary Limited	*	10.00%	–	*	*	–	–	–
PSV Limited	47.5	19.16%	5 700	–	5 700	(14 212)	(5 700)	(8 512)
Workforce Holdings Limited	42.9	19.00%	17 160	–	17 160	(14 049)	(14 049)	–
			383 243	36 425	419 668	(284 111)	(214 804)	(69 307)

Figures in Rand 000's	Investments					Related borrowings		
	Number of shares held (million)	% holding	Listed	Unlisted	Fair value	Total borrowings	Secured by underlying investment	Secured by group companies
18. OTHER INVESTMENTS (continued)								
Disclosed as:								
Non-current			**235 448**	**2 533**	**237 981**	**(101 110)**	**(101 110)**	**–**
Current**			**147 795**	**33 892**	**181 687**	**(183 001)**	**(113 694)**	**(69 307)**
			383 243	**36 425**	**419 668**	**(284 111)**	**(214 804)**	**(69 307)**

* *Less than R1000*

** *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*

**** *The percentage holding is less than 0,1%*

***** *The investment in Brikor is greater than 20% but the company does not have the ability to exercise significant influence.*

The unlisted investments are fair valued annually by the directors. Total funds under management are used as the basis for valuing asset management businesses. 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 9 and note 28. Financial liabilities at fair value include capitalised interest and attributable profit participation. Details of the financial liabilities are detailed in note 28.

Figures in Rand 000's	Investments					Related borrowings		
	Number of shares held (million)	% holding	Listed	Unlisted	Fair value	Total borrowings	Secured by underlying investment	Secured by group companies
18. OTHER INVESTMENTS (continued)								
at 31 December 2010								
African Legends Limited***	2.2	2.40%	–	*	*	–	–	–
Brikor Limited*****	130.0	20.28%	16 900	–	16 900	(54 463)	(16 900)	(37 563)
Basil Read Limited	4.4	3.60%	54 097	–	54 097	(98 538)	(54 097)	(44 441)
Consolidated Infrastructure Group Limited (previously Buildworks Limited)	0.6	0.50%	5 130	–	5 130	(5 083)	(5 083)	–
BSI Limited	50.0	7.00%	31 000	–	31 000	(58 843)	(31 000)	(27 843)
Wesizwe Platinum Limited	29.8	3.70%	71 428	–	71 428	(70 291)	(70 291)	–
Esor Limited	10.0	3.50%	21 000	–	21 000	–	–	–
Interwaste Holdings Limited	47.5	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	0.30%	19 780	–	19 780	–	–	–
Nqoba Gaming Proprietary Limited***	*	17.50%	–	*	*	–	–	–
Qphoto Investment Proprietary Limited	*	10.00%	–	*	*	–	–	–
Peregrine Holdings Limited	15.0	6.6%	173 564	–	173 564	(130 741)	(130 741)	–
Respiratory Care Africa Proprietary Limited	*	1.00%	–	1 432	1 432	–	–	–
Redefine Income Fund Limited	8.0	0.30%	63 920	–	63 920	(58 114)	(58 114)	–
Waterstone Park Development Company Proprietary Limited	*	6,8 %	–	619	619	–	–	–
PSV Limited	47.5	19%	11 400	–	11 400	(16 970)	(11 400)	(5 570)
Workforce Holdings Limited	42.9	19.00%	17 160	–	17 160	(12 916)	(12 916)	–

Figures in Rand 000's	Number of shares held (million)	% holding	Investments Listed	Investments Unlisted	Fair value	Related borrowings Total borrowings	Related borrowings Secured by underlying investment	Related borrowings Secured by group companies
18. OTHER INVESTMENTS (continued)								
			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)	(3)
Current**			135 687	44 878	180 565	(246 813)	(131 396)	(115 417)
			513 879	**46 929**	**560 808**	**(534 462)**	**(419 042)**	**(115 420)**

* *Less than R 1000.*

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

*** *The investment in Brikor is greater than 20% but the company does not have the ability to exercise significant influence.*

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

Figures in Rand 000's	2011	2010
19. DEFERRED TAX		
Deferred tax comprises:		
Deferred tax assets	**93 886**	62 475
Deferred tax liabilities	**(46 784)**	(73 823)
	47 102	(11 348)

The group has recognised certain deferred tax assets as they are expected to be realised against future taxable profits. The basis of future taxable profits has been established through a detailed budgeting process performed by the group.

The group's budgeting process is based on a bottom up approach. Each operating entity in the group has its own detailed monthly budget for the next year. The budgets also include forecasts for the next three years, which are adjusted for expected increases in revenues for the forecasted years. These are then incorporated to create a group budget.

Recognised deferred tax assets and (liabilities) comprise:		
Fair value adjustments	**7 904**	(39 313)
Intangible assets	**(3 598)**	(2 192)
Trade and other receivables	**639**	(321)
Provisions	**6 162**	4 012
Secondary tax on companies	**(5 572)**	(5 374)
Tax loss carry-forwards	**41 619**	31 840
Prepayments	**(52)**	–
	47 102	(11 348)
Reconciliation of movement in deferred tax		
Balance at the beginning of the year	**(11 348)**	(9 040)
Charge against profit and loss	**(926)**	(1 755)
Acquired through business combination	**–**	(474)
Transfers to non-current assets and liabilities held-for-sale	**–**	(201)
Disposal of businesses	**10 336**	–
Disposals of discontinued operations	**49 022**	–
Other	**18**	122
Balance at the end of the year	**47 102**	(11 348)
Unrecognised deferred tax assets		
Estimated tax losses available for utilisation against future taxable income	**181 885**	158 870
Applied to reduce deferred tax liabilities	**(148 639)**	(113 714)
Estimated tax losses carried forward	**33 246**	45 156

Figures in Rand 000's	2011	2010

19. DEFERRED TAX (continued)

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

No deferred tax assets have been recognised for unused STC credits.

Tax on future dividends

If the group declares dividends to its shareholders subsequent to 1 April 2012 it will be liable to pay over a withholding tax of 15% of the dividend declared.

20. OTHER NON-CURRENT ASSETS

Amortisation of initial direct costs of operating lease income and deferred income on option		
Balance at the beginning of the year	**3 323**	2 395
Additions	**802**	2 266
Movement between fair value of option and deferred income	**3 573**	–
Disposals on discontinued operation	**(2 989)**	–
Amortisation	**–**	(1 338)
Balance at the end of the year	**4 709**	3 323

Other non-current assets relate to the Black Wattle option as described in note 17.

21. INVENTORY

Inventory comprises work in progress on the following property development:		
Southern Spirit Properties 142 Proprietary Limited (Hurlingham)	**3 287**	3 335
Reconciliation of work in progress		
Balance at the beginning of the year	**3 335**	4 254
Expenses capitalised	**315**	136
Inventory written down to net realisable value	**(363)**	(1 055)
Balance at the end of the year	**3 287**	3 335

Reasons for impairment

After year-end the group concluded an agreement to sell the company in which the inventory is held. Based on the selling price agreed upon, the inventory was valued at a lower price than the carrying amount. As a result of this the inventory was impaired.

22. NON-CURRENT ASSETS AND LIABILITIES HELD FOR SALE (continued)

During the 2010 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 were presented as a disposal group held-for-sale in the prior year. The sale of the investments was concluded on 15 April 2011.

Figures in Rand 000's	2011	2010
An impairment loss of R0.2 million (2011 – 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 note 17)	**–**	146 363
Deferred tax assets	**–**	233
Cash and cash equivalents	**–**	1 343
	–	147 939
Liabilities classified as held-for-sale		
Other financial liabilities	**–**	111 741
Deferred tax liabilities	**–**	32
Trade and other payables	**–**	98
	–	111 871

23. TRADE AND OTHER RECEIVABLES

Sundry accounts receivable	**24 995**	24 606
Allowance for impairment	**(3 706)**	(5 353)
	21 289	19 253
Reconciliation of movement in impairment		
Balance at the beginning of the year	**(5 353)**	(1 763)
Utilised	**2 449**	–
Increase in impairment	**(802)**	(3 590)
Balance at the end of the year	**(3 706)**	(5 353)
AGEING OF TRADE AND OTHER RECEIVABLES		
Not past due	**17 861**	12 641
Past due 1 – 30 days	**2 884**	6 416
Past due 31 – 60 days	**484**	180
Past due 61 – 90 days	**120**	33
Past due 91 – 120 days	**3 646**	5 336
	24 995	24 606

Figures in Rand 000's	2011	2010
IMPAIRMENT ALLOWANCE		
Past due 61 – 90 days	**(60)**	(17)
Past due 91 – 120 days	**(3 646)**	(5 336)
	(3 706)	(5 353)

24. ACCOUNTS RECEIVABLE FROM TRADING ACTIVITIES

Trading debtors	**95 078**	124 271
Prepaid expenses	**560**	668
	95 638	124 939

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.

25. TRADING SECURITIES

Trading securities receivable (held-for-trading)	**1 030**	19
Trading securities payable (held-for-trading)	**(259)**	–
	771	19

26. CASH AND CASH EQUIVALENTS

Cash and cash equivalents	**17 169**	22 073
Bank overdraft	**(160)**	(14 363)
Cash and cash equivalents in the statement of cash flows	**17 009**	7 710

27. SHARE CAPITAL AND SHARE PREMIUM

Authorised		
10 000 000 000 (2010: 10 000 000 000) Ordinary shares of R0.0001 each	**1 000**	1 000
99 000 Redeemable preference shares of R0.01 each	**1**	1
	1 001	1 001
Issued		
5 270 732 462 (2010: 4 763 502 216) Ordinary shares at R0.0001 each	**527**	476
Share premium	**609 561**	601 532
Treasury shares	**(14 276)**	–
	595 812	602 008

Refer to note 44 – Subsequent events for details of the share consolidation that took place in 2012.

Figures in Rand 000's	2011	2010
27. SHARE CAPITAL AND SHARE PREMIUM (continued)		
Reconciliation of movement in number of shares issued (Rand 000s):		
Reported at the beginning of the year	**4 763 502**	1 340 562
Issue of shares	**507 230**	3 422 940
Reversal of *agterskot* payment for aquisition of associate	**(114 368)**	–
Acquisition of other investments	**239 853**	–
Acquisition of associate	**31 104**	–
Acquisition through business combinations	**–**	137 000
Clawback offer	**–**	3 285 940
Employee share scheme trust	**237 957**	–
Increase in investment in subsidiary	**100 000**	–
Share issue	**12 684**	–
Balance at end of year	**5 270 732**	4 763 502

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 movement in share capital (Rand 000s):		
Reported at the beginning of the year	**476**	134
Issue of shares	**51**	342
Reversal of *agterskot* payment for aquisition of associate	**(11)**	–
Acquisition of other investments	**24**	–
Acquisition of associate	**3**	–
Acquisition through business combinations	**–**	14
Clawback offer	**–**	328
Employee share scheme trust	**24**	–
Increase in investment in subsidiary	**10**	–
Share issue	**1**	–
Balance at end of year	**527**	476

Figures in Rand 000's	2011	2010
27. SHARE CAPITAL AND SHARE PREMIUM (continued)		
Reconciliation of movement in share premium (000s):		
Reported at the beginning of the year	**601 532**	277 885
	8 029	341 952
Reversal of *agterskot* payment for aquisition of associate	**(27 740)**	–
Acquisition of other investments	**14 375**	–
Acquisition of associate	**1 552**	–
Acquisition through business combinations	**–**	13 686
Clawback offer	**–**	328 266
Employee share scheme trust	**14 253**	–
Increase in investment in subsidiary	**4 990**	–
Share issue	**599**	–
Share issue expenses written off	**–**	(18 305)
Balance at end of year	**609 561**	601 532
28. OTHER FINANCIAL LIABILITIES		
Other financial liabilities comprise		
Carried at amortised cost	**117 614**	700 376
Carried at fair value through profit or loss	**284 111**	534 462
Capital	**401 655**	575 392
Accrued interest	**90 930**	108 008
Fair value adjustments	**(208 474)**	(148 938)
	401 725	1 234 838
Reconcilliation of fair value adjustments		
Balance at the beginning of the year	**(148 938)**	(243 572)
Fair value adjustments	**(96 666)**	88 003
Settled	**37 130**	6 631
Balance at end of year	**(208 474)**	(148 938)

Figures in Rand 000's	2011	2010
28. OTHER FINANCIAL LIABILITIES (continued)		
Carried at fair value through profit or loss cost		
ABSA Bank Ltd		
28.1 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. The liability is considered non-current as it will be repaid from future dividends from the long term investment in Civils 2000 Holdings Proprietary Limited	**29 607**	27 835
Development Bank of South Africa		
28.2 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 2012	**34 795**	32 741
Hyprop Investments Ltd		
28.3 Loan with no fixed terms of repayment in Vunani Property Investment Fund Proprietary Limited, with interest at JIBAR plus 3% and repayable on the fifth anniversary of the loan, October 2011	**–**	7 355
28.4 Linked, 25-year debentures with no fixed interest rate in Vunani Property Investment Fund Proprietary Limited, redeemable in 2031	**–**	70 924
Investec Bank Ltd		
28.5 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
28.6 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
28.7 **Rand Merchant Bank Limited development bond** Bond over Erf 562 Blair Athol extension 3 over land (investment property) in Selectria Investments 49 Proprietary Limited with interest at bank facility rate less 0.35% repayable in 20 years from 12 January 2009 to 12 January 2029	**2 622**	2 695
Standard Bank Ltd		
28.8 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 October 2016	**45 815**	40 640

Figures in Rand 000's	2011	2010
28. OTHER FINANCIAL LIABILITIES (continued)		
Carried at fair value through profit or loss (continued)		
28.9 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 30 April 2011	–	19 739
28.10 Mortgage bond over land and buildings in Vunani Property Investment Trust with fixed interest of 11.78%, repayable on 10 October 2013	–	88 415
28.11 Mortgage bond over land and buildings in Vunani Property Investment Trust with fixed interest of 11.88%, repayable on 21 July 2013	–	99 418
28.12 Mortgage bond over land and buildings in Vunani Property Investment Trust with fixed interest of 11.87%, repayable on 20 March 2013	–	78 651
28.13 Mortgage bond over land and buildings in Vunani Property Investment Trust with fixed interest of 11.88%, repayable on 30 May 2013	–	16 000
28.14 Mortgage bond over land and buildings in Vunani Property Investment Trust with fixed interest of 11.88%, repayable on 30 May 2013	–	727
28.15 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
Peregrine Holdings Limited		
28.16 The loan is unsecured, bear interest at prime and is repayable on 31 March 2011	–	1 166
Other financial liabilities		
28.17 Loans are unsecured, interest free and have no fixed terms of repayment. The amount consists of a number of small loans	**4 205**	1 896
28.18 Loans are unsecured, bear interest at prime less 4% and have no fixed terms of repayment	**570**	846
Total carried at amortised cost	**117 614**	700 376
Carried at fair value through profit or loss		
ABSA Bank Ltd		
28.19 Cumulative redeemable, participating (35% profit share) preference shares in Camden Bay Investments 2 Proprietary Limited with interest at 75% of prime and secured by the investment in Wesizwe Platinum Limited. The preference shares are redeemable on demand. (Refer to note 43 on going concern)	**43 450**	70 291
Capital	**100 401**	100 401
Accrued interest	**48 590**	39 178
Fair value adjustment	**(105 541)**	(69 288)

Figures in Rand 000's	2011	2010
28. OTHER FINANCIAL LIABILITIES (continued)		
Carried at fair value through profit or loss (continued)		
28.20 Cumulative redeemable participating preference shares in Rapicorp 59 Proprietary Limited with interest at 75% of prime and 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
Capital	–	84 496
Accrued interest	–	13 551
Fair value adjustment	–	18 871
28.21 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 were redeemed during the year	–	13 823
Capital	–	12 441
Accrued interest	–	1 382
Fair value adjustment	–	–
Firefly Investments 61 Proprietary Limited		
28.22 The loan in Aquarella Investments Proprietary Limited, has no fixed term of repayment, is secured by the investment in Consolidated Infrastructure Group Limited (previously Buildworks Limited), and carries interest at prime and a profit participation of 80%	**5 362**	5 083
Capital	**7 410**	7 410
Accrued interest	**4 655**	3 620
Fair value adjustment	**(6 703)**	(5 947)
First National Bank Limited		
28.23 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%. The liability is considered non-current as it will be repaid from future dividends of the long-term investment in Redefine Income Fund Limited	**48 475**	49 926
Capital	**46 400**	46 400
Accrued interest	**–**	–
Fair value adjustment	**2 075**	3 526

Figures in Rand 000's	2011	2010
28. OTHER FINANCIAL LIABILITIES (continued)		
Carried at fair value through profit or loss (continued)		
Investec Bank Limited		
28.24 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 demand. (Refer to note 43 on going concern)	**47 023**	54 463
Capital	**65 588**	65 588
Accrued interest	**12 549**	5 848
Fair value adjustment	**(31 114)**	(16 973)
28.25 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	**14 212**	16 970
Capital	**21 067**	21 067
Accrued interest	**3 805**	1 785
Fair value adjustment	**(10 660)**	(5 882)
28.26 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 demand. (Refer to note 43 on going concern)	**81 771**	98 538
Capital	**123 512**	123 512
Accrued interest	**15 527**	6 451
Fair value adjustment	**(57 268)**	(31 425)
Standard Bank Limited		
28.27 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 demand. (Refer to note 43 on going concern)	**20 584**	58 843
Capital	**19 488**	48 788
Accrued interest	**746**	9 189
Fair value adjustment	**350**	866

Figures in Rand 000's	2011	2010
28. OTHER FINANCIAL LIABILITIES (continued)		
Carried at fair value through profit or loss (continued)		
28.28 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	**9 185**	8 188
Capital	**5 655**	5 655
Accrued interest	**3 274**	2 464
Fair value adjustment	**256**	69
28.29 Three-year term loan in Vunani Capital Proprietary Limited, attracting interest at prime and secured by the investment in Workforce Limited (prime for first two years and prime plus 3% for the last year). The loan is repayable on demand. (Refer to note 43 on going concern)	**14 049**	12 916
Capital	**12 134**	12 134
Accrued interest	**1 784**	593
Fair value adjustment	**131**	189
Refer to note 43 on going concern.		
Coronation Capital Limited		
28.30 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 was repaid during the year	**–**	28 503
Capital	**–**	47 500
Accrued interest	**–**	23 947
Fair value adjustment	**–**	(42 944)
Total carried at fair value through profit or loss	**284 111**	534 462
Total liabilities	**401 725**	1 234 838
Less current liabilities	**(298 585)**	(391 825)
Non-current liabilities	**103 140**	843 013

28. OTHER FINANCIAL LIABILITIES (continued)

Fair value adjustments to other financial liabilities

Ring fenced special purpose entities have historically been used to house the group's geared equity investments and any financial liabilities that relate to such investments. Financial assets and liabilities that arise in terms of these ring fenced structures are both fair valued through profit or loss in terms of IAS 39.

The fair value adjustments that relate specifically to financial liabilities are not as a result of the group's inability to discharge its obligation, but rather in terms of the agreements with its lenders. The terms of the financial liability are such that in the event that the asset fair value falls below the face value of the liability, the group is not obligated to pay the full face value of the debt, but rather a value that is directly linked to the value of the related asset. The full fair value adjustment is considered to be as a result of a change in market conditions and no portion relates to changes in the group's own credit risk.

The group has issued a R40 million guarantee to Investec Bank Limited for the financial liabilities of Anchor Park Investments 42 Proprietary Limited, Wonderwall Investments 36 Proprietary Limited and Anchor Park Investments 81 Proprietary Limited. Refer to note 28.24, 28.25 and 28.26 for the terms of the loans. The loan relating to Wonderwall Investments 36 Proprietary Limited is repayable in 2014, however the guarantee is in respect of all three loans. The fair value of the guarantee at 31 December 2011 was R37.2 million (2010 : R37.2 million).

Figures in Rand 000's	2011	2010
29. TRADE AND OTHER PAYABLES		
Sundry payables	**45 276**	47 168
Accrued leave pay	**1 949**	2 937
	47 225	50 105
30. ACCOUNTS PAYABLE FROM TRADING ACTIVITIES		
Accounts payable	**89 407**	122 668

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.

31. 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 10.

32. SHARE-BASED PAYMENTS

A group share scheme was introduced in june 2011, whereby employees were entitled to receive shares in the company upon vesting (which took place over a four-year service period). At 31 December 2011 no shares had vested.

Figures in Rand 000's	2011	2010
Share-based payment reserve	**2 524**	–

Description of the share-based payment arrangements

At 29 June 2011 the company has the following share-based payment arrangements

Share option programme (equity-settled)

Grant date	Vesting dates			
29 June 2011	1st tranche	2nd tranche	3rd tranche	4th tranche
	29 June 2012	29 June 2013	29 June 2014	29 June 2015
	20% vesting	(25% vesting)	(25% vesting)	(30% vesting)

The number and weighted average exercise price of the share options is as follows:

	2011 Weighted average exercise price	2011 Number of options	2010 Weighted average exercise price	2010 Number of options
Balance at beginning of year	–	–	–	–
Granted during the year	**R 0.06**	**237 957**	–	–
Forfeited during the year	**R 0.06**	**(18 729)**	–	–
Balance at end of year	**R 0.06**	**219 228**	–	–
Exercisable at 31 December 2011	**R 0.06**	**–**	–	–

The options outstanding at 31 December have an exercise price of R0.06 and a weighted average contractual life of four years.

Inputs for measurement of grant date fair value

The benefit payable per grant to an employee on exercise date under the share scheme is the difference between the spot share price at the time and the higher of the strike price and zero. The fair value of the benefits granted to an employee prior to exercise can be calculated using a call option model.

	2011	2010
32. SHARE-BASED PAYMENTS (continued)		
Fair value of share options and assumptions		
Fair value at grant date (29 June 2011)	**14 277**	–
Share price at grant date	**R 0.06**	–
Expected volatility (weighted average volatility)	**152.23%**	–
Option life	**4 years**	–
Expected dividends	**0%**	–
Employee expenses		
Share options granted in 2010	**–**	–
Share options granted in 2011	**2 524**	–
Total expense recognised as employee costs	**2 524**	–

Volatility is determined based on the daily returns on the company's share price under the assumption that the share prices are log-normally distributed. The equally weighted volatility was calculated as 152.23%. The amount of history preceding 29 June 2011 that was to calculate the volatility, equals the term to maturity of the option.

Refer to note 44 on subsequent events for details of the share consolidation.

Figures in Rand 000's	2011	2010
33. CASH UTILISED BY OPERATIONS		
Loss before income tax expense	**(23 628)**	(168 730)
(Loss)/profit before income tax expense from discontinuing operations	**(33 682)**	124 938
Adjusted for:		
Depreciation of property, plant and equipment	**2 030**	1 933
Profit on disposal of property, plant and equipment	**(703)**	–
Impairment of goodwill	**–**	20 011
Bargain purchase of subsidiary	**(346)**	(22 770)
Loss on disposal of business	**14 971**	–
Loss on disposal of discontinued operations	**23 123**	–
Fair value adjustments on investment property	**(604)**	(116 580)
Operating lease accrual on investment property	**(329)**	(1 583)
Equity accounted earnings	**(5 715)**	(54 094)
(Reversal)/impairment of investment in associates	**(53)**	36 172

Figures in Rand 000's	2011	2010
33. CASH UTILISED BY OPERATIONS (continued)		
(Profit)/loss on disposal of associates	**–**	308
Fair value adjustments on associates	**–**	13 904
Fair value adjustments on other investments	**48 880**	21 975
Profit on disposal of other investments	**(200)**	(2 614)
Profit on disposal of non-current assets held-for-sale	**(7 969)**	–
Impairment of non-current asset held-for-sale	**201**	–
Amortisation of other non-current assets	**–**	1 338
Amortisation of other intangible assets	**977**	1 739
Realisation of deferred income	**(3 573)**	–
Inventory written down to net realisable value	**363**	1 055
Rental guarantee reversal	**(2 000)**	–
Movement in trade and other receivables provisions	**(1 978)**	3 590
Share-based payments expense	**2 524**	–
Fair value adjustments on other financial liabilities	**(96 666)**	88 003
Investment revenue	**(4 737)**	(12 747)
Finance income	**(25 322)**	(10 075)
Finance costs	**118 893**	169 076
Cash generated by operations before changes in working capital	**4 457**	94 849
Changes in working capital:		
Increase in inventories	**(315)**	(136)
(Increase)/decrease in trade and other receivables	**(8 314)**	5 129
Increase in trade and other payables	**17 601**	4 926
(Increase)/decrease in trading securities	**(752)**	97
Decrease in accounts receivable and payable from trading activities	**(3 960)**	(5 852)
Cash generated by operations	**8 717**	99 013

Figures in Rand 000's	2011	2010
34. INCOME (PAID)/RECEIVED		
Payable at beginning of the year	**(3 149)**	(1 396)
Current year tax charge	**(337)**	851
Other non-cash items	**–**	(86)
Payable at end of the year	**291**	3 149
	(3 195)	2 518

35. BUSINESS COMBINATIONS

2010

On 7 April 2010 the group acquired 51% of Jala Group Proprietary Limited ("Jala") for a consideration of R384. The purchase price was settled in cash. Jala was a company that specialised in providing information technology advisory services. By acquiring this interest the group would be able to grow its investment banking and advisory business, as it would be able to provide information technology advisory services to its current customers and therefore provide a more well rounded service to its clients. Since acquisition the group has accounted accounted for R1.9 million worth of revenue and a loss of R0.5 million. If the acquisition had taken place at the beginning of the year, the group would have accounted for R3.0 million in revenue and a loss of R0.4 million.

On 22 June 2010, the group increased its holding in Peregrine iQ Proprietary Limited (subsequently renamed Vunani Fund Managers Proprietary Limited, ("VFM") from 11% to 51% for a total consideration of R20.6 million. The group acquired this stake in the business as a strategic move to increase their presence in the asset management industry and focus on growing their operating businesses. 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, revenue of R10.0 million and 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, revenue of R15.6 million and an 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.

On 1 December 2010, Vunani acquired 100% of the shares in Kagiso Securities Limited ("KSL") for R10. The purchase price was settled in cash. The group acquired the business in order to increase its service offering in the securities trading industry. 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 for the 2010 financial year. If the acquisition had taken place at the beginning of 2010, revenue of R22.8 million and an after tax loss of R7.7 million would have been included in the group's profit or loss.

Goodwill arising on acquisition of subsidiaries

The acquisition of VFM resulted in goodwill of R27.4 million. This goodwill arose as a result of the following reasons. VFM had several significant mandates which meant that the company had secure revenue streams for the future. VFM also had significant intellectual capital, top management had over 15 years in the fund management industry. The company also had significant trading platforms in place, which would enable it to service any increase in the client base with ease.

35. BUSINESS COMBINATIONS (continued)

2010

Bargain purchase arising on acquisition of subsidiaries

On 1 December 2010, the group acquired 100% of the shares in Kagiso Securities Limited ("KSL") for R10. The purchase price was settled in cash. On the purchase date KSL had R22.8 million net assets. The acquisition resulted in a bargain purchase of R22.8 million. The bargain purchase arose because KSL was incurring losses and was dependent on the ongoing support of its shareholder in the form of continuous cash injections. The losses were approximately R7.7 million at the purchase date. The previous shareholder was realigning its business strategy and decided to exclude the stock broking business from its key service offerings going forward. As a result the business was going to be discontinued. The group identified the opportunity to acquire the business for a notional value. The acquisition would add a significant scale to the group's equity research offering and stock, bonds and money market dealing capability.

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

	VTV	VFM	KSL	Total
Net assets acquired				
Property, plant and equipment	45	235	1 634	1 914
Other investments	–	–	19 780	19 780
Intangible assets	–	2 932	–	2 932
Deferred taxation on intangible asset	–	(821)	–	(821)
Trade and other receivables	247	7 360	90 977	98 584
Cash and cash equivalents	213	3 223	5 245	8 681
Deferred taxation	(42)	142	247	347
Trade and other payables	(463)	(2 298)	(95 113)	(97 874)
Outside shareholders' interest	–	(5 279)	–	(5 279)
Net assets acquired	–	5 494	22 770	28 264
Cost of investment	*	32 927	*	32 927
Goodwill	–	27 433	–	27 433
Bargain in purchase (negative goodwill)	–	–	(22 770)	(22 770)
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

* *Less than R1 000.*

The group expects to collect all receivables acquired as a result of the business combination.

35. BUSINESS COMBINATIONS (continued)

2011

On 3 June 2011, the group acquired an additional 15% (increasing its shareholding from 85% to 100%) in Vunani Portfolio Solutions Proprietary Limited ("VPS") for R0,15 million from the minority shareholder. On the date of acquisition, the minority shareholder's portion of the net assets was R0,5 million. This resulted in a bargain purchase of R0,35 million. The bargain purchase arose due to the fact that the previous shareholder had obtained the shares through an employee share scheme transaction for a nominal value. The purchase price therefore represented a significant gain for the previous shareholder. The group acquired this additional 15% as part of its plan to dispose of this subsidiary.

Figures in Rand 000's	2011
The details of how the bargain purchase arose are shown below:	
Net assets acquired	**496**
Purchase price	**(150)**
Bargain purchase (refer to note 6)	**346**

* *Less than R1 000.*

Increase in investment in subsidiaries

On 5 August 2011, the group acquired an additional 49% in Vunani Fund Managers Proprietary Limited for R5 million. The purchase price was settled through the issue of 100 million shares at a value of 5 cents each. This resulted in the group increasing it's shareholding from 51% to 100%. The minority shareholders share of net asset on the purchase date was R4.7 million, resulting in R0.3 million being recognised directly in equity. At 31 December 2011 the group disposed 2.5% of its shareholding in the company to management.

Net assets acquired	**4 729**
Purchase price	**(5 000)**
Transactions between shareholders recognised directly in equity	**(271)**

36. BUSINESS DISPOSALS

On 31 March 2011 the group disposed of its entire interest in Rapicorp 59 Proprietary Limited for R15 million. As part of this disposal the company also redeemed the preference shares that were held in the company for R24 million.

On 5 September 2011 the group disposed of 3% of its investment in Integrated Managed Investments Proprietary Limited ("IMI") for R0.6 million to management, resulting in a decrease in its shareholding from 51% to 48%. As a result of this disposal, the investment in the company is now associate and its earnings are equity accounted. The group did not recognise a gain or loss on remaining investment at fair value.

On 31 December 2011 the group disposed of its entire interest in Georgia Avenue Investments 32 Proprietary Limited for R nil to Corocap Investments Limited.

These disposals were not considered to be discontinued operations as they did not represent the discontinuation of a major line of business in the group.

Disposal of investment Figures in Rand 000's	Rapicorp 59 Proprietary Limited	Integrated Managed Investments Proprietary Limited	Georgia Avenue Investments 32 Proprietary Limited	Total
36. BUSINESS DISPOSALS (continued)				
Net assets disposed				
Property plant and equipment	–	150	–	150
Other investments	162 144	–	21 375	183 519
Deferred taxation	(7 548)	–	(2 788)	(10 336)
Goodwill	–	9 635	–	9 635
Trade and other receivables	–	589	–	589
Cash and cash equivalents	–	796	–	796
Other financial liabilities	(121 551)	–	(21 375)	(142 926)
Trade and other payables	(46)	(910)	(265)	(1 221)
	32 999	10 260	(3 053)	40 206
Transfer to investments in associate (refer to note 17)	–	(9 635)	–	(9 635)
Net assets disposed	32 999	625	(3 053)	30 571
Proceeds on disposal	(15 000)	(600)	–	(15 600)
(Profit)/loss on disposal	17 999	25	(3 053)	14 971

Figures in Rand 000's	2011	2010
37. BASIC AND HEADLINE EARNINGS/(LOSS) PER SHARE		
Basic and diluted loss per share (cents)	**(1.0)**	(2.2)
Continuing operations	**(0.5)**	(3.3)
Discontinued operations	**(0.5)**	1.1
Headline and diluted headline (loss)/profit per share (cents)	**(0.6)**	(2.9)
Continuing operations	**(0.4)**	(3.0)
Discontinued operations	**(0.2)**	0.1

Basic and dilutd loss per share

The calculation of basic and diluted loss per share at 31 December 2011 was based on the loss attributable to ordinary shareholders of R47 603 million (2010: R95 551 million), and a weighted average number of ordinary shares outstanding of 4.887 billion (2010: 4.282 billion), calculated as follows:

Weighted average number of ordinary shares (000's)		
Issued ordinary shares at the beginning of the year	**4 763 502**	1 340 562
Effect of own shares held	**(121 260)**	–
Effect of cancelled shares	**(32 900)**	–
Effect of shares issued	**277 612**	2 941 903
Weighted average number of ordinary shares at end of the year	**4 886 954**	4 282 465

Potential dilutive shares

The shares issued as part of the employee share incentive could potentially dilute basic earnings in the future. In the current year the shares have an anti-dilutive effect.

Shares issued as part of the share incentive scheme (000's)	**237 957**	–

Share consolidation

On 12 March 2012 the company successfully converted its ordinary shares to no par value shares and subsequently consolidated its share capital on a 50:1 basis. The number of issued shares after the consolidation amounted to 105 414 701 ordinary shares of no par value. The impact of the share consolidation is shown in note 44.

Figures in Rand 000's	2011	2010
37. BASIC AND HEADLINE EARNINGS/(LOSS) PER SHARE (continued)		
Weighted average number of ordinary shares (000's)		
Issued ordinary shares at the beginning of the year	**95 270**	26 811
Effect of own shares held	**(2 425)**	–
Effect of cancelled shares	**(658)**	–
Effect of shares issued	**5 552**	58 838
Weighted average number of ordinary shares at end of the year	**97 739**	85 649
Basic and diluted loss per share (cents)	**(48.7)**	(111.6)
Continuing operations	**(22.3)**	(166.7)
Discontinued operations	**(26.4)**	55.1
Headline and diluted headline (loss)/profit per share (cents)	**(28.0)**	(146.6)
Continuing operations	**(20.0)**	(154.0)
Discontinued operations	**(8.0)**	7.4
Net asset value per share	**3.8**	5.3
Net asset value per share is the equity attributable to equity holders per share in issue.		
Net tangible asset value per share	**3.1**	4.2
Net tangible asset value per share is the equity attributable to equity holders (excluding goodwil and other intangible assets) per share in issue.		

Figures in Rand 000's	2011	2010
37. BASIC AND HEADLINE EARNINGS/(LOSS) PER SHARE (continued)		
Headline loss		
Total comprehensive loss attributable to equity holders	**(47 603)**	(95 551)
Adjust for:		
Revaluation of investment property		
Subsidiaries		
Gross revaluation	**(604)**	(116 580)
Deferred tax on revaluation	**85**	16 321
Non-controlling interest in revaluation	**114**	58 730
Associates		
Gross revaluation	**(3 476)**	(20 859)
Deferred tax on revaluation	**231**	4 045
Non-controlling interest in revaluation	**714**	3 699
Disposals of investment property		
Profit on disposal	**23 206**	–
Capital gains tax	**(77)**	–
Non-controlling interest in revaluation	**(5 088)**	–
Disposal of property, plant and equipment		
Profit on disposal	**(703)**	–
Tax	**99**	–
Disposal of subsidiaries		
Loss on disposal	**14 971**	–
Tax	**(2 096)**	–
Profit on disposal of non current asset held for sale		
Profit on disposal	**(7 969)**	–
Tax	**1 116**	–
Goodwill		
Impaired	**–**	20 011
Non-controlling interest	**–**	–
Profit on disposal of other investments		
Profit on disposal	**–**	(2 573)
Tax	**–**	360
Loss on disposal group		
Impairment	**–**	30 700
Tax	**–**	(4 298)
Business acquisitions		
Bargain purchase	**(346)**	(22 770)
Tax	**48**	3 188
	27 378	(125 577)
Weighted average number of shares	**4 886 954**	4 282 465
Weighted average number of shares after consolidation	**97 739**	85 649

38. COMMITMENTS

Guarantees and sureties provided

The group has provided guarantees and sureties for group companies in the amount of R296.5 million (2010: R 412.5 million). The potential liability in terms of these guarantees and sureties depends on the value of the properties and equities that secure the underlying debt. At 31 December 2011 there is a possibility that lenders could call on their sureties. Refer to the going concern note in the directors' report for the details.

Figures in Rand 000's	2011	2010
Operating leases – as lessee (expense)		
Minimum lease payments due		
within one year	**4 023**	1 104
in second to fifth year inclusive	**12 553**	–
	16 576	1 104

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.

39. OPERATING SEGMENTS

The group has eight reportable segments being asset management, investment banking and advisory, investment holdings, group overhead, securities broking and properties developments, properties asset management and properties investments. The group's strategic business segments, offering different products and services, are managed separately, requiring different skill, technology and marketing strategies. For each of the strategic business segments, the group's CEO and MD review internal management reports on at least a monthly basis. The group's CEO and MD are the chief operating decision makers.

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.

39. OPERATING SEGMENTS (continued)

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

For the year-ended 31 December 2011 Continuing operations Figures in Rand 000's	Asset management	Investment banking and advisory	Investment holdings	Group overhead	Securities broking	Properties – Properties developments	Properties – asset management	Properties – Properties investments	Total
Revenue	22 663	22 174	–	4 709	50 693	249	6 267	–	106 755
Finance income	286	162	6 126	876	569	–	–	17 051	25 070
Finance costs	(2 034)	(1 176)	(53 565)	(406)	(161)	–	–	(7 065)	(64 407)
Depreciation	(406)	(1 468)	–	–	(156)	–	–	–	(2 030)
Amortisation of intangibles	(977)	–	–	–	–	–	–	–	(977)
Impairment on assets	(201)	–	(168)	–	(650)	(196)	–	–	(1 215)
Equity accounted earnings	5	–	(897)	–	200	6 609	–	(202)	5 715
Income tax income/ (expense)	974	(140)	1 346	–	514	–	–	(3 957)	(1 263)
Reportable segment profit/(loss) after tax	5 916	8 733	(13 899)	(33 444)	(791)	2 131	(671)	7 134	(24 891)
Reportable segment assets	34 895	12 991	536 972	–	129 273	45 567	398	38 607	798 703
Investment in associates	9 329	–	31 302	–	1 756	43 393	–	12 313	98 093
Capital expenditure	532	2 996	–	–	–	–	–	–	3 528
Reportable segment liabilities	(3 312)	(99 758)	(307 892)	–	(108 287)	(11)	(41)	(66 704)	(586 005)
Reportable segment liabilities	(116 658)	(24 852)	(608 088)	–	(137 627)	(48)	(101)	(723 832)	(1 611 206)

Notes to the consolidated financial statements (continued)
for the year ended 31 December 2011 VUNANI LIMITED – GROUP

For the year-ended 31 December 2010 Continuing operations Figures in Rand 000's	Asset management	Investment banking and advisory	Investment holdings	Group overhead	Securities broking	Properties – Properties developments	Properties – asset management	Properties – Properties investments	Total
39. OPERATING SEGMENTS (continued)									
Revenue	16 334	10 227	(41)	9 899	26 271	4 283	481	–	67 454
Finance income	172	124	7 941	686	513	44	–	15	9 495
Finance costs	(10 069)	(177)	(64 803)	(1 091)	(214)	(222)	–	(23 946)	(100 522)
Depreciation	(122)	(1 624)	–	–	(180)	–	–	(7)	(1 933)
Amortisation of intangibles	(489)	–	–	–	–	–	–	(1 250)	(1 739)
Impairment on assets	(30 700)	(9 410)	(9 942)	–	(5 850)	(450)	–	–	(56 352)
Equity accounted earnings	28 397	–	4 569	–	–	15 143	–	5 985	54 094
Income tax income/ (expense)	6 042	377	6 708	–	(2 759)	–	–	4 702	15 070
Reportable segment profit/(loss) after tax	(17 105)	(3 587)	(108 679)	(16 938)	14 062	15 891	(25)	(37 280)	(153 661)
Reportable segment assets	202 466	136 229	504 996	–	158 550	41 469	101	991 614	2 035 425
Investment in associates	–	–	42 851	–	–	39 402	–	11 181	93 434
Capital expenditure	749	2 996	–	–	–	–	–	–	3 745

For the year-ended December 2011 Discontinued operations Figures in Rand 000's	Asset management	Properties investments	Total
39. OPERATING SEGMENTS (continued)			
Revenue	**2 157**	**77 799**	**79 956**
Finance income	**–**	**252**	**252**
Finance costs	**–**	**(54 234)**	**(54 234)**
Depreciation	**–**	**(61)**	**(61)**
Reportable segment profit/(loss) after tax	**411**	**(34 355)**	**(33 944)**

For the year-ended 31 December 2010 Discontinued operations Figures in Rand 000's	Asset management	Properties investments	Total
Revenue	5 085	120 648	125 733
Finance income	4	576	580
Finance costs	(10)	(68 539)	(68 549)
Depreciation	–	(8)	(8)
Amortisation of intangibles	–	(1 250)	(1 250)
Impairment on assets	–	(9)	(9)
Reportable segment profit/(loss) after tax	945	108 014	108 959

Basis of measurement

The group uses the following principles to determine segment profit or loss, segment assets and segment liabilities.

- Any transactions between segments are eliminated;
- All segment profits or losses and the group's profits or losses are measured in the same manner, using the accounting policies described in notes 1 to 4;
- All segment assets and liabilities and the group's assets and liabilities are measured in the same manner, using the accounting policies described in notes 1 to 4; and
- There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

40. RELATED PARTIES

Relationships

Ultimate holding company/parent	Vunani Group Proprietary Limited*
Associates	Refer to note 17
Directors	Refer to note 41

Direct and indirect subsidiaries	Holding 2011	2010
Vunani Capital Proprietary Limited	**100%**	100%
African Partnership Management Company Proprietary Limited**	**–**	100%
Anchor Park Investments 42 Proprietary Limited	**100%**	100%
Anchor Park Investments 81 Proprietary Limited	**100%**	100%
Aquarella Investments 507 Proprietary Limited	**100%**	100%
Georgia Avenue Investments 32 Proprietary Limited***	**–**	100%
Hyrode Investments Proprietary Limited	**100%**	100%
Imvuno Fund Managers Proprietary Limited	**55%**	55%
Integrated Managed Investments Proprietary Limited****	**–**	51%
Jala Group Proprietary Limited	**51%**	51%
Kagiso Securities Limited	**100%**	100%
Lexshell 630 Investments Proprietary Limited	**100%**	100%
Northern Ocean Investments Proprietary Limited***	**–**	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%
Sanski Investments 52 Proprietary Limited*	**50%**	50%
Southern Palace Investments 359 Proprietary Limited***	**–**	100%
Spaciros Proprietary Limited	**51%**	51%
Tutuni Investments Proprietary Limited	**100%**	100%
Vunani Mining Proprietary Limited	**100%**	100%
Vunani Corporate Finance Proprietary Limited	**100%**	100%
Vunani Energy Proprietary Limited	**100%**	100%
Vunani Financial Solutions Proprietary Limited	**–**	100%
Vunani Fund Managers Proprietary Limited	**98%**	51%
Vunani Metals and Minerals Proprietary Limited	**100%**	100%
Camden Bay Investments 2 Proprietary Limited	**100%**	100%

Direct and indirect subsidiaries	Holding 2011	2010
40. RELATED PARTIES (continued)		
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%
Vunani Sponsors Proprietary Limited	**100%**	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%
Cedar Park Properties 31 Proprietary Limited***	–	100%
Dreamworks Investments 125 Proprietary Limited	**85%**	85%
Kliprivier Property Development Proprietary Limited (previously Vunani Property Asset Managers Proprietary Limited)	**100%**	100%
Pacific Eagle Properties 204 Proprietary Limited***	–	100%
Selectria Investments 49 Proprietary Limited	**100%**	100%
Southern Spirit Properties 142 Proprietary Limited	**100%**	100%
Vunani Properties International Proprietary Limited	**100%**	100%
Vunani Property Asset Management Proprietary Limited (previously African Dune Investments 183 Proprietary Limited)	**100%**	100%
Vunani Property Fund Management Trust	**51%**	51%
Vunani Property Investment Fund Proprietary Limited***	–	50%
Vunani Property Investment Trust	–	100%
Wolfsberg Arch Investments Proprietary Limited	**51%**	51%
Vunani Share Incentive Scheme Trust	**100%**	–

* *The company is accounted for as a subsidiary as the group has the ability to exercise significant influence regarding the decision making of the company.*

** *The company was deregistered during the year.*

*** *The company was sold during the year.*

**** *The group reduced their investment in the company and it is now accounted for as an associate.*

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 17) and directors (refer to note 41).

41. DIRECTORS' REMUNERATION AND BENEFITS

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	Current year share-based payment expense#	Total
for the year-ended 31 December 2011						
EG Dube	–	**2 575**	**386**	**517**	**176**	**3 654**
NM Anderson	–	**1 609**	**281**	**330**	**112**	**2 332**
CE Chimombe Munyoro	–	**1 157**	**273**	**244**	**86**	**1 760**
BM Khoza	–	**1 722**	**273**	**348**	**118**	**2 461**
A Judin	–	**941**	**166**	**194**	**98**	**1 399**
G Nzalo	**113**	–	–	–	–	**113**
JR Macey	**113**	–	–	–	–	**113**
WC Ross	**300**	–	–	–	–	**300**
Dr B Khumalo	**95**	–	–	–	–	**95**
N Mazwi	**95**	–	–	–	–	**95**
Total	**716**	**8 004**	**1 379**	**1 633**	**590**	**12 322**
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 B Khumalo	90	–	–	–	–	90
N Mazwi	90	–	–	–	–	90
Total	722	7 138	1 496	745	–	10 101

* *Fees for attendance at meetings*

\# *This expense represents the IFRS 2 costs for the year for the employee share scheme.*

There are no servie 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.

Prescribed officers

The company does not have any prescribed officers.

42. FINANCIAL INSTRUMENTS

42.1 Liquidity risk

31 December 2011 figures in Rand 000's	Carrying amount	Un-discounted contractual cash flows	Less than 1 year	1 – 5 years	Greater than 5 years
Non-derivative financial liabilities	**(538 776)**	**(792 287)**	**(607 405)**	**(181 457)**	**(3 425)**
Non-interest bearing	**(141 096)**	**(144 948)**	**(144 948)**	**–**	**–**
Fixed interest rate instruments	**(80 610)**	**(98 040)**	**(48 216)**	**(49 824)**	**–**
Variable interest rate instruments	**(317 070)**	**(549 299)**	**(414 241)**	**(131 633)**	**(3 425)**

31 December 2010	Carrying amount	Un-discounted contractual cash flows	Less than 1 year	1 – 5 years	Greater than 5 years
Non-derivative financial liabilities	(1 534 589)	(2 124 860)	(762 523)	1 130 936	(231 401)
Non-interest bearing	(176 016)	(176 016)	(176 016)	–	–
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)

Management of liquidity risk

The group's approach to managing liquidity by managing its working capital, capital expenditure and cash flows, 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. Ultimate responsibility for liquidity risk management rests with the board of directors. Typically the group ensures that it has sufficient cash on hand to meet operational expenses, including the servicing of financial obligations. The group has access to R5.0 million overdraft facilities at year-end, which may be used to meet its financial obligations if necessary.

	2011	2010
42.2 Market risk		
Interest rate risk		
The company's interest rate exposure is as follows:		
Fixed rate instruments		
Financial liabilities	**(80 610)**	(391 270)
Variable rate instruments		
Financial assets	**17 169**	22 073
Financial liabilities	**(317 070)**	(967 303)
	(299 901)	(945 230)

Cash flow sensitivity analysis for fixed rate instruments

A sensitivity analysis has not been included for fixed rate instruments as they are not carried at fair value.

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) and equity.

50 bps increase	**(1 500)**	(4 726)
50 bps decrease	**1 500**	4 726

Management of interest rate risk

The group manages its exposure to interest rate fluctuations by reviewing interest rate projections and fixing the rate of interest where appropriate.

EQUITY PRICE RISK

The company's equity price risk is as follows:

Listed financial assets at fair value through profit or loss	**383 243**	**513 879**

The company's listed equity investment is listed on the Johannesburg Stock Exchange and is classified at fair value through profit and loss.

A change of 10% in the fair value of investment at the reporting date would have increased/(decreased) equity and 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)

10% increase	**38 324**	51 388
10% decrease	**(38 324)**	(51 388)

Figures in Rand 000's	2011	2010
42. FINANCIAL INSTRUMENTS (continued)		
42.3 Credit risk		
The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure of credit risk was:		
Other investments	**419 668**	560 808
Loans to associates	**41 680**	37 594
Accounts receivable from trading activities	**95 638**	124 939
Trade and other receivables	**21 289**	19 253
Trading securities	**1 030**	19
Cash and cash equivalents	**17 169**	22 073
	596 474	764 686

Impairment losses

The ageing of financial assets at the reporting date was:

2011	Total net financial assets	Total gross financial assets	Past due and impaired	Past due and not impaired	Not past due and not impaired
Other investments	**419 668**	**419 668**	**–**	**–**	**419 668**
Loans to associates	**41 680**	**41 680**	**–**	**–**	**41 680**
Trading and other receivables	**21 289**	**24 995**	**3 706**	**–**	**21 289**
Trading securities	**1 030**	**1 030**	**–**	**–**	**1 030**
Cash and cash equivalents	**17 169**	**17 169**	**–**	**–**	**17 169**
Accounts receivable from trading activities	**95 638**	**95 638**	**–**	**–**	**95 638**
	596 474	**600 180**	**3 706**	**–**	**596 474**

42. FINANCIAL INSTRUMENTS (continued)

42.3 Credit risk (continued)

2010	Total net financial assets	Total gross accounts receivable	Past due and impaired	Past due and not impaired	Not past due and not impaired
Other investments	560 808	560 808	–	–	560 808
Loans to associates	37 594	43 066	5 472	–	37 594
Trade and other receivables	19 253	24 606	5 353	–	19 253
Trading securities	19	19	–	–	19
Cash and cash equivalents	22 073	22 073	–	–	22 073
Accounts receivable from trading activities	124 939	124 939	–	–	124 939
	764 686	**775 511**	**10 825**	**–**	**764 686**

Reconciliation of movement in impairment		
Balance at the beginning of the year	(5 353)	(1 763)
Utilised	2 449	–
Increase in impairment	(802)	(3 590)
Balance at the end of the year	**(3 706)**	**(5 353)**

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. For reconciliation of impairment allowance, refer to note 23.

The group believes that the unimpaired amounts that are past due by more than 30 days are still recoverable, based on historic payment behaviour.

The group's trade and other receivables are all located locally. The group does not have a wide variety of counter parties.

42. FINANCIAL INSTRUMENTS (continued)

42.4 Fair values

	2011		2010	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets				
Designated as fair value through profit or loss on initial recognition	**419 668**	**419 668**	560 808	560 808
Loans and receivables	**158 607**	**158 607**	181 786	181 786
Cash and bank balances	**17 169**	**17 169**	22 073	22 073
	595 444	**595 444**	764 667	764 667
Financial liabilities				
Designated as fair value through profit or loss on initial recognition	**(284 111)**	**(284 111)**	(534 462)	(534 462)
Amortised cost	**(254 246)**	**(254 246)**	(985 211)	(985 211)
Bank overdraft	**(160)**	**(160)**	(14 363)	(14 363)
	(538 517)	**(538 517)**	(1 534 036)	(1 534 036)

At 31 December 2011 the fair values of all the financial instruments are substantially identical to the carrying amount reflected in the statement of financial position.

42.5 Fair value hierarchy – – **(534 462)**

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 2011			
Financial assets designated at fair value through profit or loss	**383 243**	–	**36 425**
Financial liabilities designated at fair value through profit or loss	–	–	**(284 111)**
	383 243	–	**(247 686)**

42. FINANCIAL INSTRUMENTS (continued)

42.5 Fair value hierarchy

	Level 1	Level 2	Level 3
31 December 2010			
Financial assets designated at fair value through profit or loss	513 879	–	46 929
Financial liabilities designated at fair value through profit or loss	–	–	(534 462)
	513 879	–	(487 533)

Figures in Rand 000's	**2011**	2010
Level 3 comprises:		
Balance at beginning of year	**(487 533)**	(687 192)
Total gains or losses in profit or loss	**(76 178)**	123 677
Proceeds from loan, interest, repayment	**35 941**	190 075
Purchases, sales, issues and settlements	**280 084**	(114 093)
Balance at end of year	**(247 686)**	(487 533)

43. GOING CONCERN

The going concern principal requires that the group's and company's annual financial statements be prepared on the basis that Vunani Limited will remain in business for the foreseeable future.

Prior to the approval of the annual financial statements the board undertook processes to ensure that the going concern principal applies. These processes included assessing:

- the group's financial budgets and 12 month rolling cash flow forecast;
- the performance of underlying business operations and their ability to make a positive contribution to the group's objectives;
- the capital structure, liabilities and quality of the assets underpinning the statement of financial position; and
- the banking facilities and the group's assets to ensure that these are sufficient to fund imminent liabilities and meet the groups working capital requirements.

We draw attention to the fact that the terms of the debt restructure concluded between the group and its lenders in February 2010 provided for financial liabilities relating to investments in Brikor Limited, Basil Read Limited, PSV Limited, BSI Limited and Workforce Limited to be repayable on 31 October 2011. In November 2011, the payment terms of these loans were extended to 29 February 2012. Both assets and financial liabilities have been disclosed as current on the statement of financial position and have been taken into consideration in the going-concern assessment of the group.

43. GOING CONCERN (continued)

The directors are in discussions with the Development Bank of Southern Africa, Standard Bank Limited and Investec Limited which, if successful, will result in a significant redemption of certain financial liabilities, disclosed as other financial liabilities in Note 28 by December 2012. The impact of this process has been taken into account in assessing going concern.

Subsequent to year-end the following facilities were redeemed in full:

- The cumulative redeemable, participating preference shares held by Absa Bank Limited in Camden Bay Investments 2 Proprietary Limited, as disclosed in Note 28.1 and 28.19 respectively;
- The loan from Firefly 61 Proprietary Limited to Aquarella Investments Proprietary Limited, disclosed in note 28.22 of the Annual Financial Statements;

The board is of the view that, based on its knowledge of the group, assumptions regarding the outcome of the key processes under way and specific enquiries it has made, the group has adequate resources at its disposal to settle obligations and the group will continue as a going concern for the foreseeable future.

44. EVENTS AFTER REPORTING DATE

Subsequent to year-end, the following events took place:

On 1 March 2012 the capital gains tax inclusion rate was increased from 50% to 66.6%, resulting in an effective tax rate of 18.65% for all capital gains or losses made by the company.

On 1 March 2012 the company increased its investment in Vunani Technology Ventures from 51% to 75% for a notional consideration.

On 12 March 2012 the company converted its ordinary shares to no par value shares and subsequently consolidated its share capital on a 50:1 basis. The number of issued shares after the consolidation amounted to 105 414.7 million ordinary shares of no par value. The share consolidation affected the share incentive scheme as the number of shares granted reduced to 4.76 million and the strike price at grant date is now R3.

On 4 April 2012 the company settled its legal case with African Dawn Capital Limited (Afdawn), which resulted in the company having to pay R1 million as full and final settlement over a period of three years. The settlement was fully provided for at year-end.

On 12 April 2012 the group disposed of its investment in Respiratory Care Africa Proprietary Limited for R1.2 million.

On 12 May 2012 the group disposed of the Consolidated Infrastructure Group Limited shares that were held in Aqurella Investments 507 Proprietary Limited for R7.4 million. The proceeds were used to settle the outstanding debt relating to the investment.

On 25 May 2012 the group disposed its investment in Wesizwe Platinum Limited that was held in Camden Bay Investments 2 Proprietary Limited. The shares were sold in specie to settle the outstanding debt relating to the investment.

Statement of comprehensive income

for the year-ended 31 December 2011 VUNANI LIMITED – COMPANY

Figures in Rand 000's	Note	2011	2010
Revenue	45	**729**	729
Investment revenue	46	**359**	–
Fair value adjustments and impairments	47	**(9)**	330 986
Operating expenses	48	**(3 044)**	(1 732)
Results from operating activities		**(1 965)**	329 983
Finance income	49	**47**	–
(Loss)/profit before income tax		**(1 918)**	329 983
Income tax expense	50	**83**	–
(Loss)/profit for the year		**(1 835)**	329 983
Total comprehensive (loss)/income for the year		**(1 835)**	329 983

Statement of financial position

at 31 December 2011 **VUNANI LIMITED – COMPANY**

Figures in Rand 000's	Note	2011	2010
ASSETS			
Investments in subsidiaries	51	**15 821**	13 297
Other investments	52	**–**	–
Loans to subsidiary company	53	**14 323**	–
Total non-current assets		**30 144**	13 297
Loans to related entities	53	**591 069**	599 124
Cash and cash equivalents		*****	*
Total current assets		**591 069**	599 124
Total assets		**621 213**	612 421
EQUITY			
Share capital	54	**527**	476
Share premium	54	**609 561**	601 532
Share-based payment reserve		**2 524**	–
Accumulated loss		**(29 235)**	(27 400)
Equity attributable to equity holders		**583 377**	574 608
LIABILITIES			
Other financial liabilities	55	**37 180**	37 171
Trade and other payables	56	**656**	585
Income tax payable		**–**	57
Current liabilities		**37 836**	37 813
Total liabilities		**37 836**	37 813
Total equity and liabilities		**621 213**	612 421

** Less than R1 000.*

Statement of changes in equity

for the year-ended 31 December 2011 **VUNANI LIMITED – COMPANY**

Figures in Rand 000's	Share capital	Share premium	Share-based payment reserve	Total share capital	Accumulated loss	Total equity
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
Comprehensive income						
Loss for the year	–	–	–	–	(1 835)	(1 835)
Total comprehensive income	–	–	–	–	(1 835)	(1 835)
Transactions with owners, recorded directly in equity						
Issue of shares	51	8 029	–	8 080	–	8 080
Share-based payment			2 524	2 524	–	2 524
Total transactions with owners	**51**	**8 029**	**2 524**	**10 604**	**–**	**10 604**
Balance at 31 December 2011	**527**	**609 561**	**2 524**	**612 612**	**(29 235)**	**583 377**

Statement of cash flows

for the year-ended 31 December 2011 **VUNANI LIMITED – COMPANY**

Figures in Rand 000's	Note	2011	2010
Cash flows from operating activities			
Cash utilised by operations	57	**(2 244)**	(430)
Investment revenue		**359**	–
Finance income		**47**	–
Tax paid	58	**26**	–
Cash utilised by operating activities		**(1 812)**	(430)
Cash flows from investing activities			
Loans advanced to group companies		**1 812**	(309 861)
Cash inflow/(outflow) from investing activities		**1 812**	(309 861)
Cash flows from financing activities			
Proceeds on share issue		**–**	310 289
Cash inflow from financing activities		**–**	310 289
Net decrease in cash and cash equivalents		**–**	(2)
Cash and cash equivalents at the beginning of the year		*****	2
Total cash and cash equivalents at end of year		*****	–

* *Less than R1 000.*

Notes to the financial statements (continued)

for the year ended 31 December 2011 **VUNANI LIMITED – COMPANY**

	Figures in Rand 000's	2011	2010
45.	**REVENUE**		
	Fee income		
	Management fees	**729**	729
46.	**INVESTMENT REVENUE**		
	Dividend received	**359**	–
47.	**FAIR VALUE ADJUSTMENTS AND IMPAIRMENTS**		
	Guarantees of financial liabilities measured at fair value through profit or loss	**(9)**	330 986
48.	**OPERATING EXPENSES**		
	Operating expenses include:		
	Auditors remuneration – current year	**557**	475
	Directors' emoluments paid by company (refer note 59)	**716**	722
	Fees for professional services	**1 073**	163
49.	**FINANCE INCOME AND FINANCE COSTS**		
	Recognised in profit and loss		
	Interest income on loan to trust	**47**	–
50.	**INCOME TAX EXPENSE**		
	Current tax expense		
	Prior period over provision	**83**	–
	No taxation is payable in the current year as the company has an estimated tax loss of R3 823 729 (2010: R1 910 687) 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	**1 071**	535

Figures in Rand 000's	2011	2010
50. INCOME TAX EXPENSE (continued)		
Reconciliation of effective tax rate	**%**	%
Income tax rate	**28.0**	28.0
Tax exempt income	**(0.1)**	(28.1)
Prior year under provision	**4.3**	–
Deferred tax asset not recognised	**(27.9)**	0.1
	4.3	–

Figures in Rand 000's	Holding 2011	Holding 2010	Cost of investment 2011	Cost of investment 2010
51. INVESTMENTS IN SUBSIDIARIES				
Investment in subsidiaries held at cost				
Vunani Capital Proprietary Limited	**100%**	100%	**1 045**	*
Vunani Securities Proprietary Limited	**100%**	100%	**9 675**	8 642
Vunani Capital Markets Proprietary Limited	**100%**	100%	**201**	–
Vector Equities Proprietary Limited	**100%**	100%	**4 655**	4 655
Vunani Properties Proprietary Limited	**78%**	78%	**245**	*
			15 821	13 297

** Less than R1 000*

	Number of shares/% holding	Unlisted	Fair value
52. OTHER INVESTMENTS			
for the year-ended 31 December 2011			
African Legends Limited	**2.2m**	**1 870**	**1 870**
Nqoba Gaming Proprietary Limited	**–**	**–**	**129**
NE Corp Holdings Limited	**–**	**–**	*****
Impairment		**(1 870)**	**(1 999)**
		–	**–**

** Less than R1 000.*

Figures in Rand 000's	Number of shares/% holding	Unlisted	Fair value
52. OTHER INVESTMENTS (continued)			
for the year-ended 31 December 2010			
African Legends Limited	2,2m	1 870	1 870
Nqoba Gaming Proprietary Limited	17,5%	129	129
NE Corp Holdings Limited	0,45m	*	*
Impairment		(1 999)	(1 999)
		–	–

Figures in Rand 000's	2011	2010
Analysis of impairment		
Balance at the beginning of the year	**(1 999)**	(1 999)
Impairment	**–**	–
Balance at the end of the year	**(1 999)**	(1 999)
53. LOANS TO RELATED ENTITIES		
Vunani Capital Proprietary Limited	**591 069**	599 124

The loan to the subsidiary company is unsecured, interest free and has no fixed terms of repayment and is repayable on demand. The carrying amount approximates fair value.

Vunani Share Incentive Scheme Trust The loan to the subsidiary trust is unsecured, bears interest at the official SARS interest rate and has no fixed terms of repayment. The carrying amount approximates fair value.	**14 323**	–

Figures in Rand 000's	2011	2010
54. SHARE CAPITAL AND SHARE PREMIUM		
Authorised		
10 000 000 000 (2010: 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		
5 270 732 462 (2010: 4 763 502 216) Ordinary shares at R0.0001	**527**	476
Share premium	**609 561**	601 532
	610 088	602 008
Reconciliation of movement number of shares issued (000s):		
Balance at the beginning of the year	**4 763 502**	1 340 562
Issue of shares	**507 230**	3 422 940
Reversal of *agterskot* payment for acquisition of associate	**(114 368)**	–
Acquisition of other investments	**239 853**	–
Acquisition of associate	**31 104**	–
Acquisition through business combinations	**–**	137 000
Clawback offer	**–**	3 285 940
Employee share scheme trust	**237 957**	–
Increase in investment in subsidiary	**100 000**	–
Share issue	**12 684**	–
Balance at the end of the year	**5 270 732**	4 763 502

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.

Figures in Rand 000's	2011	2010
54. SHARE CAPITAL AND SHARE PREMIUM (continued)		
Reconciliation of value of shares issued (000s):		
Balance at the beginning of the year	**476**	134
Issue of shares	**51**	342
Reversal of *agterskot* payment for acquisition of associate	**(11)**	–
Acquisition of other investments	**24**	–
Acquisition of associate	**3**	–
Acquisition through business combinations	**–**	14
Clawback offer	**–**	328
Employee share scheme trust	**24**	–
Increase in investment in subsidiary	**10**	–
Share issue	**1**	–
Balance at the end of the year	**527**	476
Reconciliation of movement in share premium		
Balance at the beginning of the year	**601 532**	277 885
Issue of shares	**8 029**	341 952
Reversal of *agterskot* payment for acquisition of associate	**(27 740)**	–
Acquisition of other investments	**14 375**	–
Acquisition of associate	**1 552**	–
Acquisition through business combinations	**–**	13 686
Clawback offer	**–**	328 266
Employee share scheme trust	**14 253**	–
Increase in investment in subsidiary	**4 990**	–
Share issue	**599**	–
Share issue expenses written off	**–**	(18 305)
Balance at the end of the year	**609 561**	601 532

Figures in Rand 000's	2011	2010
55. OTHER FINANCIAL LIABILITIES		
Carried at fair value through profit or loss (FVTPL)		
Investec Bank Ltd		
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 36 Proprietary Limited and Anchor Park Investments 81 Proprietary Limited. Refer to note 28.24, 28.25 and 28.26 for the terms of the loans. The loan relating to Wonderwall Investments 36 Proprietary Limited is repayable in 2014, however, the guarantee is in respect of all three loans.	**37 180**	37 171
	37 180	37 171
Less: current portion	**(37 180)**	(37 171)
56. TRADE AND OTHER PAYABLES		
Sundry payables	**656**	585
57. CASH UTILISED BY OPERATIONS		
(Loss)/profit before taxation	**(1 918)**	329 983
Adjusted for:		
Investment revenue	**(359)**	–
Finance income	**(47)**	–
Fair value adjustments	**9**	(330 986)
	(2 315)	(1 003)
Changes in working capital:		
Decrease in trade and other receivables	**–**	5 500
Decrease in trading securities	**–**	1
Increase/(decrease) in trade and other payables	**71**	(4 928)
Cash utilised by operations	**(2 244)**	(430)

Figures in Rand 000's	Note	2011	2010
58. INCOME TAX PAID			
Balance at beginning of the year		**(57)**	(57)
Current tax charge		**83**	–
Balance at end of the year		**–**	57
		26	–
59. DIRECTORS EMOLUMENTS			
Refer to note 41 for directors' emoluments.			
60. RELATED PARTIES			
Relationships			
Ultimate holding company/ parent	Vunani Group Proprietary Limited*		
Subsidiaries	Refer to note 40		
Directors	Refer to note 41		
* *The parent does not produce financial statements for public use.*			
Related party balances			
Investments in subsidiaries	51	**15 821**	13 297
Loans to subsidiary company	53	**591 069**	599 124
Loans to related entity	53	**14 323**	–
		621 213	612 421
Related party transactions			
Revenue – management fee	45	**729**	729
		729	729

61 FINANCIAL INSTRUMENTS

61.1 Liquidity risk

Figures in Rand 000's 31 December 2011	Carrying amount	Un–discounted contractual cash flows	Less than 1 year	1 – 5 years	Greater than 5 years
Non–derivative financial liabilities	**(37 836)**	**(37 836)**	**(37 836)**	–	–
Non–interest bearing	**(37 836)**	**(37 836)**	**(37 836)**	–	–
31 December 2010					
Non–derivative financial liabilities	(37 756)	(37 756)	(37 756)	–	–
Non–interest bearing	(37 756)	(37 756)	(37 756)	–	–

Management of liquidity risk

The group's approach to managing liquidity is by managing its working capital, capital expenditure and cash flows, 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. Ultimate responsibility for liquidity risk management rests with the board of directors. The group ensures that it has sufficient cash on hand to meet operational expenses, including the servicing of financial obligations. The group also has access to R5,0 million overdraft facilities, which may be used to meet its working capital requirements if necessary.

61.2 Market risk

	2011	2010
Interest rate risk		
The company's interest rate exposure is as follows:		
Variable rate instruments		
Financial assets	*	*
Financial liabilities	–	–
	–	–

* *Less than R1 000*

61 FINANCIAL INSTRUMENTS (continued)

61.2 Market risk (continued)

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) and equity

	2011	2010
50 bbs increase	*	*
50 bbs decrease	*	*

* *Less than R1 000.*

Management of interest rate risk

The group manages its exposure to interest rate fluctuations by reviewing interest rate projections and fixing the rate of interest where appropriate.

61.3 Credit Risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure of credit risk was:

	2011	2010
Loans to subsidiaries	**605 392**	599 124
Cash and cash equivalents	*	*
	605 392	599 124

Impairment losses

The ageing of financial assets at the reporting date was:

2011	Total financial assets	Total gross financial assets	Past due and impaired	Past due and not impaired	Not past due and not impaired
Loans to subsidiaries	**605 392**	**605 392**	–	–	**605 392**
Cash and cash equivalents	*	*	*	*	*
	605 392	**605 392**	–	–	**605 392**
2010					
Loans to subsidiaries	599 124	599 124	–	–	599 124
Cash and cash equivalents	*	*	*	*	*
	599 124	599 124	–	–	599 124

61. FINANCIAL INSTRUMENTS (continued)

61.3 Credit risk (continued)

Factors considered in impairment

The company reviews the recoverability of loans to subsidiaries on an annual basis. Loans are impaired if the company believes it will not be able to recover loans in the future.

**Less than R1 000.*

61.4 Fair values

	2011		2010	
	Carrying amount	**Fair value**	Carrying amount	Fair value
Financial assets				
Loans and receivables	**605 392**	**605 392**	599 124	599 124
Cash and bank balances	*	*	*	*
	605 392	**605 392**	599 124	599 124
Financial liabilities				
Designated as fair value through profit or loss on initial recognition	**(37 180)**	**(37 180)**	(37 171)	(37 171)
Amortised cost	**656**	**656**	585	585
	(36 524)	**(36 524)**	(36 586)	(36 586)

At 31 December 2011 the fair values of all the financial instruments are substantially identical to the carrying amount reflected in the statement of financial position.

**Less than R1 000.*

61. FINANCIAL INSTRUMENTS (continued)

61.5 Fair value hierarchy

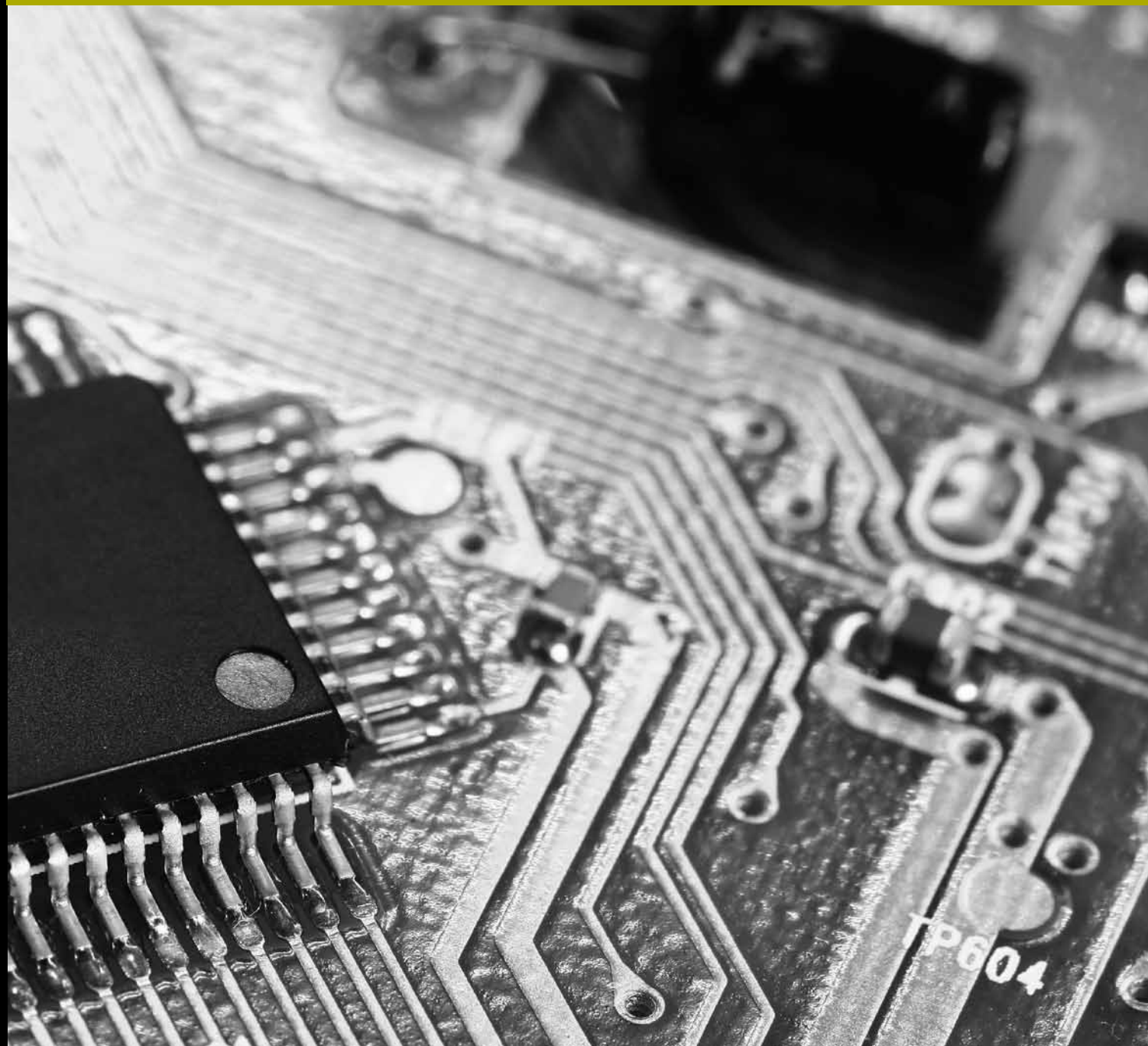
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

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 31 December 2011	**Level 1**	**Level 2**	**Level 3**
Financial liabilities designated at fair value through profit or loss	–	–	**(37 180)**
	–	–	**(37 180)**
31 December 2010			
Financial liabilities designated at fair value through profit or loss	–	–	(37 171)
	–	–	(37 171)

Shareholder information



Analysis of shareholders

for the year-ended 31 December 2011

	Number of share holders	Percentage of shares %	Number of shares held (000s)	Percentage of shares %
Analysis of shareholding				
Individuals and corporates	343	86.2	4 362 403	82.8
Investment and insurance companies	24	6.0	347 558	6.6
Nominees and trusts	29	7.2	322 147	6.1
Share schemes	1	0.3	237 957	4.5
Pension and provident funds	1	0.3	667	–
Shareholding per share register	398	100.0	5 270 732	100.0
Range of shareholding				
1 to 1 000	22	5.5	10	–
1 001 to 10 000	79	19.9	440	–
10 001 to 100 000	147	36.9	6 776	0.1
100 001 to 1 000 000	97	24.4	33 185	0.6
More than 1 000 000	53	13.3	5 230 321	99.3
	398	100.0	5 270 732	100.0

Shareholders spread analysis

To the best knowledge of the directors and after reasonable enquiry as at 31 December 2011 the spread of shareholders as defined in the listing requirements of the JSE Ltd was as follows:

Type of shareholder				
Non-public	8	2.0	2 668 046	50.6
Public	390	98.0	2 602 686	49.4
	398	100.0	5 270 732	100.0
Shareholdings greater than 5%				
Vunani Group Proprietary Limited			3 815 407	72.4
			3 815 407	72.4

Analysis of shareholders (continued)

for the year-ended 31 December 2011

Analysis of non-public shareholding	**Number of shares held**		**Total number of shares held**
	Beneficially direct	**Beneficially indirect**	
	(000s)	**(000s)**	**(000s)**
EG Dube	**–**	**1 169 867**	**1 169 867**
NM Anderson	**–**	**731 246**	**731 246**
BM Khoza	**–**	**731 246**	**731 246**
J Rossouw	**–**	**7 600**	**7 600**
CE Chimombe-Munyoro	**–**	**6 373**	**6 373**
WG Frawley	**10 803**	**–**	**10 803**
RB Makhubela	**3 333**	**–**	**3 333**
A Judin	**4 321**	**–**	**4 321**
A Zuma	**3 257**	**–**	**3 257**
	21 714	**2 646 332**	**2 668 046**

Shareholding per director	Number of shares held		
for the year-ended 31 December 2010	Beneficially direct	Beneficially indirect	Total number of shares held
	(000s)	(000s)	(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
	15 124	2 662 972	2 678 096

VUNANI

LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1997/020641/06)
JSE code: VUN
ISIN: ZAE000163382
("the company")

NOTICE OF THE ANNUAL GENERAL MEETING FOR THE YEAR ENDED 31 DECEMBER 2011

This notice of annual general meeting ("AGM") contains important information relating to the adoption of a new memorandum of incorporation ("MOI"). The complete MOI is available for inspection at the company's registered office from the date of this notice of AGM until the date of the AGM. The salient features of the MOI are set out in appendix 1 hereto.

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.

NOTICE IS HEREBY GIVEN to shareholders as at 29 June 2012, 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 Limited, 151 Katherine Street, Sandton at 10:00 on Monday 13 August 2012 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 Listings Requirements (the "JSE Listing Requirements"), which meeting is to be participated in and voted by shareholders in terms of section 62(3)(a), read with section 59 of the Companies Act.

Salient dates applicable to the AGM:	
Last day to trade to be eligible to vote at the AGM	Friday, 27 July 2012
Record date for determining those shareholders entitled to vote at the AGM	Friday, 3 August 2012

Section 63(1) of the Companies Act – Identification of meeting participants
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 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 auditors report for the year-ended 31 December 2011 have been distributed as required and will be presented to shareholders.

   The complete annual financial statements are set out on pages 37 to 136 of the annual report.

2. **Ordinary resolution number 1**
   Re-election of N Mazwi as an executive director
   "RESOLVED THAT the appointment of N Mazwi, who retires as a non-executive director of the company by rotation in accordance with the company's MOI, and being eligible, offers himself for re-appointment in this capacity, be approved". Please refer to page 6 of the annual report for a brief biography.

3. **Ordinary resolution number 2**
   Re-election of BA Khumalo as a non-executive director
   "RESOLVED THAT the appointment of BA Khumalo, who retires as a non-executive director of the company by rotation in accordance with the company's MOI, and being eligible, offers herself for re-appointment in this capacity, be approved". Please refer to page 7 of the annual report for a brief biography.

4. **Ordinary resolution number 3**
   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."

5. **Ordinary resolution number 4**
   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."

6. **Ordinary resolution number 5**
   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."

7. **Ordinary resolution number 6**
   Appointment of auditor in terms of section 61(8)(c) of the Companies Act
   "RESOLVED THAT on the recommendation of the audit committee, KPMG Inc. be and is hereby re-appointed as the independent auditor of the company (for its financial year-ending 31 December 2012) and that its appointment be of full force and effect until the conclusion of the company's next AGM, and noted that the designated auditor, G Parker, meets the requirements of section 90(2) of the Companies Act."

8. **Ordinary resolution number 7**
   General authority to directors to allot and issue authorised but unissued ordinary shares
   "RESOLVED THAT the directors be and are hereby authorised to allot and issue, at their discretion, the unissued share capital of the company and/or grant options to subscribe for unissued shares, for such purposes and on such terms and conditions as they may determine, provided that such transaction(s) has/have been approved by the JSE Limited as and when required, and are subject to the JSE Listings Requirements and the Companies Act and shareholders hereby waive any pre-emptive rights thereto."

9. **Ordinary resolution number 8**
   General authority to directors to allot and issue ordinary shares for cash
   "RESOLVED THAT in terms of the JSE Listings Requirements, the mandate given to the directors of the company in terms of a general authority to issue securities for cash, as and when suitable opportunities arise, be renewed subject to the following conditions:
   - any such issue of shares shall be to public shareholders as defined by the JSE Listings Requirements and not to related parties;
   - any such issue of equity securities be of a class already in issue or where this is not the case, must be limited to such securities or rights as are convertible into an existing class of equity securities;
   - 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 one 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 30% 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 between the company and the party/ies subscribing for the securities."

   Voting
   In terms of the JSE Listings Requirements, the approval of 75% majority of votes cast in favour of ordinary resolution number 10 by shareholders present or represented by proxy at this AGM, excluding the designated advisor and the controlling shareholders together with their associates, will be required for this authority to become effective.

10. **Ordinary resolution number 9**
    "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."

11. **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 MOI that the company be and it is hereby authorised to pay remuneration to its non-executive 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"

    Special resolution number 1 is proposed in order to comply with the requirements of the Companies Act. The aforementioned rates have been recommended 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.

12. **Special resolution number 2**
    Repurchase of company shares
    "It is hereby resolved as a special resolution that subject to the MOI, 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, subject to the following:

- 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 AGM 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;
- 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 advisor 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 passing 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 of the company or its subsidiaries will only utilise the general authority set out in special resolution number 2 above to the extent that they, after considering the effect of the maximum repurchase permitted, and for a period of 12 months after the date of the notice of this AGM, are of the opinion that:

- the company and the group will be able, in the ordinary course of business, to pay their debts;
- The assets of the company and the group will be in excess of the liabilities of the company and the group, 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 and the group are adequate for ordinary business purposes; and
- The working capital of the company and the group will be adequate for ordinary business purposes; and
- The directors have passed a resolution authorising the repurchase, resolving that the company has satisfied the solvency and liquidity tests as defined in the Companies Act and resolving that since the solvency and liquidity test had been applied, there have been no material changes to the financial position of the group.

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

- directors and management – refer to page 6 and 7 of this report;
- major shareholders – refer to pages 140 and 141 of this report;
- directors' interests and securities – refer to page 34 of this report;
- share capital of the company – refer to page 90 of this report.

Directors' responsibility:
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 pertaining to special resolution number 2 and certify that to the best of their knowledge and belief, there are no other facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries have been made and that the aforementioned special resolution contains all the information required by the JSE Limited.

Litigation:
The directors are not aware of any 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, in the recent past, being at least the previous 12 months, a material effect on the group's financial position.

Material change:
Other than the facts and developments reported on in this annual integrated report, there have been no material changes in the financial or trading position of the group since the company's financial year-end and the signature date of this annual integrated report

13. Special resolution number 3

Financial assistance

"It is hereby resolved as a special resolution that subject to the MOI and subject to the requirements of the Companies Act, 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 corporation 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 next AGM of the company."

14. Special resolution number 4:

Adoption of new memorandum of incorporation

"It is hereby resolved as a special resolution that a new MOI, as detailed in the salient features thereof attached to this notice of annual general meeting as appendix 1, the complete MOI having been available for inspection at the company's registered office from the date of notice of this annual general meeting until the date of this AGM, which MOI will supersede the current memorandum and articles of association of the company, the complete MOI having been initialled by the chairman of this meeting for identification purposes and tabled at this meeting, be and is hereby ratified and approved."

15. Voting procedures and electronic participation

15.1 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:

15.1.1 to furnish them with their voting instructions; or

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

15.2 The directors have not made any provision for electronic participation at the AGM.

16. Threshold for resolution approval

16.1 For ordinary resolutions, with the exception of ordinary resolution 10 as detailed above, to be approved by shareholders, each resolution must be supported by more than 50% of the voting rights exercised on the resolution concerned.

16.2 For special resolutions to be approved by shareholders, each resolution must be supported at least 75% of the voting rights exercised on the resolution concerned.

17. Proxies

17.1 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.

17.2 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.

17.3 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 10:00 on Wednesday, 8 August 2012. 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 timeously, 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.

E G Dube
Chief Executive Officer
29 June 2012

Business address and registered office

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. +27(11) 6885238

Shareholder Communication

Computershare Investor Services (Proprietary) Limited
(Registration No. 2004/003647/07)
70 Marshall Street, Johannesburg, 2001
PO Box 61051, Marshalltown, 2107
Fax No. +27(11) 6885238

Appendix 1

MEMORANDUM OF INCORPORATION ("MOI"): SALIENT FEATURES

The notice of the annual general meeting as contained in this annual report includes a special resolution for the approval of a new memorandum of incorporation ("MOI") for the company by shareholders.

A copy of the complete MOI is available for inspection at the company's registered office, Vunani House, Athol Ridge Office Park, 151 Katherine Street, Sandton, from the date of the notice of the annual general meeting 20 June 2012 until the 13 August 2012, the date of the annual general meeting.

Salient clauses of the MOI are set out below. Any reference to "the act" means the Companies act, 71 of 2008.

5. Amendment of memorandum of incorporation

5.1 This MOI may only be altered or amended by way of a special resolution of the ordinary shareholders in accordance with section 16(1)(c) of the act, except if such amendment is in compliance with a court order as contemplated in section 16(1)(a) of the act, but shall not be limited to:

5.1.1 creation of any class of shares; or

5.1.2 increase or decrease in the number of authorised shares of any class of the company's shares; or

5.1.3 a sub-division or consolidation of the authorised shares of any class of the company's shares; or

5.1.4 reclassification of any classified shares that have been authorised but not issued; or

5.1.5 classification of any unclassified shares that have been authorised but not issued; or

5.1.6 determination or variation of the preferences, rights, limitations or other terms of any shares; or

5.1.7 conversion of the company's shares from shares having par value to shares having no par value; or

5.1.8 the change of name of the company.

7. Shares and share capital

7.1 The company is authorised to issue 200 000 000 (two hundred million) ordinary shares of no par value each of which ranks *pari passu*, as contemplated in terms of paragraph 3.29 of the JSE Listings Requirements and any future amendment thereto, in respect of all rights and entitle the holder to 1 (one) vote for every share held, to be exercised in person or by proxy, on any matter to be decided by the shareholders of the company by means of a poll.

7.2 Subject to what may be authorised by the act, the JSE Listings Requirements and at meetings of Shareholders in accordance with clause 7.4, and subject to clause 7.3, unissued shares shall be offered to existing shareholders, pro rata to their shareholdings, unless such shares are to be issued for an acquisition of assets.

7.4 Unless otherwise provided, shareholders in general meeting may authorise the directors by way of ordinary resolution to issue unissued shares, and/or grant options to subscribe for unissued shares, as the directors in their discretion deem fit, provided that such corporate action(s) has/have been approved by the JSE and are subject to the JSE Listings Requirements.

7.6 Notwithstanding the provisions of clause 5.1 above, if any amendment relates to the variation

of any preferences, rights, limitations and other terms attaching to any class of shares other than ordinary shares and already in issue, that amendment must not be implemented without a special resolution, taken by the holders of shares in that particular class at a separate meeting. In such instances, the holders of such shares may be allowed to vote at the meeting of ordinary shareholders subject to the provisions of clause 21.2 below. Where applicable, no resolution of ordinary shareholders of the company shall thus be proposed or passed, unless a special resolution of the holders of the shares in that class, have approved the amendment.

7.7 No shares may be authorised in respect of which the preferences, rights, limitations or any other terms of any class of shares may be varied in response to any objectively ascertainable external fact or facts as provided for in sections 37(6) and 37(7) of the act and the powers of the board are limited accordingly.

7.8 The company may only issue shares which are fully paid up and freely transferable and only within the classes and to the extent that those shares have been authorised by or in terms of this MOI.

7.9 All issues of shares for cash and all issues of options and convertible securities granted or issues for cash must, in addition, be in accordance with the JSE Listings Requirements.

7.10 All securities of the company for which a listing is sought on the JSE and all securities of the same class as securities of the company which are listed on the JSE must, notwithstanding the provisions of section 40(5) but unless otherwise required by the act, only be issued after the company has received the consideration approved by the board for the issuance of such securities.

11. No lien

Securities shall not be subject to any lien in favour of the company and shall be freely transferable by the holder thereof.

13. Debt instruments

The board may authorise the company to issue secured or unsecured debt instruments, as set out in section 43(2) of the act, but no special privileges [including the attendance and voting at the general meetings and/or appointment of directors] associated with any debt instruments to be issued by the company, as set out in section 43(3), may be granted and the authority of the board in such regard is limited by this MOI.

16. Financial assistance

Subject to compliance with the provisions of section 44 of the act, the board may authorize the company to provide financial assistance by way of loan, guarantee, the provision of security or otherwise to any person 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 such securities and the authority of the board in this regard is not limited or restricted by this MOI.

17. Acquisition by the company of its own shares

17.1 Subject to the JSE Listings Requirements, the provisions of section 48 of the act and subject furthermore to the provisions of this clause 17:

17.1.1 the board may determine that the company acquire a number of its own shares; and

17.1.2 the board of directors of any subsidiary of the company may determine that such subsidiary acquire shares in the company.

17.2 Any decision by the company to acquire its own shares must satisfy the JSE Listings Requirements and, accordingly, the company may not acquire its own shares unless, for as long as it is required in terms of the JSE Listings Requirements, the acquisition has been approved by a special resolution of the shareholders, whether in respect of a particular repurchase or generally approved by shareholders and unless such acquisition otherwise complies with sections 5.67 to 5.69 of the JSE Listings Requirements (or such other sections as may be applicable from time to time) and the provisions of section 46 of the act.

18. Record date for exercise of shareholder rights

18.1 The board may set a record date as contemplated in section 59(1) of the act.

18.2 A record date shall be determined by the board provided that:

18.2.1 for as long as the JSE Listings Requirements apply to the company and prescribe a record date, such record date shall be the record date as prescribed by the JSE Listings Requirements; and

18.2.1 such record date must be published to shareholders in a manner that satisfies the JSE Listings Requirements and any other prescribed requirements.

19. Shareholders' meetings

19.1 The board, or any prescribed officer of the company authorised by the board, is entitled to call a shareholders' meeting at any time. For the avoidance of doubt, it is specifically recorded that there are no prohibition or restriction on the company to call any meeting of shareholders for the purposes of adhering to the JSE Listings Requirements.

19.2 No resolution of shareholders as required in terms of the act, the JSE Listings Requirements or the provisions of this MOI may be passed by means of written resolution of shareholders as contemplated in section 60 of the act and such resolutions may thus only be passed at a duly constituted meeting of shareholders.

19.7 Not less than 15 (fifteen) business days' notice shall be delivered to shareholders in respect of all meetings of shareholders, notwithstanding the nature of the resolutions to be passed, if any. This notice period shall not be applicable in the event that the company adheres to the provisions of section 62(2A) of the act.

19.8 The quorum for a shareholders' meeting to begin or for a matter to be considered is, save where the matter to be decided is in respect of a fundamental transaction as set out in Chapter 5 of the act, at least 3 (three) shareholders being present at the meeting, provided that:

19.8.1 a shareholders' meeting may not begin until sufficient persons are present at the meeting to exercise, in aggregate, at least 25% (twenty five percent) of the voting rights that are entitled to be exercised in respect of at least one matter to be decided at the meeting; and

19.8.2 a matter to be decided at a shareholders' meeting may not begin to be considered unless sufficient persons are present at the meeting to exercise, in aggregate, at least 25% (twenty five percent) of all of the voting rights that are entitled to be exercised in respect of that matter at the time the matter is called on the agenda.

19.11 After a quorum has been established for a meeting, or for a matter to be considered at a meeting, all the shareholders forming part of the quorum must be present at the meeting for the matter to be considered at the meeting.

23. Shareholders' resolutions

23.1 For an ordinary resolution to be approved it must be supported by more than 50% (fifty percent) of the votes cast by all shareholders present or represented by proxy at the relevant meeting.

23.2 For a special resolution to be approved it must be supported by at least 75% (seventy five percent) of the votes cast by all shareholders present or represented by proxy at the relevant meeting.

24. Composition of the board of directors and alternate directors

24.1 In addition to the minimum number of directors, if any, that the company must have to satisfy any requirement in terms of the act to appoint an audit committee and a social and ethics committee, the board shall comprise of a minimum of 4 (four) directors and the shareholders shall be entitled, by ordinary resolution, to determine such maximum number of directors as they from time to time shall consider appropriate.

24.2 Subject to clause 24.8 below, all directors shall be elected by an ordinary resolution of the shareholders at a general or annual general meeting of the company and no appointment of a director in accordance with a resolution passed in terms of section 60 shall be competent.

24.3 The company shall only have elected or appointed directors and there shall be no ex officio directors as contemplated in section 66(4) of the act.

24.4 In addition to satisfying the qualification and eligibility requirements set out in section 69 of the act, a person need not satisfy any further eligibility requirements or qualifications to become or remain a director or a prescribed officer of the company.

24.5 Subject to the provisions of clause 24.6 below, no directors shall be appointed for life or for an indefinite period and the directors shall rotate in accordance with the following provisions:

24.5.1 at each annual general meeting, 1/3 (one third) of the elected directors for the time being, or if their number is not 3 (three) or a multiple of 3 (three), the number nearest to 1/3 (one third), but not less than 1/3 (one third), shall retire from office;

24.5.2 the elected directors to retire in every year shall be those who have been longest in office since their last election, but as between persons who were elected as directors on the same day, those to retire shall, unless they otherwise agree among themselves, be determined by lot; and

24.5.3 a retiring director may be re-elected, providing he is eligible.

24.6 Notwithstanding the provisions of clause 24.5 above, if a director is also an employee of the company in any capacity, also referred to as an executive director, he or she shall not, while he or she continues to hold that position or office, be subject to retirement by rotation and he or she shall not, in such case, be taken into account in determining the rotation or retirement of directors as contemplated in clause 24.5 above.

24.7 The board shall, through its nomination committee constituted in terms of clause 30 provide the shareholders with a recommendation in the notice of the meeting at which the re-election of a retiring director is proposed, as to which retiring directors are eligible for re-election, taking into account that director's past performance and contribution. Sufficient time shall be allowed between the date of such notice and the date of the general meeting or annual general meeting at which the re-election of the director is to be proposed to allow nominations to reach the company's office from any part in the Republic.

24.8 Notwithstanding the provisions of clause 24.2, the board has the power to fill any vacancy on the board or appoint such additional directors as deemed necessary from time to time on a temporary basis, as set out in section 68(3) of the act, provided that such appointment must be confirmed by the shareholders, in accordance with clause 24.2 above at the next annual general meeting of the company following the appointment of the director, as required in terms of section 70(3)(b)(i);

24.9 Unless otherwise agreed with the JSE, the proposal of any resolution to shareholders in terms of sections 20(2) and 20(6) of the act shall be prohibited in the event that such a resolution would lead to the ratification of an act that is contrary to the JSE Listings Requirements.

26. Directors' meetings

26.2 The directors may elect a chairman and a deputy chairman and determine the period for which each is to hold office. The chairman, or in his absence the deputy chairman, shall be entitled to preside over all meetings of directors. If no chairman or deputy chairman is elected, or if at any meeting neither is present or willing to act as chairman thereof within 10 (ten) minutes of the time appointed for holding the meeting, the directors present shall choose 1 (one) of their number to be chairman of such meeting.

26.5.4 in the case of a tied vote the chairman may not cast a deciding vote in addition to any deliberative vote if the quorum of directors is not more than 2 (two) and only 2 (two) directors are present at the meeting.

27. Directors' compensation and financial assistance

27.1 The company may pay remuneration to thedirectors for their services as directors in accordance with a special resolution approved by the company's shareholders within the previous 2 (two) years, as set out in section 66(8) and (9) of the act, and the power of the company in this regard is not limited or restricted by this MOI.

27.2 Any director who:

27.2.1 serves on any executive or other committee; or

27.2.2 devotes special attention to the business of the company; or

27.2.3 goes or resides outside South Africa for the purpose of the company; or

27.2.4 otherwise performs or binds himself to perform services which, in the opinion of the directors, are outside the scope of the ordinary duties of a director,may be paid such extra remuneration or allowances in addition to or in substitution of the remuneration to which he may be entitled as a director, as a disinterested quorum of the directors may from time to time determine.

27.3 The directors may also be paid all their travelling and other expenses necessarily incurred by them in connection with:

27.3.1 the business of the company; and

27.3.2 attending meetings of the directors or of committees of the directors of the company.

27.4 The board may, as contemplated in and subject to the requirements of section 45 of the act, authorise the company to provide financial assistance to a director, prescribed officer or other person referred to in section 45(2) of the act, and the power of the board in this regard is not limited or restricted by this MOI.

28. Indemnification of directors

28.1 The company may advance expenses to a director or directly or indirectly indemnify a director in respect of the defence of legal proceedings, as set out in section 78(4) of the act, indemnify a director in respect of liability as set out in section 78(5) of the act, and/or purchase insurance

to protect the company or a director as set out in section 78(7) of the act, and the power of the company in this regard is not limited, restricted or extended by this MOI.

28.2 The provisions of clause 28.1 shall apply *mutatis mutandis* in respect of any former director, prescribed officer or member of any committee of the board, including the audit committee.

28.3 In the event that any shareholder removes any director appointed by it/them, it/they hereby indemnifies and holds harmless the company against any claim instituted by such director as a result of his removal from office and all costs arising from such claim.

31. Distributions

31.1 Subject to the provisions of the act, and particularly section 46, the company may make a proposed distribution if such distribution:

31.1.1 is pursuant to an existing legal obligation of the company, or a court order; or

31.1.2 is authorised by resolution of the board, provided that such distribution complies with the JSE Listings Requirements and is not required to be repaid on the basis that it may be called up again.

31.2 No distribution shall bear interest against the company, except as otherwise provided under the conditions of issue of the shares in respect of which such distribution is payable.

31.3 Distributions may be declared either free of or subject to the deduction of income tax and any other tax or duty in respect of which the company may be chargeable.

31.4 The directors may from time to time declare and pay to the shareholders such interim distributions as the directors consider to be appropriate.

31.5 Any distribution must be made payable to shareholders registered as at a date subsequent to the date of declaration thereof or the date of confirmation thereof, whichever is the later date.

31.6 No larger distribution shall be declared by the company in general meeting than is recommended by the directors, but the company in general meeting may declare a smaller distribution.

31.7 All unclaimed dividends shall be held by the company in trust until claimed, provided that dividends unclaimed for a period of 3 (three) years from the date on which they were declared may be declared forfeited by the directors for the benefit of the company. All unclaimed monies, other than dividends, that are due to a shareholder(s) shall be held by the company in trust for an indefinite period until lawfully claimed by such shareholder(s), subject to the laws of prescription.

32. Payment of commission

32.1 The company may pay a commission at a rate not exceeding 10% (ten percent) of the issue price of a share to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares of the company or for procuring or agreeing to procure, whether absolutely or conditionally, subscriptions for any shares of the company.

33. Notices

33.1 All notices shall be given by the company to each shareholder of the company who has elected to receive such documents and simultaneously to the Issuer Services Division of the JSE, and shall be given in writing in any manner authorised by the JSE Listings Requirements and the Regulations, and particularly Table CR 3 annexed to the Regulations. All notices shall, in addition to the above, be released through SENS, provided that, in the event that the Shares or other securities of the company are not listed on the JSE, all the provisions of this MOI relating to the publication of notices via SENS shall no longer apply and such notices shall thereafter only be published in accordance with the provisions of the act.

Form of proxy

VUNANI LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1997/020641/06)
JSE code: VUN ISIN: ZAE000163382

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 Monday, 13 August 2012 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 annual 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 and special resolutions to be proposed thereat and at any adjournment thereof and to vote for or against the resolutions or to abstain from voting in respect of the resolutions, in accordance with the following instructions (see note 2):

	Number of votes (one vote per ordinary share)		
	For	Against	Abstain
Ordinary resolution number 1 Re-election of N Mazwi as a non-executive director			
Ordinary resolution number 2 Re-election of BA Khumalo as a non-executive director			
Ordinary resolution number 3 Re-election of G Nzalo as a member and chairperson of the audit committee.			
Ordinary resolution number 4 Re-election of JR Macey as a member of the audit committee			
Ordinary resolution number 5 Re-election of NS Mazwi as a member of the audit committee.			
Ordinary resolution number 6 Re-election of KPMG as an auditor of the company.			
Ordinary resolution number 7 General authority to directors to allot and issue authorised but unissued ordinary shares			

	Number of votes (one vote per ordinary share)		
	For	Against	Abstain
Ordinary resolution number 8 General authority to directors to allot and issue ordinary shares for cash			
Ordinary resolution number 9 Approved remuneration policy (non-binding advisory vote			
Special resolution number 1 Remuneration payable to non-executive directors			
Special resolution number 2 Repurchase of company shares			
Special resolution number 3 Financial assistance			
Special resolution number 4 Adoption of new memorandum of incorporation			

(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 _____ 2012

Signature(s) _____

Capacity _____

Please read the notes on the reverse side hereof.

Notes:

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 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:
   9.1 any one holder may sign the form of proxy; and
   9.2 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 (i) be lodged so as to reach the transfer secretaries by no later than the relevant time; or (ii) 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 ("the 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 an 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 MOI 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: (i) stated in the revocation instrument, if any; or (ii) 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 MOI 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 MOI, 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 supply 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: (i) bear a reasonably prominent summary of the rights established in section 58 of the act; (ii) 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 (iii) 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.