



MVELAPHANDA GROUP LIMITED

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MVELAPHANDA GROUP LIMITED

Mvela Group will continue with its unbundling strategy with a key focus on unlocking value and generating a satisfactory return on capital for shareholders over time.

2	Board of directors
4	Business overview
9	Corporate governance and sustainability report
Financial statements	
17	Independent auditors' report
18	Directors' responsibility statement
19	Statement of compliance by the Company secretary
19	Directors' report
24	Accounting policies
32	Operating segmental report
34	Statements of financial position
35	Statements of comprehensive income
36	Statements of cash flows
37	Statements of changes in equity
38	Notes to the financial statements
71	Analysis of ordinary shareholders
72	Analysis of preference shareholders
73	Principal subsidiaries
74	Principal investments, associated companies and joint ventures
75	Notice to shareholders
79	Forms of proxy
83	Glossary of terms
IBC	Administration



Executive directors

Mikki Xayiya

Chairman

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

Mikki Xayiya has served in various capacities in the African National Congress since 1977. In 1995, he was appointed as a Policy Advisor – Office of the Premier, Gauteng Provincial Government. He left public office and joined Mawenzi Asset Managers as Managing Director. In 1998, he co-founded Mvelaphanda Holdings. Mikki is chairman of Mvelaphanda Holdings, Mvelaserve Limited and various other Group companies.

Ernst Röth

Chief financial officer

BCom (Stell), BCompt (Hons) (Unisa), CA(SA), Postgraduate Certificate Advance Tax (Unisa)

After qualifying as a chartered accountant, Ernst Röth spent most of his career in public practice and also worked in the office of the Auditor-General of South Africa for three years. Prior to joining Mvelaphanda Group, he served as a credit risk monitoring executive for a bank in South Africa, financial and chief executive officer of a biochemical company and worked as a financial consultant to Mvelaphanda Holdings. He joined Mvelaphanda Group in June 2007 as a Group finance executive prior to his appointment as chief financial officer.



Non-executive directors

Kuseni Dlamini

Independent non-executive director

MPhil (Oxford)

Kuseni is the CEO of Old Mutual SA and Emerging Markets. Prior to this he was the head of Anglo American's South African operations and a member of the Anglo American plc Executive Committee. He also held the position of Executive Chairman of Richards Bay Coal Terminal Company (RBCT), and a number of senior positions at Anglo Gold Ashanti and De Beers Consolidated in South Africa and the United Kingdom.

Kuseni graduated *cum laude* from the University of Natal with a Bachelor in Social Science Honours degree and was a Rhodes Scholar at Oxford University where he read for his MPhil. In 2008, he was selected as one of the 'Young Global Leaders' by the World Economic Forum and the *Mail & Guardian* named him as one of the top 200 young people worth taking to lunch.

Kuseni is active in professional bodies which include the South African Institute of International Affairs and the Advisory Board of Wits Business School.

Bryan Hopkins

Independent non-executive and lead independent director

BCom (Hons), CA(SA)

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

Oyama Mabandla

Independent non-executive director

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

Oyama Mabandla is the immediate past Chairman of Vodacom and Executive Chairman of Langa Group, an investment holding company. Prior to joining South African Airways as deputy CEO, he held various positions within the legal and investment banking professions.

Mvela Group continues to explore avenues that will unlock value in the most efficient way for shareholders.



Mvelaphanda Group ("Mvela Group" or "Group") reported during its interim period the significant progress made on its value unlocking strategy with the unbundling of its investments in Life Healthcare Limited ("Life Healthcare") and Mvelaserve Limited ("Mvelaserve") to shareholders. Since then, Mvela Group continues to explore avenues that will unlock value in the most efficient way for shareholders.

Mvela Group continues to generate income from investments, which will in future be its only source of income. Consequently, Mvela Group's sector listing on the JSE was moved from the Business Support Services Sector to the Investment Instruments Sector.

ECONOMIC ENVIRONMENT

The South African economy grew by 2,8% for the calendar year ended 2010. The first quarter of 2011 reported a GDP growth of 4,8%. Despite the deterioration in the inflation outlook, the interest rates have been kept at their low levels which, together with the positive growth rate, are beneficial to the value of the Group's remaining investments.

FINANCIAL OVERVIEW

Financial performance

The results for the year ended 30 June 2011 include revenue of R1 886 million from Mvelaserve for five months prior

to its unbundling on 6 December 2010 compared to R4 199 million for the full twelve months the previous year. Operating profit for the year amounted to R115 million which excludes R85 million of exceptional items incurred for the listing and unbundling of Mvelaserve and the unbundling of Life Healthcare to shareholders.

Net interest expense for the year decreased to R45 million from R108 million the previous year mainly as a result of settling non-current liabilities during the year.

Mvela Group received dividend income of R72 million (2010: R170 million) during the year, of which R57 million was received from Life Healthcare.

Net fair value adjustments and profit and loss from investments amounted to a net loss of R230 million against a gain of R408 million the previous year which comprises a net gain from fair value adjustments on investments of R197 million (2010: R609 million), an unbundling fair value adjustment loss of R284 million, and R143 million (2010: R201 million) in net realised loss from disposal of investments. The net fair value adjustment of investments of R197 million includes R237 million fair value gain from the Group's indirect investment in Absa Group Limited ("Absa") offset by R72 million fair value loss from the Group's investment in Group Five Limited ("Group Five").

The net loss from associates amounted to R4 million against a loss of R23 million the previous year. The Group's interest in Avusa Limited ("Avusa") contributed R8 million of the aforementioned R4 million loss, being the Group's share of Avusa's comprehensive income for the year ended 31 March 2011 of R42 million (2010: R40 million) offset by an impairment on the Group's investment in Avusa of R50 million (2010: R69 million).

Costs relating to a portion of the 124 425 055 redeemable option-holding shares ("BEE shares") that are amortised to the statement of comprehensive income in accordance with AC503, *Accounting for Black Economic Empowerment (BEE) transactions* have vested in full with the final cost of R16 million amortised during the year.

Tax credit of R119 million (2010: R136 million) was charged to the statement of comprehensive income during the year of which R144 million relates to the over provision of deferred tax provided for in respect of the Group's indirect investment in Absa, R47 million capital gains tax ("CGT") incurred from the sale of Life Healthcare shares and secondary tax on companies ("STC") of R6 million.

Dividends paid to ordinary shareholders of R2 456 million results mainly from

Intrinsic net asset value

	30 June 2011				30 June 2010	
	Intrinsic gross asset value (after CGT) Rm	Debt Rm	Intrinsic net asset value Rm	Per share ^{1,3} R	Intrinsic net asset value Rm	Per share ^{2,3} R
Absa Group	1 053	—	1 053	1,99	913	1,96
Life Healthcare	270	—	270	0,51	2 542	5,46
Avusa	635	(333)	302	0,57	(345)	(0,74)
Group Five	82	—	82	0,15	174	0,37
Mvelaserve	99	—	99	0,18	1 723	3,70
Vox Telecom	48	—	48	0,09	(215)	(0,46)
Other investments	26	—	26	0,04	25	0,05
Net cash	64	—	64	0,12	476	1,02
Total	2 277	(333)	1 944	3,65	5 293	11,36

¹Based on the net number of ordinary shares in issue on 30 June 2011 of 529 million ordinary shares.

²Based on the fully diluted net number of 465 million ordinary shares, on the assumption that all the preference shares are converted into ordinary shares.

³BEE shares issued in June 2007 and December 2010 have not been taken into account in calculating the intrinsic net asset value per ordinary share as the minimum option strike price of R9,18 (2010: R17,50) is greater than the current Mvela Group ordinary share price. The intrinsic net asset value is unaudited and unreviewed.

the unbundling of Life Healthcare and Mvelaserve. As the unbundling transactions qualified for roll-over relief as set out in section 46 of the *Income tax Act 58 of 1962*, no STC was payable by the Company.

Financial position

The 2011 investment in associates comprises the Group's investment in Avusa amounting to R635 million (2010: R674 million) after equity accounting for the Group's share in Avusa's comprehensive income of R42 million (2010: R40 million) less an impairment in the amount of R50 million (2010: R69 million).

Investments decreased to R2 016 million at 30 June 2011 from R4 065 million the previous year, mainly attributable to the Life Healthcare unbundling of R1 892 million. As part of the unbundling of Life Healthcare and Mvelaserve, the Group received shares to the value of R270 million *in lieu* of its 35 765 285 Mvela Group treasury shares held. Investments with a carrying value of R631 million were disposed of during the year, which includes Health Strategic Investments Limited shares received on unbundling. The proceeds received from disposal of investments were mostly used to settle the Group's interest-bearing liabilities.

The Group's net cash position decreased to R64 million, including a R24 million overdraft at 30 June

2011, from R526 million at 30 June 2010 mainly from the unbundling of Mvelaserve and from the reduction of interest-bearing liabilities.

Total interest-bearing liabilities at 30 June 2011 decreased to R333 million from R1 358 million at 30 June 2010 mainly attributable to repayments of R609 million and R435 million debt being disposed of via the Mvelaserve unbundling.

Capital structure

The issued ordinary share capital of the Company increased by 121 999 596 shares to 565 473 650 ordinary shares following the conversion of 53 995 906 preference shares as mentioned below. The ordinary shares held as treasury shares remained unchanged at 35 765 285 shares.

The issued preference shares decreased to 265 362 convertible perpetual cumulative preference shares following the conversion of the 53 995 906 preference shares. The conversion price of the convertible perpetual cumulative preference shares was changed on 23 August 2010 to R4,50 from R9,30 following the distribution of Life Healthcare to ordinary shareholders. Preference shareholders had until 4 November 2010 to convert and the remaining 265 362 convertible perpetual cumulative preference shares have now become perpetual

preference shares at a dividend rate of 80% of the ruling prime overdraft rate, redeemable at the instance of the issuer. The preference shareholders earned dividends at a rate of 5,5% per annum up to 4 November 2010 and at 80% of the ruling prime overdraft rate from 5 November 2010 until 30 June 2011.

BEE shareholders were not able to participate in the unbundling of Life Healthcare or Mvelaserve. As compensation, and to enhance and secure Mvela Group's BEE shareholding credentials, additional BEE shares were created and allotted, increasing the issued number of BEE shares to 276 223 624 at 30 June 2011 from 124 425 056 at 30 June 2010. Similarly, the minimum strike price of R17,50 was adjusted to R9,18 per Mvela Group ordinary share.

INTRINSIC NET ASSET VALUE

The Group's intrinsic net asset value per share decreased to R3,65 from R11,36 at 30 June 2010 mainly due to the unbundling of Life Healthcare and Mvelaserve.

The intrinsic net asset value per ordinary share net of capital gains tax and debt is set out in the table above.

Based on Mvela Group's ordinary share price listed on the JSE of R3,28 on 30 June 2011, the ordinary shares were



trading at a discount of 11% to the Group's intrinsic net asset value per ordinary share of R3,65 at that date.

INVESTMENT OVERVIEW

Absa

The Absa intrinsic net asset value of R1,99 per Mvela Group share was based on the Absa share price of R134,81 per share at 30 June 2011 compared to R1,96 per Mvela Group share which was based on an Absa share price of R121,49 per share at 30 June 2010. The Group's investment in Absa comprises 54% of the Group's intrinsic net asset value at 30 June 2011.

Avusa

The Group's interest of 26 474 000 ordinary shares in Avusa was diluted to 22% at 30 June 2011 from 25,5% at 30 June 2010 following an issue of ordinary shares by Avusa as part settlement for an acquisition during the period under review. Based on a closing price at 30 June 2011 of R24 (2010: R19,10), the intrinsic net asset value amounted to R0,57 per Mvela Group share compared to a negative R0,74 per Mvela Group share at 30 June 2010. The aforementioned improvement was mainly as a result of a R518 million repayment of debt. Mvela Group's 22% investment in Avusa comprises 15% of Mvela

Group's intrinsic net asset value at 30 June 2011.

Avusa reported a 13% increase in revenue, 30% increase in operating profit and an 18% year-on-year increase in headline earnings for the period ended 31 March 2010. Avusa will continue to focus on its strategy to maximise value and extract cash from all contemporary physical businesses. Avusa expects, in the coming year, to see the benefits from annualised contribution from its retail solutions from the current positive indications of improving advertising support for its media business.

Group Five

Mvela Group's interest in Group Five is valued using an option-pricing model. Based on a share price of R29,90 at 30 June 2011 (2010: R34,50), the intrinsic net asset value amounted to R0,15 per Mvela Group share compared to an intrinsic net asset value of R0,37 per Mvela Group share at 30 June 2010. Mvela Group's 12,7% investment in Group Five comprises 4% of the Group's intrinsic net asset value at 30 June 2011.

Life Healthcare

Life Healthcare, which was listed in the previous financial year, was unbundled to shareholders on 20 August 2010 via shares in a newly listed subsidiary, Health Strategic Investments Limited

("Health"). Each Health share represented one Life Healthcare share and was unbundled to shareholders in a ratio of 33,455 Health shares for every 100 Mvela Group ordinary shares held, resulting in Mvela Group, through its 35 765 285 treasury shares held by a subsidiary, receiving 11 964 686 Health ordinary shares. Health unbundled its Life Healthcare shares to its shareholders on 17 December 2010 in a ratio of 1:1.

Apart from the above, Mvela Group owned a direct interest of 44 305 618 shares in Life Healthcare of which 9 920 338 were sold pursuant to the overallotment after the listing of Life Healthcare. A further 16 935 377 Life Healthcare shares were sold during the year bringing the Group's interest in Life Healthcare to 17 449 903 or 1,67%.

The Life Healthcare share price at 30 June 2011 amounted to R17,59 per share which translated to a net intrinsic value of R0,51 per Mvela Group share compared to R5,46 per Mvela Group share at 30 June 2010. The decrease was mainly due to the unbundling effect of R4,72 per Life Healthcare share, partially offset against the increase in the Life Healthcare share price from R13,50 to R17,59 per share. Life Healthcare comprises 14% of Mvela Group's intrinsic net asset value at 30 June 2011.

Financial returns

	2011	2010
Debt:equity ratio (%)	15,2	28,5
Return on average shareholders' funds (%)	(3,6)	20,9
Return on net investments (%)	8,5	25,9
Weighted average cost of capital (%)	10,5	11,6
Earnings yield (based on ordinary share price at 30 June (%))	(7,9)	27,4

Life Healthcare reported a 12,7% increase in revenue, a 20,1% increase in operating profit and a 30,2% increase in cash generated from operations for the six-month period to 31 March 2011. Life Healthcare reported that it will invest in future bed capacity across its acute hospitals, mental health and acute rehabilitation facilities to meet higher demand due to the increasing disease burden, ageing population, the increase in private insured lives and the preferred network arrangements negotiated with the funders. Life Healthcare will continue to focus on improving its occupancy and efficiency and cost savings programmes to ensure continued real growth in normalised earnings.

Mvelaserve

Mvelaserve was listed on the JSE on 29 November 2010 after which the Group unbundled its total interest to shareholders on 6 December 2010. As part of the unbundling, the Group received 8 953 481 Mvelaserve shares *in lieu* of its holding of 35 765 285 Mvela Group treasury shares.

The share price of Mvelaserve on the JSE at 30 June 2011 was R12,00 which translates to R0,18 per Mvela Group share at 30 June 2011 compared to R3,70 per Mvela Group share at 30 June 2010. Mvelaserve comprises 5% of the Group's intrinsic net asset value at 30 June 2011.

Vox Telecom Limited ("Vox Telecom")

The intrinsic net asset value of Mvela Group's 12% investment in Vox Telecom amounts to R0,09 per Mvela Group share based on the closing price of R0,35 per share at 30 June 2011 compared to a negative R0,46 per Mvela Group share at 30 June 2010. The aforementioned improvement was mainly as a result of a R256 million redemption in debt. Mvela Group's 12% interest in Vox Telecom comprises 2% of the Group's intrinsic net asset value at 30 June 2011.

Vox Telecom reported an 11% decline in revenue, a 2% increase in EBITDA and a 15% increase in cash balance for the six-month period ending 28 February 2011. Vox Telecom reported that, amongst other factors, a deflationary environment impacted its revenue growth.

FINANCIAL RETURNS

The financial returns for the year ended 30 June 2011 are set out in the table above.

CHANGES TO BOARD OF DIRECTORS

As at 30 June 2011, the board comprised five members of whom two are executive members and three are independent non-executive members. Ms Cuba resigned as chief

executive officer ("CEO") with effect from 31 December 2010. The board wishes to thank Ms Cuba for her invaluable contributions while she was at the Company. In view of the Group's unbundling strategy, the JSE approved that the position of CEO remains vacant for a period of 18 months from 30 March 2011.

BLACK ECONOMIC EMPOWERMENT ("BEE")

Mvela Group has an inclusive philosophy towards BEE and believes that broad-based community and employee participation in Mvela Group is critical to its future success. Subsequent to the issue of 124 425 055 BEE shares to strategic BEE groupings, women's groupings and charitable organisations and the employees and senior management of the Group ("BEE trusts") in June 2007, Mvela Group unbundled its investment in Health and at that time was in the process of obtaining approval for the proposed implementation of the listing and subsequent unbundling of Mvela Group's investment in Mvelaserve. The BEE trusts did not participate in the unbundling of Health and will not have been able to participate in the Mvelaserve unbundling either. Therefore, the Group with the intention of compensating the BEE trusts as well as to enhance and secure Mvela Group's BEE shareholding,



allotted and issued a further 151 798 568 BEE shares. The option strike price has been adjusted to R9,18 per Mvela Group share from R17,50 per Mvela Group share.

Our broad-based BEE status has been assessed during the year as a level two provider.

GOVERNANCE

Mvela Group is committed to sound corporate governance and the building of a sustainable business. Mvela Group strives to maintain the highest standards of corporate governance and recognises that corporate governance is a developing process. For this reason compliance with the applicable code is reviewed on an ongoing basis. During the year Mvela Group worked towards incorporating King III. A full report on corporate governance is set out on pages 9 to 16 of this report.

RESTRUCTURING

Mvela Group will continue to focus on its value unlocking strategy and remains committed to realising value for shareholders in the most efficient manner.

ACKNOWLEDGEMENTS

Sincere thanks and appreciation goes out to all the directors, executives and employees of the Group.

INTRODUCTION

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

EXCEPTIONS TO KING III

Audit committee

Shareholders have not had the opportunity to appoint the members of the audit committee. The nomination committee presents suitable candidates to the board which elects the members. Shareholders will approve these appointments at the forthcoming annual general meeting.

The internal audit function does not go through an independent quality review as the board is of the opinion that the audit committee is the appropriate body to independently review this function.

Company secretary

The role and function of the Company secretary has not been formulated in writing since the function and responsibility belongs to Mvelaphanda Treasury and Financial Services (Proprietary) Limited.

Information technology ("IT")

Due to the diverse nature of the Group's IT requirements, the Group is not in need of a detailed IT governance framework, charter and policies. Each of the Group's investment companies are responsible for their own IT governance. The Company's IT function is outsourced to an independent service provider and through its service level agreement the Group ensures adequate system security, data integrity and business continuity controls and processes are in place.

Integrated reporting and disclosure

The sustainability report has not been externally assured. The board is satisfied with the review being made by the audit committee.

BOARD, DIRECTORS AND COMMITTEES

Board composition

As at 30 June 2011, the board of directors comprised two executive directors and three non-executive directors. All non-executive directors are independent in accordance with King III.

Ms Cuba resigned as executive director with effect from 31 December 2010. In view of the Group's unbundling strategy, the JSE approved that the position of CEO remains vacant for a period of 18 months from 30 March 2011. In this regard, the Group will provide a quarterly report to the JSE on its progress with the unbundling of its assets. Mr Hopkins, an independent non-executive director and chairman of the audit committee, is the lead independent director.

There is adequate division of responsibilities amongst board members to ensure a balance of power and authority. The independence of non-executive directors is assessed as part of the board's annual review.

Details of directors of the board are set out on pages 2 to 3 to this report.

Board appointment and re-election process

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

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

Role and function of the board

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

- The role and function of the board.
- The board structure.

- Meeting procedures.
- Monitoring of investment and operational performance.
- Risk management and internal control.
- Code of ethics.

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

All directors have access to the advice and services of the Company secretary, whose appointment is in accordance with the South African Companies Act No. 71 of 2008 ("Companies Act") and who is responsible to the board for ensuring the proper administration of board proceedings. The Company secretary also provides guidance to the directors on their responsibilities within the prevailing regulatory and statutory environment and the manner in which such responsibilities (including not dealing in the Company's shares during restricted periods) should be discharged. The directors are entitled to seek independent professional advice at the Group's expense concerning the Company's affairs and have access to any information they may require in discharging their duties as directors.

The board met eight times, the attendance by each director was as follows:

	1 July 2010*	5 July 2010*	23 August 2010 ¹	7 October 2010*	20 October 2010*	22 February 2011	14 March 2011	6 June 2011
Executive directors								
M Xayiya	✓	✓	✓	—	✓	✓	✓	✓
Y Cuba	✓	✓	✓	—	✓	#	#	#
E Röth	✓	✓	✓	✓	✓	✓	✓	✓
Non-executive directors								
K Dlamini	✓	✓	✓	✓	✓	—	—	✓
B Hopkins	✓	✓	✓	✓	✓	✓	✓	✓
O Mabandla	✓	✓	✓	✓	—	✓	✓	✓

*Special board meeting ¹ Mr Jorge Ferreira was invited ✓ indicates attendance — indicates absence with apology # indicates no longer a member of the board

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

Board committees

The board has three subcommittees to assist in carrying out its duties. The board has delegated to the subcommittees specific roles of responsibility and these are set out in the respective subcommittee charter. There is full disclosure and transparency from the subcommittees to the board. The board annually reviews the effective performance of each of its subcommittees.

Nomination committee

Members: O Mabandla (chairperson), B Hopkins and M Xayiya. All members, except Mr Xayiya, are non-executive and are independent. The nomination committee assists the board in the appointment of new directors.

Remuneration and transformation committee

Members: O Mabandla (chairperson), B Hopkins and M Xayiya. All members, except for Mr Xayiya, are non-executive directors and are independent.

The committee evaluates the annual performance of individual directors.

Details of directors' remuneration are disclosed in the directors' report set out on pages 21 to 23.

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

	23 August 2010	27 September 2010	26 October 2010	6 June 2011
O Mabandla	✓	✓	✓	✓
M Xayiya	✓	✓	✓	✓
B Hopkins	✓	✓	✓	✓
Y Cuba ¹	✓	—	—	#
E Röth ¹	✓	—	—	✓

¹Invitee ✓ indicates attendance — indicates absence with apology # indicates no longer a member of the board

Audit committee

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

Report of the audit committee to the members of Mvelaphanda Group Limited

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

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

- all matters to be dealt with by the audit committee in terms of the Companies Act No. 71 of 2008 ("Companies Act") and the JSE Listings Requirements (as amended);
- reviewing and recommending to the board for approval, the Group's annual report, interim report and provisional report;
- receiving the internal and external audit report;
- reviewing material litigation cases;
- evaluating the effectiveness of the internal audit function and approving the internal audit plan;
- reviewing alleged incidents reported through the whistle-blower facility;
- ensuring that non-audit services are not performed by the external auditor where the provision of such services could be seen to impair the auditor's independence;
- satisfying itself regarding the independence of the Group's external auditors and the respective audit partners;
- determining the terms of engagement and approving fees for external audit;
- ensuring the appointment of external auditors complies with the Companies Act;
- the audit committee nominates the external auditor and the designated audit partner for appointment by the shareholders;
- the audit committee ensures that the external auditor attends the annual general meeting of the Company to answer questions pertaining to the audit of the Group and Company's annual financial statements;
- reviewing and reporting on compliance with King III;
- overseeing operation of the risk management function; and
- reviewing and making recommendations to the board on the viability of the Company and the Group as a going concern.

The committee discharges its duties to the subsidiaries of the Company in the same meetings held for the Company, as permitted by section 94(2)(a) and (b) of the Companies Act.

The committee reports its findings to the board at the next board meeting. In addition, the committee chairperson maintains regular contact with key executives to keep abreast of emerging issues.

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

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

The audit committee has recommended the annual report for approval to the board.

External audit

The committee nominated PKF (Jhb) Inc. and Mr Paul Badrick as the external auditor and designated audit partner, respectively, for the 2011 audit. These appointments were confirmed by the board and the shareholders. The committee has satisfied itself that the external auditor is independent in terms of the Companies Act and in terms of the standards of the auditing profession.

Audit committee

11 August 2011

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

	16 August 2010*	22 November 2010*	8 March 2011	6 June 2011
B Hopkins	✓	✓	✓	✓
K Dlamini	—	—	—	✓
O Mabandla	✓	✓	✓	✓
Y Cuba ¹	✓	✓	#	#
E Röth ¹	✓	✓	✓	✓
K van der Westhuizen ¹	✓	✓	✓	—
A Hannington ¹	✓	✓	✓	✓
P Badrick ¹	✓	✓	✓	✓

¹Inveites ✓ indicates attendance — indicates absence with apology * Messrs J Ferreira and M Schermers attended by invitation # no longer a member of the board

RISK MANAGEMENT, ACCOUNTING AND INTERNAL CONTROL

Effective risk management is integral to the Group's objective of consistently adding value to its businesses. The board of directors is ultimately responsible for the management of risk. The audit committee is responsible for overseeing the risk management procedures within the Group.

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

Financial risk management is disclosed on pages 62 to 69 of the financial statements. The Group meets its responsibility of providing reliable financial information by maintaining financial and operational systems of internal control.

A business continuity plan, which includes plans for disaster recovery and business rescue, exists and is continuously updated for the changing environment in which the Group operates.

The board places strong emphasis on achieving the highest level of financial management, accounting and reporting to shareholders. The board is committed to compliance with International Financial Reporting Standards ("IFRS"). The board is of the opinion that the external auditors observed the highest level of business and professional ethics and their independence has not been impaired in any way.

Since the unbundling of the Group's operating subsidiaries under Mvelaserve Limited on 6 December 2010, the board is of the opinion that based on the nature and size of the Group going forward, it is no longer feasible to maintain the function of internal audit.

Management is responsible for the development, implementation and monitoring of effective control systems, which in the opinion of the audit committee is reasonably effective.

For the financial year 2011 internal audit was present and reported functionally to the chairperson of the audit committee. The purpose, authority and responsibility of the internal audit function are formally defined in an internal audit charter, which has been approved by the audit committee. The charter conforms to the International Standards for the Professional Practice of Internal Auditing as defined by the Institute of Internal Auditors. The function is independent from all other organisational functions and reports directly to the audit committee and administratively to the chief executive officer up to 31 December 2010 and, thereafter to the chief financial officer. Internal audit has easy and regular access to the chief financial officer and the chairman of the audit committee and free and unrestricted access to all areas within the Group.

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

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

EXTERNAL AUDIT

The audit committee has appointed PKF (Jhb) Inc. to perform an independent and objective audit of the Group. The financial statements are prepared in terms of IFRS. The audit committee has satisfied itself that PKF (Jhb) Inc. is independent of the Group, as set out in section 94(8) of the Companies Act. The committee, in consultation with the CFO, agreed to the engagement letter, terms, audit plan and budgeted audit fees for the year ended 30 June 2011. The audit committee has satisfied itself that PKF (Jhb) Inc. is accredited on the JSE list of auditors and advisers. The external auditors complement the work of the internal audit department and review all internal audit reports.

INFORMATION TECHNOLOGY

Due to the diverse nature of the Group's IT requirements, Mvela Group does not have an elaborate IT governance framework, charter and policies. The Company's IT function is outsourced to an independent service provider and through its service level agreement, the Group ensures adequate system security, data integrity and business continuity controls and processes are in place. Key IT risks are assessed and reported annually to the audit committee. The board is of the opinion that the systems of internal control over IT are adequate and effective and is not aware of any material breakdown in the functioning of internal IT control systems during the year.

GOING CONCERN

The board is of the opinion that the Group has adequate resources to continue operations in the foreseeable future.

TAXATION

The board considers accountability an important characteristic of the Group and, as such, has placed significant emphasis on the importance of effective tax management. The board has a formalised approach to tax management and has control procedures in place that identify and limit its tax risks to an acceptable level.

STAKEHOLDER COMMUNICATION

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

CODE OF ETHICS AND CONDUCT

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

DEALINGS IN SECURITIES

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

SUSTAINABILITY

Approach to sustainability

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

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

The Group's sustainability reporting focuses on the activities of Mvela Group. Detailed sustainability information for the companies in which Mvela Group holds investments can be obtained from their own annual reports or that of the companies concerned.

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

- Our shareholders.
- Our community.
- Our suppliers.

Value-added statement

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

at 30 June	2011 R'000	2010 R'000
Revenue	1 886 411	4 199 259
Cost of materials, services and other expenses	(486 895)	(1 124 553)
Value added	1 399 516	3 074 706
Investment income	(165 564)	552 393
BEE costs	(15 501)	(16 175)
Wealth created	1 218 451	3 610 924
Applied as follows:		
Employees (excluding employee taxes)	905 635	1 926 015
Providers of capital	85 802	173 301
Providers of debt	71 012	143 293
Providers of equity	14 790	30 008
Government:		
Taxation	266 213	541 371
Reinvested in the Group	241 016	633 968
Depreciation, amortisation and impairment	45 003	108 751
Minority interest	40 642	(4 297)
Net profit attributable to the owners of the parent before fair value adjustments and impairment losses	155 371	529 514
Fair value adjustments and impairment losses (net of tax and minority interest)	(280 215)	336 269
Wealth distribution	1 218 451	3 610 924
Money exchanges with the Government:		
Taxation on profit	77 502	88 459
PAYE	59 830	143 592
VAT	107 472	257 934
Rates and licenses	1 007	2 418
Skills and development levy	5 162	12 391
UIF and WCA	15 240	36 577
	266 213	541 371

Our shareholders

The major shareholders in Mvela Group comprise Mvelaphanda Holdings, the BEE trusts, large financial institutions, asset managers in South Africa and overseas, pension funds, public investment bodies and the general public. Details of the composition of these shareholders are set out on page 71.

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

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

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

Our community

As a diversified Group with interests in a range of investments, the corporate social investment ("CSI") initiatives of the Group extend countrywide and seek to improve the lives of numerous communities across South Africa. Most of the CSI activities of the Group are found in the projects undertaken by the Group's investment companies and may be viewed on their respective websites.

Our suppliers

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

In complying with the above principles, appropriate consideration is given to the Group's policies on BEE and support of small-, medium- and micro-enterprises ("SMMEs") wherever possible. None of the Group's suppliers are individually material.

Black Economic Empowerment ("BEE")

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

Apart from the BEE codes set out by the South African Department of Trade and Industry, Mvela Group's underlying investments require that Mvela Group's BEE shareholding remains above 50%.

On 19 June 2007, Mvela Group implemented a broad-based BEE ownership initiative to secure Mvela Group's black shareholding in the medium term. In terms of the BEE transaction, 124 425 055 redeemable option-holding shares ("BEE shares") were issued, in equal proportions, to the BEE trusts. Details on the BEE shares are set out in the notes to the financial statements on page 46.

The BEE transaction has achieved the following objectives:

- Securing Mvela Group's BEE shareholding as a competitive advantage in attracting BEE deal flow, acting as a consolidator of BEE transactions and participating in the "secondary trade" in BEE transactions.
- Ensuring that the level of Mvela Group's BEE shareholding is maintained above 50% in the short to medium term, in line with the requirements of certain of Mvela Group's investment mandates.
- Minimising the impact of the dilution of Mvela Group's BEE credentials as a result of the conversion of the Mvela Group preference shares into Mvela Group ordinary shares.
- Maximising the BBBEE scorecard points achieved by Mvela Group for equity ownership in terms of the BEE codes.
- Facilitating further participation in Mvela Group's share capital by broad-based BEE participants.
- Allowing employees and management of the Group to become shareholders in Mvela Group and participate in the anticipated continued growth of Mvela Group.

Further to the issue on 19 June 2007, the Group allotted and issued, on 10 December 2010, 151 798 569 BEE shares in equal portions to BEE trusts. The rationale behind the issue was to compensate the shareholders of BEE shares for the effect of the Life Healthcare and Mvelaserve unbundling of which they did not participate in as well as to secure the Group's BEE shareholding credentials from the dilutive effect of the preference share conversion.

Employment equity

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

- Elimination of discrimination in decision-making;
- Promotion of employee diversity;
- Reduction of barriers to advancement of the disadvantaged; and
- Introduction of measures and procedures for transformation.

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

Particular emphasis is placed on the identification and accelerated development of previously disadvantaged individuals (“PDI”) with the potential to rise to management and executive levels. Mvela Group is proud of its track record in developing and promoting its own employees, including employees from previously disadvantaged backgrounds, to senior positions within the Group. The profile of the Group’s approximately nine employees (reduced from 30 173 as a direct result of the Mvelaserve unbundling) is represented in the table below:

	Black males		Black females		Non-black		Total
	Number	Percentage	Number	Percentage	Number	Percentage	
Board of directors	3	60	—	—	2	40	5
Skilled employees	—	—	—	—	1	100	1
Unskilled employees	1	34	2	66	—	—	3
	4	94	2	66	3	140	9

“Black” means “black” as defined in the BBBEE Act.

Skills development

Having the appropriately skilled people at all levels of our organisation is crucial to the Group’s long-term success, while comprehensive and effective training also supports the fast-tracking of PDI employees up the management ladder. The majority of the Group’s investment companies offer vocational and specific skills-based training to their staff.

The HIV/Aids challenge

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

Environment, health and safety

The nature of Mvela Group’s business means that it is unlikely to pose any material environmental risk. The Group’s investment companies operate in a variety of sectors, and as such the responsibility for compliance with general and industry-specific environment, health and safety legislation has been devolved to individual Group investment companies. The Group is committed to achieving high standards of environmental care and to providing a safe and healthy workplace for employees, contractors and other affected persons; to implement accepted safety, occupational health and environmental management systems and complying with all applicable environment, health and safety legislation as a minimum requirement and implementing programmes and processes to achieve greater protection, where appropriate.

TO THE SHAREHOLDERS OF MVELAPHANDA GROUP LIMITED**Report on the financial statements**

We have audited the financial statements of Mvelaphanda Group Limited, which comprise the consolidated and separate statements of financial position as at 30 June 2011, and the consolidated and separate statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes, as set out on pages 18 to 70.

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. And for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, 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 auditors' 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 auditors consider internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the consolidated and separate financial position of Mvelaphanda Group Limited as of 30 June 2011, and its consolidated and separate financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.



PKF (Jhb) Inc.

Per: Paul Badrick

Registered Auditors

Chartered Accountants (SA)

Registration number 1994/001166/21

Johannesburg

11 August 2011

The directors are required by the South African Companies Act to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Group and Company as at the end of the financial year and the results of their operations and cash flows for the financial year, in conformity with International Reporting Standards, JSE Listings Requirements and applicable legislation. The Group's external auditors are engaged to express a statutory independent opinion on the annual financial statements.

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

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

The directors are of the opinion, based on the information and explanations given by management, the internal auditors and the external auditors, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. The going-concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that the Group will not be a going concern in the foreseeable future based on forecasts and available cash resources. The financial statements support the viability of the Group.

The financial statements have been audited by the independent auditing firm, PKF (Jhb) Inc., who have been given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors and committees of the board. The directors believe that all representations made to the independent auditors during the audit were valid and appropriate. PKF (Jhb) Inc.'s unqualified audit report is presented on page 17. The financial statements were approved by the directors on 11 August 2011 and are signed on their behalf by:



Mikki Xayiya
Executive Chairman



Ernst Röth
Chief Financial Officer

Statement of compliance by the Company secretary

In my capacity as the Company secretary, I hereby confirm, in terms of the South African Companies Act No. 71, 2008 ("the Act"), that for the year ended 30 June 2011 Mvelaphanda Group Limited has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Act, and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.



Ernst Röth
Mvelaphanda Treasury and Financial Services (Proprietary) Limited
Company secretary

11 August 2011

NATURE OF BUSINESS

Mvela Group is a broad-based, black-controlled, owned and managed diversified group. The Group holds direct and indirect interest in a range of investments which include, Absa, Avusa, Group Five, Life Healthcare, Mvelaserve and Vox Telecom.

STRATEGY

Mvela Group will continue with its unbundling strategy with a key focus on unlocking value and generating a satisfactory return on capital for shareholders over time. Mvela Group will not actively pursue new investment acquisitions.

GROUP RESULTS

The financial statements on pages 18 to 70 set out fully the financial position, financial performance and cash flows for the Group for the financial year ended 30 June 2011. The audited financial results for the year end 30 June 2011 was compiled under the supervision of Mr E Röth, the chief financial officer.

Subsidiaries and associates

The interest in subsidiaries and associated companies are set out on pages 73 to 74 of this report.

The Group unbundled its 53,3% shareholding in Health Strategic Investments Limited ("Health Strategic") and its 100% shareholding in Mvelaserve Limited ("Mvelaserve") on 20 August 2010 and 6 December 2010 respectively. As part of the Group's unbundling of Mvelaserve, the Group disposed of its 75% interest in Zonke Monitoring Systems (Proprietary) Limited to Mvelaserve on 29 October 2010.

The aggregate headline net profit after taxation of subsidiaries from continuing operations attributable to the Company amounted to R684 025 000 (2010: R1 480 828 000).

SHARE CAPITAL

Ordinary shares

There were no changes to the number of authorised share capital during the current year. The issued ordinary share capital of the Company increased by 121 999 596 to 565 473 650 ordinary shares following the conversion of 53 995 906 convertible perpetual cumulative preference shares during the year. All issued shares have been fully paid up. The authorised and issued number of ordinary shares are disclosed in note 11 to the financial statements.

Treasury shares

No ordinary shares were repurchased during the year. The total number of ordinary shares held by a subsidiary of the Group at 30 June 2011 is 35 765 285 as disclosed in note 11 to the financial statements.

Preference shares

There were no changes in the number of preference shares authorised. The issued preference shares decreased to 265 362 preference shares following the conversion of 53 995 906 preference shares into 121 999 596 ordinary shares. The authorised and issued preference shares are disclosed in note 11 to the financial statements. The preference shareholders earned dividends at a rate of 5,5% per annum up to 4 November 2010 and at 80% of the ruling prime overdraft rate from 5 November 2010 until 30 June 2011.

Redeemable option-holding shares ("BEE shares")

As the redeemable option-holding shareholders did not participate in both the Health Strategic and Mvelaserve unbundling, the Group intended on compensating such shareholders by allotting and issuing a further 151 798 568 redeemable option-holding shares. The issued and authorised redeemable option-holding shares increased to 276 223 624 redeemable option-holding shares from 124 425 056 redeemable option-holding shares the previous financial period. Further, the option exercise price was adjusted down to R9,18 from R17,50. The BEE shares can be exercised between 19 June 2011 and 9 June 2012. The authorised and issued number of redeemable option-holding shares is disclosed in note 11 to the financial statements. The additional issue of BEE shares also enhanced and secured the Group's BEE shareholding credentials.

SHARE INCENTIVE SCHEME

569 746 (2010: 569 746) of Mvelaphanda Group's ordinary shares were held by the Share Incentive Scheme at 30 June 2011.

	2011		2010	
	Number	Strike price (cents)	Number	Strike price (cents)
Number of options/scheme shares outstanding at 30 June	9 000 000	710 – 880	23 557 423	710 – 880
Options/scheme shares exercised/sold	(9 000 000)	710 – 880	(7 916 424)	710 – 880
Options/scheme shares cancelled/lapsed	—	—	(6 640 999)	710 – 880
Number of options/scheme shares outstanding at 30 June	—	—	9 000 000	710 – 880

SHAREHOLDER SPREAD

Details of shareholder categories are set out on page 71 of this report.

DIVIDENDS

Ordinary shares

The directors of Mvela Group have resolved not to declare a final dividend for the year ended 30 June 2011 following the cash preservation policy followed by the Group until the effect of the restructuring is far advanced.

Preference shares

On 11 April 2011, preference shareholders received 30,03288 cents per preference share and R14 790 000 on 20 September 2010.

NET ASSET VALUE PER SHARE AND TANGIBLE NET ASSET VALUE PER SHARE

Net asset/tangible net asset value per share of 409 cents is based on net asset/tangible net asset value of R2 160 241 000 and is calculated using the net number of ordinary shares in issue of 529 139 000.

DIRECTORS AND SECRETARY

The names and brief curricula vita of the directors appear on pages 2 to 3 of this report. Further information on the directors, including their interest in the shares of the Company, share-based remuneration schemes and the emoluments paid to directors are provided on pages 21 and 23 of this report.

Ms Cuba resigned as chief executive officer (CEO) with effect from 31 December 2010. In view of the Group's unbundling strategy, the JSE approved that the position of CEO remains vacant for a period of 18 months from 30 March 2011. In this regard, the Group will provide a quarterly report to the JSE on its progress with the unbundling of its assets.

Mvelaphanda Management Services (Proprietary) Limited resigned as the Company secretary with effect from 5 December 2010 and Mvelaphanda Treasury and Financial Services (Proprietary) Limited was appointed as Company secretary effective from 6 December 2010.

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

DIRECTORS' INTEREST AND EMOLUMENTS

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

DIRECTORS' INTEREST AND EMOLUMENTS FOR 30 JUNE 2011

	Salaries, directors' fees R'000	Allowances and fringe benefits R'000	Bonus R'000	Other [†] R'000	Retirement benefit and medical aid contributions and other payments R'000	Total R'000
Executive[#]						
YZ Cuba*	1 887	27	3 621	4 284	226	10 045
E Röth	1 770	60	2 375	1 785	4	5 994
M Xayiya	3 398	90	3 022	2 380	—	8 890
Non-executive						
K Dlamini	302	—	—	—	—	302
B Hopkins	502	—	—	—	—	502
O Mabandla	389	—	—	—	—	389
	8 248	177	9 018	8 449	230	26 122

[†]Share options which were cash settled.

[#]Executive directors do not receive directors' fees.

*Ms Cuba resigned as chief executive officer of the Group with effect from 31 December 2010.

DIRECTORS' INTEREST AND EMOLUMENTS FOR 30 JUNE 2010

	Salaries, directors' fees R'000	Allowances and fringe benefits R'000	Bonus R'000	Other [†] R'000	Retirement benefit and medical aid contributions and other payments R'000	Total R'000
Executive[#]						
YZ Cuba	3 574	45	2 600	3 782	451	10 452
E Röth	2 373	120	1 400	1 218	7	5 118
M Xayiya	3 178	180	2 400	2 390	—	8 148
Non-executive						
K Dlamini	247	—	—	—	—	247
B Hopkins	415	—	—	—	—	415
O Mabandla	301	—	—	—	—	301
D Moshapalo*	95	—	—	—	—	95
MZ Mpofu*	99	—	—	—	—	99
RM Patel*	57	—	—	—	—	57
CD Stein*	177	—	—	—	—	177
	10 516	345	6 400	7 390	458	25 109

[†]Share options which were cash settled.

[#]Executive directors do not receive directors' fees.

*Messrs Moshapalo, Patel and Stein and Ms Mpofu resigned as non-executive directors of the Group with effect from 25 November 2009.

Remuneration policy

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

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

- In respect of Mr Xayiya the service agreement can be terminated on three months' written notice by either Mvelaphanda Group or the executive;
- Restraint period of one year after termination of employment with no monetary consideration payable by Mvelaphanda Group in respect of such restraints;
- Standard confidentiality undertakings are given by each executive in favour of Mvelaphanda Group.

Executive directors' share options and share appreciation rights

On 30 June 2011, the directors of Mvelaphanda Group held, in aggregate, 10 456 222 (2010: 11 574 683) Mvelaphanda Group ordinary shares, representing 2% (2010: 2,36%) of the issued ordinary share capital of Mvelaphanda Group and 8 813 442 (2010: 9 813 442) redeemable option-holding shares, representing 4% (2010: 7,9%) of the issued redeemable option-holding share capital of Mvelaphanda Group.

The directors of Mvelaphanda Group had the following direct, indirect, beneficial and non-beneficial interests in Mvelaphanda Group ordinary shares and redeemable option-holding shares at 30 June 2011:

	Mvelaphanda Group ordinary shares				Mvelaphanda Group redeemable option-holding shares	
	Direct beneficial	Indirect beneficial	Total	%	Indirect non-beneficial	%
Executive						
M Xayiya	100	10 456 122 ¹	10 456 222	2	—	—
Non-executive						
K Dlamini	—	—	—	—	2 592 189 ³	1
O Mabandla	—	—	—	—	6 221 253 ³	3
	100	10 456 122	10 456 222	2	8 813 442	4

¹Held via Mvelaphanda Holdings.

³Held via the Mvelaphanda Group Strategic BEE Partners Trust.

There has been no change to the above between 30 June 2011 and 11 August 2011.

The directors of Mvelaphanda Group had the following direct, indirect, beneficial and non-beneficial interests in Mvelaphanda Group ordinary shares and redeemable option-holding shares at 30 June 2010:

	Mvelaphanda Group ordinary shares				Mvelaphanda Group redeemable option-holding shares	
	Direct beneficial	Indirect beneficial	Total	%	Indirect non-beneficial	%
Executive						
YZ Cuba	100	697 438	697 538	1	1 000 000 ³	0,8
M Xayiya	100	10 456 122 ²	10 456 222	2,36	—	—
Non-executive						
K Dlamini	—	—	—	—	2 592 189 ⁴	2,1
B Hopkins	27 173	—	27 173	1	—	—
O Mabandla	—	393 750	393 750	1	6 221 253 ⁴	5,0
	27 373	11 547 310	11 574 683	2,36	9 813 442	7,9

¹Less than 0,1%.

²Held via Mvelaphanda Holdings.

³Held via the Mvelaphanda Group Management Trust.

⁴Held via the Mvelaphanda Group Strategic BEE Partners Trust.

Details of Mvelaphanda Group options/scheme shares in respect of Mvelaphanda Group ordinary shares exercised/sold by directors during the year ended 30 June 2011 are set out below:

	Date granted	Strike price (cents)	Number at 30 June 2010	Number granted/ (exercised/sold)	Number at 30 June 2011
YZ Cuba*	08/09/2006	880	1 000 000	(1 000 000)	—
	03/08/2008	753	3 600 000	(3 600 000)	—
E Röth	03/06/2008	753	1 400 000	(1 400 000)	—
M Xayiya	08/09/2006	880	1 000 000	(1 000 000)	—
	03/06/2008	753	2 000 000	(2 000 000)	—
			9 000 000	(9 000 000)	—

*Ms Cuba resigned as chief executive officer of the Group with effect from 31 December 2010.

BORROWING POWERS

In terms of the Memorandum of Incorporation, the Company has unlimited borrowing powers.

GOING CONCERN

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

CORPORATE GOVERNANCE

Details on the Group's corporate governance policies and procedures are set out in the corporate governance and sustainability report on pages 9 to 16 of this report.

EVENTS SUBSEQUENT TO REPORTING DATE

There have been no events between 30 June 2011 and the date of this report which necessitate adjustment to the statements of comprehensive income or statements of financial position at that date.

Refer to note 38 for details on a collar option entered into in respect of 7 million Life Healthcare shares as well as on an irrevocable commitment made in regards to Vox Telecom.

SPECIAL RESOLUTION

On 26 October 2010 the directors of Mvelaphanda Group were authorised to facilitate, *inter alia*, the acquisition by Mvelaphanda Group or a subsidiary of Mvelaphanda Group from time to time, of the issued ordinary shares of Mvelaphanda Group upon such terms and conditions and in such numbers as the directors of Mvelaphanda Group may from time to time decide, but subject to the provisions of the Companies Act, and the Listings Requirements of the JSE.

On 26 October 2010 the directors of Mvelaphanda Group were authorised to facilitate, *inter alia*, the acquisition by Mvelaphanda Group or a subsidiary of Mvelaphanda Group from time to time, of the issued convertible perpetual cumulative preference shares of Mvelaphanda Group upon such terms and conditions and in such numbers as the directors of Mvelaphanda Group may from time to time decide, but subject to the provisions of the Companies Act, and the Listings Requirements of the JSE.

ANNUAL GENERAL MEETING

Details of the annual general meeting are set out on pages 75 to 80 of this report.

1. GENERAL INFORMATION

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

2. STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with IFRS, AC 500 series of interpretations as issued by the Accounting Practices Board or its successor, the JSE Listings Requirements and the South African Companies Act No. 71 of 2008, as amended.

3. BASIS OF PREPARATION

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

4. PRINCIPAL ACCOUNTING POLICIES

4.1 Basis of consolidation

4.1.1 Investments in subsidiaries

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

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any minority interest in the acquiree either at fair value or at the minority interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred and the amount of any minority interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill in accordance with accounting policy note 4.2. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of comprehensive income.

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

The Group applies a policy of treating transactions with minority interests as transactions with equity owners of the Group. Disposals to minority interests result in gains and losses for the Group which is recorded in equity. For purchases from minority interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of a subsidiary is recorded in equity.

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

4.1.2 Investments in associates

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

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

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

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

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

4.1.3 Investments in jointly controlled entities

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

4.1.4 Transactions eliminated on consolidation

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

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

4.2 Goodwill

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

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

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

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

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

4.3 Intangible assets

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

4.3.1 Trademarks

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

Trademarks are tested for impairment at least annually.

4.3.2 Computer software

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

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

4. PRINCIPAL ACCOUNTING POLICIES (continued)

4.3.3 Manufacturing and distribution rights

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

Manufacturing and distribution rights are tested at least annually for impairment.

4.4 Property, plant and equipment

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

Plant and equipment	15 – 20%
Office equipment	15%
Computer equipment	33%
Furniture and fittings	15%
Motor vehicles – passenger	20%
Motor vehicles – commercial	25%
Improvements to leasehold premises	period of lease

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

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

Property, plant and equipment are tested annually for impairment.

4.5 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on a first-in first-out basis. The cost of finished goods includes direct expenditure and production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Any write downs to inventory and reversals to prior years write down are accounted for in cost of sales. Reversals to prior year inventory write downs are limited to the cost of the inventory written down. Inventory comprises finished goods, work in progress and raw materials.

4.6 Trade and other receivables

Trade and other receivables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Indicators that trade receivables may be impaired are significant financial difficulty experienced by the debtor, the probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to the statement of comprehensive income.

4.7 Foreign currency transactions

Foreign currency transactions are recorded at the exchange rate ruling on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the end of each reporting period. Translation differences are recognised in the statement of comprehensive income.

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

Exchange differences are taken to profit and loss in the year in which they arise.

4.8 Taxation

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

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

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

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

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

4.9 Cash and cash equivalents

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

4.10 Trade and other payables

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

4.11 Revenue

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

4.11.1 Revenue recognition

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

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

Interest earned is accrued on a time proportion basis using the effective interest rate method.

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

4.12 Leased assets

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

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

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

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

4. PRINCIPAL ACCOUNTING POLICIES (continued)

4.13 Investments

4.13.1 Investments in subsidiaries, associates and jointly controlled entities

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

4.13.2 Other investments

Other investments are designated as "fair value through profit or loss" in accordance with IAS 39 – *Financial Instruments: Recognition and Measurement*, although these are held and structured as non-current investments. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition. Strategic investments are initially recorded at fair value on acquisition. After initial recognition, fair value gains and losses on financial assets designated as "fair value through profit and loss" are recognised in profit and loss.

4.14 Financial instruments

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

4.14.1 Financial assets

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

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

Financial assets carried at fair value through profit and loss are initially recognised at fair value and subsequently carried at fair value. Gains and losses arising from changes in the fair value of the financial assets at fair value through profit and loss category are presented in the statement of comprehensive income in the period in which they arise. The method for estimation of fair value is described within the disclosure on judgements and estimates. Where the effect of the time value of money is not considered to be material, financial assets carried at amortised cost using the effective interest rate method are not discounted as their carrying values approximate fair value.

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

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

4.14.2 Financial liabilities

Financial liabilities include trade payables, loans and liabilities (interest-bearing and non-interest-bearing) and other payables that are not held for trading purposes and have fixed or determinable payments that are not quoted in an active market. Other financial liabilities are initially measured at fair value, net of transaction costs. Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. Where the effect of the time value of money is not considered to be material, financial liabilities carried at amortised cost using the effective interest rate method are not discounted as their carrying values approximate fair value.

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

4.15 Impairment of assets

Except goodwill, indefinite useful life intangible assets and intangible assets not yet available for use, the recoverable amounts of the Group's assets are assessed for any indications of impairment at least annually. If there is an indication that an asset may be impaired, its recoverable amount is estimated.

The recoverable amount of an asset is calculated as the higher of its fair value less cost to sell and its value in use.

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

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

A previously recognised impairment loss, except for an impairment in respect to goodwill which is never reversed, is reversed if the recoverable amount of the asset increases as a result of a change in the estimates used to determine the recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Impairments to CGUs are first applied to goodwill and then to other assets in the CGU on a proportionate basis.

4.16 Segment reporting

Operating segments have been determined in consistency with the internal reports reviewed by the Executive committee ("Exco") when making strategic decisions for the Group. Exco considers the business based on the sectors in which they operate.

4.17 Employee benefits

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

4.18 Dividends declared

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

4.19 Share capital

4.19.1 Ordinary shares

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

4.19.2 Treasury shares

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

4.19.3 Preference shares

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

4.20 Non-current assets (or disposal groups) held for sale

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

4.21 Related party transactions

All subsidiaries, joint ventures and associated companies of the Group are related parties. All transactions entered into with subsidiaries and associated companies were under terms no more favourable than those with third parties and have been eliminated in the consolidated group accounts. Directors' emoluments as well as transactions with other related parties are set out in note 33. There were no other material contracts with related parties.

4.22 Share-based payments

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

4. PRINCIPAL ACCOUNTING POLICIES *(continued)*

4.22 Share-based payments *(continued)*

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

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

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

4.23 Borrowing costs

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

4.24 Exceptional items

Exceptional items are those which have been determined by the directors as being material by their size, incidence or nature and are therefore required to be disclosed separately to enable full understanding of the Group's financial performance.

4.25 Government grants

The carrying amounts of the assets to which the government grants/assistance relate, have been reduced by the amount of the government grants given.

4.26 Discontinued operations

A discontinued operation is a component of an entity that is either a subsidiary or a major line of business that has either been disposed of or classified as held for sale.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period, based on management's best knowledge of current events and actions and anticipated future events. The accounting estimates may, by definition, differ from the ultimate actual results. Estimates are continually evaluated and are based on historical experiences and other factors, including expectations of future events, which are considered to be reasonable in the circumstances. The most critical accounting estimates and assumptions relate to the valuation of the Group's other investments. Details of the methodology used to calculate the fair value of the Group's other investments are set out in note 6.

5.1 Fair value methods and assumptions

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

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

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

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

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

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

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

5.2 Estimates regarding the impairment of goodwill

For the year ended 30 June 2010, the value in use calculations was based on EBITDA multiples ranging between 4 and 5,38, the appropriate enterprise value ranged between R1 684 million to a high of R2 139 million. With the unbundling of Mvelaserve and Health Strategic Investments on 6 December 2010 and 20 August 2010 respectively, the goodwill to the value of R701 913 000 has been disposed of.

5.3 Estimates regarding the impairment of associates

The recoverable amount of the investment in associates is based on value in use. The recoverable amount of the Groups' investment in Avusa was calculated based on Avusa's last trading price of R24 per share on 30 June 2011. Prior years recoverable amount was computed using a ten-year projected future cash flows with a terminal growth rate of 5% per annum and a WACC of 14,3%.

5.4 Business combinations involving entities under common control

In accordance with IAS 8 – *Accounting policies, Estimates and Errors*, management referred to IFRS 3 – *Business Combination* and accordingly adopted the acquisition method as the Group's accounting policy for the treatment of business combinations under common control. The Group has applied the new policy prospectively, with the result that no adjustments were necessary to any of the amounts previously recognised in the financial statements.

6. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

No accounting standards, interpretations and amendments to published accounting standards that became effective during the current financial year had any effect on the amounts reported in these financial statements.

At the date of issue of these financials, the following new accounting standards which may affect the Group's results for the future financial period, were in issue but not yet effective:

Accounting standard	Type	Effective date
<i>IFRS 9 – Financial Instruments</i>	New	Financial years commencing on or after 1 January 2013
<i>IFRS 10 – Consolidated Financial Statements</i>	New	Financial years commencing on or after 1 January 2013
<i>IFRS 12 – Disclosure of interest in Other Entities</i>	New	Financial years commencing on or after 1 January 2013
<i>IFRS 13 – Fair Value Measurement</i>	New	Financial years commencing on or after 1 January 2013

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

GROUP 2011	Financial services R'000	Consumer services R'000	Construction and infrastructure R'000	Telecoms, media and technology R'000	30 June 2011 R'000
FINANCIAL POSITION					
Assets					
Property, plant and equipment	—	1 252	—	—	1 252
Investment in associates	—	—	—	635 385	635 385
Non-current strategic investments	826 689	747 440	87 240	—	1 661 369
Current other investments	—	306 944	—	48 125	355 069
Other current assets	—	1 724	—	23 062	24 786
Cash and cash equivalents	—	9 107	—	79 178	88 285
Total assets	826 689	1 066 467	87 240	785 750	2 766 146
Liabilities					
Non-current interest-bearing liabilities	—	—	—	333 078	333 078
Deferred taxation	—	43 826	3 594	2 026	49 446
Current non-interest-bearing liabilities	—	1 933	—	—	1 933
Bank overdraft	—	24 366	—	—	24 366
Total liabilities	—	70 125	3 594	335 104	408 823
Net assets	826 689	996 342	83 646	450 646	2 357 323
COMPREHENSIVE INCOME					
Revenue from discontinued operations¹	—	1 886 411	—	—	1 886 411
Loss from operations	—	(39 837)	—	—	(39 837)
Interest income	—	10 004	—	5 478	15 482
Interest expense	—	(3 212)	—	(36 734)	(39 946)
Dividend income	—	57 464	14 792	—	72 256
Fair value adjustments and net profit/(loss) from investments	142 235	(306 875)	(71 740)	6 875	(229 505)
Share of loss from associates	—	—	—	(7 942)	(7 942)
Net profit/(loss) before taxation and BEE costs from continuing operations	142 235	(282 456)	(56 948)	(32 323)	(229 492)
Taxation charge	112 024	21 954	10 043	(3 771)	140 250
Net profit/(loss) after tax and before BEE costs from continuing operations	254 259	(260 502)	(46 905)	(36 094)	(89 242)
Less: Profit for the year from discontinued operations	—	35 704	—	—	35 704
Profit/(loss) for the year per operating segment	254 259	(224 798)	(46 905)	(36 094)	(53 538)
Cost of BEE costs					(15 501)
Total comprehensive loss for the year					(69 039)
¹ Revenue was revenue received from external customers for a period of five months prior to the unbundling of Mvelaserve Limited on 6 December 2010. Inter-segment revenue for the five-month period represented 26% of total revenue.					
CASH FLOWS					
Cash flow from operating activities	—	(20 879)	14 792	(27 639)	(33 726)
Cash flow from investing activities	—	210 813	(14 792)	—	196 021
Cash flow from financing activities	—	(604 703)	—	(5 026)	(609 729)
Cash flow per operating segment	—	(414 769)	—	(32 665)	(447 434)
Cash flows with shareholders					(14 790)
– Dividends paid					(14 790)
Net movement in cash and cash equivalents					(462 224)

GROUP 2010	Financial services R'000	Consumer services R'000	Construction and infrastructure R'000	Telecoms, media and technology R'000	30 June 2010 R'000
FINANCIAL POSITION					
Assets					
Property, plant and equipment	—	389 492	—	—	389 492
Goodwill and other intangible assets	—	834 554	—	—	834 554
Strategic investments	684 454	568 771	144 189	41 250	1 438 664
Investment in associates	—	8 267	—	665 831	674 098
Deferred taxation	—	17 706	—	—	17 706
Current strategic investments	—	2 626 286	—	—	2 626 286
Other current assets	—	822 654	—	20 415	843 069
Cash and cash equivalents	—	414 300	—	111 843	526 143
Assets in disposal group held for sale	—	5 045	—	—	5 045
Total assets	684 454	5 687 075	144 189	839 339	7 355 057
Liabilities					
Non-current interest-bearing liabilities	—	655 470	—	624 065	1 279 535
Deferred taxation	112 025	110 075	13 639	—	235 739
Current interest-bearing liabilities	—	78 699	—	—	78 699
Financial liability	—	36 900	—	—	36 900
Current non-interest-bearing liabilities	—	823 663	—	6 238	829 901
Total liabilities	112 025	1 704 807	13 639	630 303	2 460 774
Net assets	572 429	3 982 268	130 550	209 036	4 894 283
COMPREHENSIVE INCOME					
Revenue from discontinued operations¹	—	4 199 259	—	—	4 199 259
Profit from operations	—	3 195	—	—	3 195
Interest income	—	11 898	—	8 572	20 470
Interest expense	—	(12 455)	—	(55 249)	(67 704)
Dividend income	34 215	120 500	15 299	—	170 014
Fair value adjustments and net (loss)/profit from investments	(47 840)	526 528	(35 915)	(35 151)	407 622
Share of loss from associates	—	(1)	—	(28 592)	(28 593)
Net (loss)/profit before taxation and BEE costs from continuing operations	(13 625)	649 665	(20 616)	(110 420)	505 004
Taxation charge	6 697	217 236	5 028	(2 808)	226 153
Net (loss)/profit after tax and before BEE costs from continuing operations	(6 928)	866 901	(15 588)	(113 228)	731 157
Less: Profit for the year from discontinued operations	—	176 510	—	—	176 510
(Loss)/profit for the year per operating segment	(6 928)	1 043 411	(15 588)	(113 228)	907 667
Cost of BEE costs	—	—	—	—	(16 175)
Total comprehensive income for the year	—	1 043 411	(15 588)	(113 228)	891 492
¹ Revenue was revenue received from external customers. Inter-segment revenue represents 0,004% of total revenue.					
CASH FLOWS					
Cash flow from operating activities	34 217	438 499	15 299	(31 215)	456 800
Cash flow from investing activities	—	114 484	—	—	114 484
Cash flow from financing activities	—	(484 685)	—	—	(484 685)
Cash flow per operating segment	34 217	68 298	15 299	(31 215)	86 599
Cash flows with shareholders	—	—	—	—	(30 008)
– Dividends paid	—	—	—	—	(30 008)
Net movement in cash and cash equivalents	—	—	—	—	56 591

At 30 June

	Notes	Group		Company	
		2011 R'000	2010 R'000	2011 R'000	2010 R'000
ASSETS					
Non-current assets					
		2 298 006	3 354 514	1 341 046	2 520 785
Property, plant and equipment	1	1 252	389 492	1 252	1 056
Goodwill	2	—	701 913	—	101 251
Intangible assets	3	—	132 641	—	—
Investments in subsidiaries	4	—	—	716 883	1 944 244
Investments in associates	5	635 385	674 098	—	—
Strategic investments	6	1 661 369	1 438 664	622 911	474 234
Deferred taxation	15	—	17 706	—	—
Current assets					
		468 140	3 995 498	868	1 052
Strategic investments	6	—	2 626 286	—	—
Other investments	6	355 069	—	—	—
Inventories	7	—	41 885	—	—
Trade and other receivables	8	23 676	801 184	614	837
Cash and cash equivalents	9	88 285	526 143	254	215
Taxation asset		1 110	—	—	—
Assets in disposal group held for sale	10	—	5 045	—	—
Total assets					
		2 766 146	7 355 057	1 341 914	2 521 837
EQUITY AND LIABILITIES					
Capital and reserves					
		2 357 323	4 894 283	1 340 490	2 480 407
Share capital	11	804	584	841	621
Share premium		785 367	2 021 613	811 558	2 047 804
Non-distributable reserves		129 401	113 900	129 401	113 900
Distributable reserve		1 244 669	2 588 926	398 690	318 082
Total attributable to owners of the parent					
		2 160 241	4 725 023	1 340 490	2 480 407
Minority shareholders		197 082	169 260	—	—
Non-current liabilities					
		382 524	1 552 174	—	32 034
Interest-bearing liabilities	12	333 078	1 279 535	—	—
Financial liability	14	—	36 900	—	—
Deferred taxation	15	49 446	235 739	—	32 034
Current liabilities					
		26 299	908 600	1 424	9 396
Trade and other payables	16	1 933	788 568	1 424	6 819
Interest-bearing liabilities	12	—	78 699	—	—
Bank overdraft	9	24 366	—	—	—
Non-interest-bearing liabilities	13	—	20 712	—	2 577
Taxation liabilities		—	20 621	—	—
Total equity and liabilities					
		2 766 146	7 355 057	1 341 914	2 521 837

For the year ended 30 June

	Notes	Group		Company	
		2011 R'000	2010 R'000	2011 R'000	2010 R'000
Continuing operations					
Operating income		6 358	3 384	4 867	—
Operating expenses		(31 954)	(189)	(28 932)	—
(Loss)/profit from operations pre-exceptional items		(25 596)	3 195	(24 065)	—
Exceptional items	18	(14 241)	—	(14 241)	—
(Loss)/profit from operations	19	(39 837)	3 195	(38 306)	—
Net interest (expense)/income	20	(24 464)	(47 234)	12 343	(3 099)
Interest income		15 482	20 470	12 573	2 690
Interest expense		(39 946)	(67 704)	(230)	(5 789)
Dividend income		72 256	170 014	2 160 774	31 110
Fair value adjustments and net (loss)/profit from investments	21	(229 505)	407 622	(563 005)	(809 344)
Share of loss from associates	22	(7 942)	(28 593)	—	—
Cost of BEE transaction	23	(15 501)	(16 175)	(15 501)	(16 175)
(Loss)/profit before taxation expense		(244 993)	488 829	1 556 305	(797 508)
Taxation charge	24	140 250	226 153	29 615	1 584
(Loss)/profit for the year from continuing operations		(104 743)	714 982	1 585 920	(795 924)
Discontinued operations					
Profit for the year from discontinued operations	25	35 704	176 510	—	—
Total comprehensive (loss)/income for the year		(69 039)	891 492	1 585 920	(795 924)
Attributable to:					
Owners of the parent		(124 471)	865 781	1 571 130	(825 932)
Other shareholders		55 432	25 711	14 790	30 008
Preference shareholders		14 790	30 008	14 790	30 008
Minority shareholders		40 642	(4 297)	—	—
Total comprehensive (loss)/income for the year		(69 039)	891 492	1 585 920	(795 924)
(Loss)/earnings per share from continuing operations and discontinued operations attributable to the equity holders of the parent during the year:					
Basic (loss)/earnings per ordinary share (cents)	26.1	(26,0)	212,7		
From continuing operations (cents)		(32,0)	171,0		
From discontinued operations (cents)		6,0	41,7		
Diluted (loss)/earnings per ordinary share (cents)	26.1	(26,0)	192,5		
From continuing operations (cents)		(32,0)	156,0		
From discontinued operations (cents)		6,0	36,5		
Dividends per preference share (cents)	26.5	30,0	55,0	30,0	55,0
Interim (cents)		30,0	27,5	30,0	27,5
Final (cents)		—	27,5	—	27,5

For the year ended 30 June

	Notes	Group		Company	
		2011 R'000	2010 R'000	2011 R'000	2010 R'000
Cash flows from operating activities		(33 726)	456 800	6 732	24 696
Cash received from customers	27	1 806 781	4 143 232	—	—
Cash paid to suppliers and employees	28	(1 827 986)	(3 714 983)	—	—
Cash (utilised in)/generated from operations	29	(21 205)	428 249	—	—
Interest received		26 011	35 428	4 493	2 690
Interest paid		(51 435)	(109 478)	(230)	(5 789)
Investment income		74 301	174 122	50	31 110
Taxation (paid)/refunded	31	(61 398)	(71 521)	2 419	(3 315)
Cash flows from investing activities		196 021	114 484	8 097	(72 363)
Net (disposal)/acquisition of subsidiaries	32	(188 368)	4 138	653 288	—
Additions to property, plant and equipment and other intangible assets		(59 890)	(197 700)	(442)	(1 148)
Proceeds from disposal of property, plant and equipment		6 485	6 415	—	—
Proceeds from disposal of investments		614 152	769 528	—	—
Decrease in investments		(176 358)	(467 897)	(644 749)	(71 215)
Cash flows from financing activities		(624 519)	(514 693)	(14 790)	(30 008)
Decrease in non-current liabilities		(606 272)	(497 478)	—	—
(Decrease)/increase in current liabilities		(3 210)	14 492	—	—
Decrease in minority interest		(398)	(1 699)	—	—
Share issue costs		151	—	—	—
Preference dividends paid		(14 790)	(30 008)	(14 790)	(30 008)
Net (decrease)/increase in cash and cash equivalents		(462 224)	56 591	39	(77 675)
Cash and cash equivalents at the beginning of the year		526 143	469 552	215	77 890
Cash and cash equivalents at the end of the year	9	63 919	526 143	254	215

For the year ended 30 June

	Share capital R'000	Share premium R'000	Non-distributable reserve R'000	Distributable reserves R'000	Total attributable to owners of parent R'000	Minority share- holders R'000	Capital and reserves R'000
GROUP							
Balance at 30 June 2009	585	2 021 612	97 725	1 719 966	3 839 888	177 656	4 017 544
Conversion of 438 732 preference shares into 473 831 ordinary shares	(1)	1	—	—	—	—	—
Cost of BEE transaction	—	—	16 175	—	16 175	—	16 175
Acquisitions/(disposals) of subsidiaries	—	—	—	3 176	3 176	(2 400)	776
Total comprehensive income for the year	—	—	—	895 792	895 792	(4 297)	891 495
Dividend – preference shareholders	—	—	—	(30 008)	(30 008)	(1 699)	(31 707)
Balance at 30 June 2010	584	2 021 613	113 900	2 588 926	4 725 023	169 260	4 894 283
Conversion of 53 995 906 preference shares into 121 999 596 ordinary shares	69	(69)	—	—	—	—	—
Issued redeemable-option holding shares	151	—	—	—	151	—	151
Disposal of subsidiaries	—	—	—	—	—	(12 422)	(12 422)
Cost of BEE transaction	—	—	15 501	—	15 501	—	15 501
Total comprehensive loss for the year	—	—	—	(109 681)	(109 681)	40 642	(69 039)
Distribution/dividend – ordinary shareholders	—	(1 236 177)	—	(1 219 786)	(2 455 963)	(398)	(2 456 361)
Dividend – preference shareholders	—	—	—	(14 790)	(14 790)	—	(14 790)
Balance at 30 June 2011	804	785 367	129 401	1 244 669	2 160 241	197 082	2 357 323
COMPANY							
Balance at 30 June 2009	622	2 047 803	97 725	1 144 014	3 290 164	—	3 290 164
Conversion of 438 732 preference shares into 473 831 ordinary shares	(1)	1	—	—	—	—	—
Cost of BEE transaction	—	—	16 175	—	16 175	—	16 175
Total comprehensive loss for the year	—	—	—	(795 924)	(795 924)	—	(795 924)
Dividend – preference shareholders	—	—	—	(30 008)	(30 008)	—	(30 008)
Balance at 30 June 2010	621	2 047 804	113 900	318 082	2 480 407	—	2 480 407
Conversion of 53 995 906 preference shares into 121 999 596 ordinary shares	69	(69)	—	—	—	—	—
Issued redeemable-option holding shares	151	—	—	—	151	—	151
Cost of BEE transaction	—	—	15 501	—	15 501	—	15 501
Total comprehensive income for the year	—	—	—	1 585 920	1 585 920	—	1 585 920
Distribution/dividend – ordinary shareholders	—	(1 236 177)	—	(1 490 522)	(2 726 699)	—	(2 726 699)
Dividend – preference shareholders	—	—	—	(14 790)	(14 790)	—	(14 790)
Balance at 30 June 2011	841	811 558	129 401	398 690	1 340 490	—	1 340 490

1. PROPERTY, PLANT AND EQUIPMENT
Group and Company: 2011

	Cost R'000	Accumulated depreciation R'000	Net book value R'000
Office equipment	62	12	50
Computer equipment	106	43	63
Furniture and fittings	747	125	622
Improvements to leasehold premises	677	160	517
	1 592	340	1 252

Group reconciliation of net book value

	Net book value 30 June 2010 R'000	Reclassi- fication R'000	Additions R'000	Disposals R'000	Depreciation R'000	Net book value 30 June 2011 R'000
Land and buildings	5 897	—	—	(5 897)	—	—
Plant and equipment	133 431	(4 813)	20 914	(140 777)	(8 755)	—
Office equipment	2 905	—	951	(3 233)	(573)	50
Computer equipment	20 155	—	2 589	(18 435)	(4 246)	63
Furniture and fittings	8 533	—	1 010	(7 288)	(1 633)	622
Motor vehicles	204 454	—	29 837	(208 700)	(25 591)	—
Improvements to leasehold premises	14 117	—	4 003	(15 464)	(2 139)	517
	389 492	(4 813)	59 304	(399 794)	(42 937)	1 252

Analysis of additions

Replacement of assets	6 413
Expansion of business	52 891
	59 304

Property, plant and equipment with a net book value of R394 724 000 was disposed of via the unbundling of Mvelaserve as disclosed in note 32. Included in the disposal was portion 135, Farm Waterval 273, Pretoria.

Company reconciliation of net book value

	Net book value 30 June 2010 R'000	Reclassi- fication R'000	Additions R'000	Depreciation R'000	Net book value 30 June 2011 R'000
Office equipment	356	(295)	—	(11)	50
Computer equipment	73	—	19	(29)	63
Furniture and fittings	566	(210)	378	(112)	622
Improvements to leasehold premises	61	505	45	(94)	517
	1 056	—	442	(246)	1 252

1. PROPERTY, PLANT AND EQUIPMENT (continued)
Group: 2010

	Cost R'000	Accumulated depreciation and impairment R'000	Net book value R'000
Land and buildings	5 897	—	5 897
Plant and equipment	278 908	145 477	133 431
Office equipment	18 519	15 614	2 905
Computer equipment	104 611	84 456	20 155
Furniture and fittings	34 570	26 037	8 533
Motor vehicles	364 311	159 857	204 454
Improvements to leasehold premises	34 721	20 604	14 117
	841 537	452 045	389 492

Reconciliation of net book value

	Net book value 30 June 2009 R'000	Additions R'000	Reclassi- fied to disposal group classified as held for sale R'000	Reclassi- fication R'000	Govern- ment grants R'000	Disposals R'000	Depre- ciation R'000	Net book value 30 June 2010 R'000
Land and buildings	12 831	1 367	—	—	—	(8 301)	—	5 897
Plant and equipment	136 706	49 779	(3 381)	(5 631)	(1 180)	(4 813)	(38 049)	133 431
Office equipment	3 334	832	—	276	—	(81)	(1 456)	2 905
Computer equipment	19 338	9 602	—	193	—	585	(9 563)	20 155
Furniture and fittings	7 428	4 980	—	441	—	(820)	(3 496)	8 533
Motor vehicles	132 603	121 279	—	65	(252)	(1 570)	(47 671)	204 454
Improvements to leasehold premises	10 370	4 672	—	4 094	(609)	—	(4 410)	14 117
	322 610	192 511	(3 381)	(562)	(2 041)	(15 000)	(104 645)	389 492

Analysis of additions

Replacement of assets	47 440
Expansion of business	145 071
	192 511

Property, plant and equipment reclassified to disposal group classified as held for sale (note 10) amounts to R3 381 000 which relates to assets belonging to a division of the Protea Coin Group (part of the consumer segment). The disposal of the divisional assets became effective on 2 August 2010.

Land and buildings comprised portion 135, Farm Waterval 273, Pretoria. R8 301 000 in land and buildings disposed of comprised the third floor of The Cliffs office block, Niagara Way, Tyger Falls belonging to Novare Holdings whose interest was disposed of by the Group on 26 October 2009. No depreciation was provided for on land and buildings as the estimated residual values equals to or exceeds the carrying value.

In the prior year, certain of the Group's assets were encumbered by instalment sale agreements and capitalised finance leases as described in note 12.

1. PROPERTY, PLANT AND EQUIPMENT (continued)

Plant, equipment and motor vehicles includes the following net book values that are held as security under finance lease agreements:

	Group	
	2011 R'000	2010 R'000
Cost – capitalised finance leases	—	399 758
Accumulated depreciation	—	(194 467)
	—	205 291

In the prior year the Group leased various vehicles, plant and equipment under non-cancellable finance lease agreements. The lease terms were between one and four years, and ownership of the assets resided within the Group. As a result of the Mvelaserve unbundling, the Group is no longer exposed to finance lease obligations.

Company: 2010

	Cost R'000	Accumulated depreciation R'000	Net book value R'000
Office equipment	368	12	356
Computer equipment	86	13	73
Furniture and fittings	632	66	566
Improvements to leasehold premises	62	1	61
	1 148	92	1 056

	Group		Company	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
2. GOODWILL				
Deemed cost	—	714 112	—	101 251
Accumulated impairments	—	(12 199)	—	—
	—	701 913	—	101 251
Reconciliation of net book value				
Net book value at the beginning of the year	701 913	730 976	101 251	101 251
Disposals of subsidiaries (note 32)	(703 373)	(27 603)	(101 251)	—
Reclassified from/(to) assets in disposal group held for sale	1 460	(1 460)	—	—
	—	701 913	—	101 251

Goodwill disposed of R703 373 000 relates to the unbundling of Mvelaserve and Health Strategic Investments, as disclosed in note 32.

The impairment testing on goodwill is documented as part of estimates and judgements disclosed under accounting policy note 5.2

Goodwill disposed of R27 603 000 relates to the Group's 50,1% interest in Novare Holdings (Proprietary) Limited which was disposed of on 26 October 2009.

3. INTANGIBLE ASSETS**Group: 2011 – Reconciliation of net book value**

	Net book value 30 June 2010 R'000	Reclassi- fication R'000	Additions R'000	Disposal R'000	Amortisation R'000	Net book value 30 June 2011 R'000
Trademarks	61 013	—	—	(61 013)	—	—
Computer software	6 799	4 813	586	(10 132)	(2 066)	—
Manufacturing and distribution rights	64 829	—	—	(64 829)	—	—
	132 641	4 813	586	(135 974)	(2 066)	—

Intangible assets disposed of R135 974 000 relate to the Mvelaserve unbundling, as disclosed in note 32.

Group: 2010

	Cost R'000	Accumulated amortisation R'000	Net book value R'000
Trademarks	61 539	(526)	61 013
Computer software	47 437	(40 638)	6 799
Manufacturing and distribution rights	64 829	—	64 829
	173 805	(41 164)	132 641

Reconciliation of net book value

	Net book value 30 June 2009 R'000	Additions R'000	Reclassi- fication R'000	Amortisation R'000	Net book value 30 June 2010 R'000
Trademarks	61 013	—	—	—	61 013
Computer software	3 994	6 309	562	(4 066)	6 799
Manufacturing and distribution rights	64 829	—	—	—	64 829
	129 836	6 309	562	(4 066)	132 641

Trademarks comprised the trademarks used by Coin Security and King Pie.

Company

	2011 R'000	2010 R'000
Shares at cost	453 941	607 001
Net loans receivable	262 942	1 436 891
Goodwill and trademarks previously written off	—	(99 648)
	716 883	1 944 244

Details of principal subsidiary companies are set out on page 73.

During the year the Group unbundled its interest in Mvelaserve as disclosed in note 32.

Group

	2011 R'000	2010 R'000
5. INVESTMENTS IN ASSOCIATES		
Shares at cost	1 294 643	1 293 946
Group's share of post-acquisition reserves	101 962	92 860
Accumulated impairment of investment in associates	(761 220)	(712 708)
	635 385	674 098
Reconciliation of the carrying value of investments in associates		
Carrying value at the beginning of the year	674 098	720 580
Share of net attributable profit of associated companies ¹	21 369	22 145
Disposal of subsidiary (note 32)	(9 745)	—
Impairment of investment in associated companies	(50 337)	(68 627)
	635 385	674 098
Directors' valuation of shares²		
Listed shares	635 385	665 831
Unlisted shares	—	8 267

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

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

The impairment of investments in associates of R50 337 000 (2010: R68 627 000) relates to the Group's investment in Avusa Limited. The recoverable amount of the Group's investment in Avusa is based on Avusa's last trading price of R24 per share on 30 June 2011. During the year Avusa acquired Universal Printing Group for which Avusa issued additional shares. The issue thereof diluted the Group's percentage interest held to 21,5% from 25,5% held at 30 June 2010.

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

Name of associated company	% interest held	Country of incorporation	Assets R'000	Liabilities R'000	Revenue R'000	Profit R'000
2011						
Avusa Limited	21,5	RSA	4 099 000	1 900 000	5 310 000	217 000
			4 099 000	1 900 000	5 310 000	217 000
2010						
Experience Delivery Company (Proprietary) Limited	48,0	RSA	21 479	14 639	35 392	4 241
Ilembe Airport Construction Service (Proprietary) Limited	20,0	RSA	91 581	71 953	2 512 214	8 620
Avusa Limited	25,5	RSA	2 914 000	1 333 000	4 712 000	179 000
			3 027 060	1 419 592	7 259 606	191 861

	Group		Company	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
6. STRATEGIC AND OTHER INVESTMENTS				
Investments designated as "fair value through profit and loss"				
Listed shares at cost	515 528	515 280	—	—
Unlisted shares at cost	988 864	990 572	471 299	418 390
Shares at cost	1 504 392	1 505 852	471 299	418 390
Loan receivables	73 938	303 831	20 022	18 707
Accumulated net fair value gains	438 108	2 255 267	131 590	37 137
	2 016 438	4 064 950	622 911	474 234
Comprising				
Non-current strategic investments	1 661 369	1 438 664	622 911	474 234
Current strategic investments	—	2 626 286	—	—
Current other investments	355 069	—	—	—
	2 016 438	4 064 950	622 911	474 234
Reconciliation of the carrying value of strategic and other investments				
Carrying value at the beginning of the year	4 064 950	3 876 163	474 234	504 527
Disposal of subsidiary (note 32)	(1 912 928)	(6 676)	—	—
Net (investments disposed)/ new investments	(332 370)	(524 107)	54 224	1 476
Net fair value gains/(losses)	196 786	719 570	94 453	(31 769)
	2 016 438	4 064 950	622 911	474 234
Directors' valuation of shares				
Listed investments	566 837	3 480 738	—	—
Unlisted investments	1 449 601	584 212	622 911	474 234

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

A list of principal investments held is set out on page 74.

Loans receivable of R20 022 000 (2010: R48 710 000) earn interest at variable rates linked to the prime overdraft rate and/or at rates determined from time to time. Loans with a carrying value of R92 429 000 (2010: R255 846 000) are secured by cessions of debtors, general notarial bonds and pledges of specific assets of the debtor companies, and, in certain circumstances, personal suretyships from the directors of the debtor companies.

6. STRATEGIC AND OTHER INVESTMENTS (continued)

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

Absa

Nature of investment	The Group owns an effective 44,7% (after deducting minority interests) interest in Batho Bonke, who owns ordinary shares equating to an effective 5,01% stake in Absa. The Group therefore owns an effective 2,23% interest in Absa.
Cost of investment	R461 million
Valuation methodology	The closing Absa share price of R134,81 per share on the JSE on 30 June 2011.
Selling and other restrictions	Batho Bonke holds a direct interest of 5,1% in the ordinary share capital of Absa Group. The ordinary shares and claims held by Batho Bonke are pledged to the Sanlam Capital Markets Limited, Public Investments Corporation Limited and Development Bank of Southern Africa Limited, as security.

Life Healthcare

Nature of investment	The Group holds 17,4 million Life Healthcare ordinary shares. On 20 August 2010, the Group unbundled its 14,25% indirect shareholding in Life Healthcare via shares in a newly listed subsidiary, Health Strategic Investments ("Health"). Each Health share represented one Life Healthcare share and was unbundled to shareholders in a ratio of 33,455 Health shares for every 100 Mvelaphanda Group shares held. In addition, the Group held a direct interest of 44,3 million Life Healthcare ordinary shares of which 26,9 million Life Healthcare ordinary shares were sold during the year. Of the 26,9 million Life Healthcare ordinary shares sold, 10 million Life Healthcare ordinary shares were sold pursuant to the overallotment after the listing of Life Healthcare on the JSE on 10 June 2010.
Cost of investment	R43 million
Valuation methodology	The closing Life Healthcare share price of R17,59 per share on the JSE on 30 June 2011.
Dividend income	R57 million

Group Five

Nature of investment	The Group holds 12,1 million Group Five ordinary shares.
Cost of investment in open market Group Five shares	R62 million
Cost of investment in Group Five options	Rnil
Valuation methodology	Option-pricing model based on the closing Group Five share price of R29,90 on the JSE on 30 June 2011.
Selling and other restrictions	11,1 million of the Group Five shares are pledged as security to Group Five for the obligations disclosed in this note. The Group has an obligation to sell back to Group Five, at par value, such number of Group Five ordinary shares (calculated based on the Group Five ordinary share price in 2011) as is equivalent to the value of a "notional loan amount" in 2011, subject to a maximum number of 11,1 million Group Five ordinary shares. The notional loan amount is calculated based on an initial value of R14,43 per Group Five ordinary share plus notional interest at 12% per annum compounded annually. The remaining one million Group Five ordinary shares are not subject to any selling or other restrictions. During the year the Group sold three million Group Five ordinary shares.
Dividend income	R14 million

Mvelaserve

Nature of investment	The Group holds 8,9 million Mvelaserve ordinary shares.
Cost of investment	8 953 481 Mvelaserve shares received in lieu of 35 765 285 treasury shares held at 6 December 2010. The fair value of Mvelaserve shares received was R118 million.
Valuation methodology	The closing Mvelaserve share price of R12 per share on the JSE on 30 June 2011.

Vox Telecom

Nature of investment	The Group holds 135,5 million Vox Telecom ordinary shares.
Cost of investment	R292 million
Valuation methodology	The closing Vox Telecom share price of R0,35 per share on the JSE on 30 June 2011.
Selling and other restrictions	The Group settled its preference share obligation to Absa Capital as disclosed in note 12 to the financial statements. Refer to note 38.3 for further developments on Vox Telecom subsequent to reporting date.

	Group	
	2011 R'000	2010 R'000
7. INVENTORIES		
Raw materials	—	12 188
Work in progress	—	4 622
Consumables	—	14 479
Merchandise and finished goods	—	10 596
	—	41 885

On 6 December 2010, the Group unbundled its interest in Mvelaserve. Inventory disposed of via the unbundling amounted to R44 589 000 as disclosed in note 32.

	Group		Company	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
8. TRADE AND OTHER RECEIVABLES				
Trade receivables	—	625 814	—	—
Less: Provision for impairment of trade receivables	—	(92 205)	—	—
	—	533 609	—	—
Prepayments	897	37 320	343	837
Other receivables	22 779	230 459	271	—
Reclassified to assets in disposal group held for sale	—	(204)	—	—
	23 676	801 184	614	837

On 6 December 2010, the Group unbundled its interest in Mvelaserve. Trade and other receivables disposed of via the unbundling amounted to R915 670 000 as disclosed in note 32.

	Group		Company	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
9. CASH AND CASH EQUIVALENTS				
Bank balances	9 108	506 589	254	215
Term deposits	79 177*	19 554	—	—
	88 285	526 143	254	215
Less: Bank overdraft	(24 366)	—	—	—
	63 919	526 143	254	215

*Included in term deposits is R28 000 000 ceded as security for the funding of Avusa. Subsequent to year-end, R25 000 000 of the R28 000 000 ceded was used to redeem preference A shares issued to Depfin Investments (Proprietary) Limited bringing the Group's debt down to R169 000 000 from R194 000 000.

On 6 December 2010, the Group unbundled its interest in Mvelaserve. Cash and cash equivalents disposed off via the unbundling amounted to R188 368 000 as disclosed in note 32.

Group

2010
R'000**10. DISPOSAL GROUP HELD FOR SALE**

During the prior financial year, the Protea Coin Group decided to dispose of a division of its group relating to client contracts for R65 million. The disposal came into effect on 2 August 2010.

Property, plant and equipment	3 381
Goodwill	1 460
Trade and other receivables	204
Assets in disposal group held for sale	5 045

	Group		Company	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
11. SHARE CAPITAL				
Authorised				
750 000 000 ordinary shares of 0,1 cent each	750	750	750	750
100 000 000 convertible perpetual cumulative preference shares of 0,1 cent each	100	100	100	100
276 223 624 redeemable option-holding shares of 0,1 cent each	276	124	276	124
Issued				
Ordinary share capital				
565 473 650 (2010: 443 474 054) ordinary shares of 0,1 cent each	565	443	565	443
Less:				
569 746 (2010: 569 746) ordinary shares of 0,1 cent each held by the Share Incentive Scheme	(1)	(1)	—	—
35 765 285 (2010: 35 765 285) ordinary shares of 0,1 cent each held by a subsidiary company in terms of the share buy-back program	(36)	(36)	—	—
Preference share capital				
265 362 perpetual (2010: 54 261 268 convertible perpetual cumulative) preference shares of 0,1 cent each	—	54	—	54
Redeemable option-holding shares				
276 223 624 (2010: 124 425 055) redeemable option-holding shares of 0,1 cent each	276	124	276	124
	804	584	841	621

Details of changes in the issued share capital are given in the directors' report. All issued shares are fully paid up.

Share options

Details on share options granted through the Share Incentive Scheme are set out on pages 20 to 23 in the directors' report.

Treasury shares

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

Preference shares

The issued preference shares decreased to 265 362 convertible perpetual cumulative preference shares following the conversion of 53 995 906 preference shares to 121 999 596 ordinary shares. The conversion price of the convertible perpetual cumulative preference shares has changed to R4,50 from R9,30 on 23 August 2010. Preference shareholders had until 4 November 2010 to convert into ordinary shares. The remaining 265 362 convertible perpetual cumulative preference shares have now become perpetual preference shares at a dividend rate of 80% of the ruling prime overdraft rate, redeemable at the instance of the issuer. The preference shareholders earned dividends at a rate of 80% of the ruling prime overdraft rate from 5 November 2010 to 30 June 2011.

Redeemable option-holding share terms

Following the issue of 125 425 055 redeemable option-holding shares on 19 June 2007, the Group issued further redeemable option-holding shares of 151 798 569 on 10 December 2010. Both issues were at a par value of 0,1 cent each. Further the minimum strike price of R17,50 was adjusted to R9,18 per Mvelaphanda Group ordinary share. The redeemable option-holding shares are not listed on the JSE.

11. SHARE CAPITAL (continued)

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

Earliest redemption date/option exercise date:	19 June 2011.
Latest redemption date/final option exercise date:	9 June 2012.
Redemption price per redeemable option-holding share:	0,1 cent.
Option strike price per redeemable option-holding share:	an amount equal to R7,38 (2010: R12,00), escalating at 10% per annum from the date of issue of the redeemable option-holding share to the fourth anniversary of the date of issue, subject to a minimum of R9,18 (2010: R17,50); or if the 30-day VWAP at which Mvelaphanda Group ordinary shares trade on the JSE on the business day immediately preceding the option exercise date, as certified by Standard Bank, is greater than R20,38 (2010: R25,00), the sum of R12,88 (2010: R17,50) and 50% of the amount by which the 30-day VWAP exceeds R20,38 (2010: R25,00).

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

Unissued shares

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

	Group	
	2011 R'000	2010 R'000
12. INTEREST-BEARING LIABILITIES		
Asset-based finance		
Secured		
Capitalised finance leases	—	118 424
Total amount owing	—	193 299
Current portion included in current liabilities	—	(74 875)
Finance leases have been disposed of with the unbundling of Mvelaserve on 6 December 2010. The prior year's leased liability was secured by property, plant and equipment with a net book value of R205 291 000. The liabilities bore interest at rates linked to the prime overdraft rate ranging between 8% and 10% per annum, and were repayable in equal monthly instalments of R6 482 000.		
<i>Reconciliation to present value of finance lease liabilities:</i>		
<i>Gross finance lease liabilities minimum lease payments:</i>	—	225 324
No later than 1 year	—	88 010
Later than 1 year and no later than 5 years	—	137 314
<i>Finance charges:</i>	—	(32 025)
No later than 1 year	—	(13 135)
Later than 1 year and no later than 5 years	—	(18 890)
<i>Present value of future lease payments:</i>	—	193 299
No later than 1 year	—	74 875
Later than 1 year and no later than 5 years	—	118 424
Instalment sales agreement	—	4 608
Total amount owing	—	7 755
Current portion included in current liabilities	—	(3 147)

Disposed of with the unbundling of Mvelaserve on 6 December 2010. Prior year secured by property, plant and equipment with a net book value of R5 937 000. The liabilities bore interest at rates linked to the prime overdraft rate ranging between 9% and 11% per annum, and were repayable in equal monthly instalments of R349 000.

Group

	2011 R'000	2010 R'000
12. INTEREST-BEARING LIABILITIES <i>(continued)</i>		
Investment funding		
Secured		
Preference A shares issued to Absa Capital, a division of Absa Bank Limited	—	255 718
Capital amount owing	—	206 681
Dividends accrued	—	49 037
Secured by a cession and pledge of the ordinary shares and claims held by Mvelaphanda Group Limited in/against Dixonville (Proprietary) Limited. The preference shares have a coupon rate of 67% of prime overdraft rate. The preference shares were redeemed on 26 April 2011.		
Preference shares issued to United Towers and Depfin Investments	—	482 438
Capital amount owing	—	482 438
Dividends accrued	—	—
The preference shares have a coupon rate of 78% of prime rate (converted to nominal annual compound quarterly rate). The preference shares were redeemed on 29 October 2010.		
Preference A shares issued to Depfin Investments (Proprietary) Limited, a subsidiary of Nedbank Capital	194 000	236 452
Capital amount owing	194 000	236 452
Dividends accrued	—	—
Secured by a cession and pledge of the ordinary shares and claims held by Mvelaphanda Group Limited in/against Richtrau No 229 (Proprietary) Limited. The preference shares have a coupon rate of 78% of prime overdraft rate, nominal annual compound monthly in arrear. The preference shares are redeemable at the option of the issuer company on 30 June 2015.		
Preference B shares issued to Depfin Investments (Proprietary) Limited, a subsidiary of Nedbank Capital	139 078	131 895
Capital amount owing	105 000	105 000
Dividends accrued	34 078	26 895
Secured by a cession and pledge of the ordinary shares and claims held by Mvelaphanda Group Limited in/against Richtrau No. 229 (Proprietary) Limited. The preference shares have a coupon rate of 90% of prime overdraft rate, nominal annual compound monthly in arrear. The preference shares are redeemable at the option of the issuer company on 30 June 2015.		
Other liabilities borrowed		
Unsecured		
Term loan	—	50 000
Total amount owing	—	50 677
Current portion included in current liabilities	—	(677)
The loan bore interest at variable rates linked to the JIBAR rate. Interest is payable quarterly. The actual interest rate on 30 June 2011 was 10,5% (2010: 8,1%). The loan was settled in full during the financial year.		
Comprising		
Non-current interest-bearing liabilities	333 078	1 279 535
Current interest-bearing liabilities	—	78 699
The original acquisition of certain investments by Mvelaphanda Group, which investments are not classified as subsidiaries of Mvelaphanda Group, has been funded by non-recourse funding contained in special purpose vehicles. Mvelaphanda Group's attributable share of the total outstanding capital balances in respect of these non-recourse funding obligations at 30 June 2011 is R262 million (2010: R257 million).		

	Group		Company	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
13. NON-INTEREST-BEARING LIABILITIES				
Unsecured				
Other loans	—	—	—	—
Total amount owing	—	20 712	—	2 577
Current portion included in current liabilities	—	(20 712)	—	(2 577)

The loans were interest free, unsecured and repayable on demand. The loan was settled in full during the financial year.

	Group	
	2011 R'000	2010 R'000
14. FINANCIAL LIABILITY		
Derivative financial instrument classified as held for trading with fair value		
Interest rate swap – “Zero Premium Knock-in-Swap”	—	36 900

On 20 June 2008 the Group entered into a “Zero premium knock-in-swap” with Absa Capital on a notional amount of R330 000 000. The cap or floor rate is at 12,53% and the barrier level is at 11,05%. The floating rate is based on three-month JIBAR with reset dates on 30 March, June, September and December. The knock-in event occurs when on any reset date the floating rate is equal to or lower than the barrier level. On 6 December 2010, the interest rate swap was disposed of via the unbundling of Mvelaserve. Refer to note 32.

	Group		Company	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
15. DEFERRED TAXATION				
Balance at the beginning of the year	218 033	442 326	32 034	36 619

Wear and tear	13 474	9 999	—	—
Doubtful debts	(5 103)	(5 881)	—	—
Prepayments	3 294	6 083	—	—
Special taxation allowances	19 781	17 474	—	—
Revaluation of investments	225 874	474 932	32 171	36 619
Estimated assessed loss (tax losses)	(1 854)	(22 321)	—	—
Provisions and accruals	(36 382)	(35 983)	(137)	—
Finance lease liability	(59)	(47)	—	—
Operating lease accrued	(455)	(278)	—	—
Revenue received in advance/deferred revenue	159	(1 570)	—	—
Other	(696)	(82)	—	—

Prior year (over)/under provision	(199 987)	(233 620)	(32 034)	—
Wear and tear	—	1 848	—	—
Doubtful debts	—	(219)	—	—
Revaluation of investments	(199 546)	(252 757)	(32 171)	—
Estimated assessed loss (tax losses)	—	13 771	—	—
Provisions and accruals	(441)	3 737	137	—

	Group		Company	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
15. DEFERRED TAXATION <i>(continued)</i>				
Acquisition/disposals of subsidiaries	28 080	260	—	—
Wear and tear	(13 504)	(13)	—	—
Doubtful debts	4 641	—	—	—
Prepayments	(3 683)	(91)	—	—
Special taxation allowances	(19 781)	—	—	—
Revaluation of investments	14 023	—	—	—
Estimated assessed loss (tax losses)	352	—	—	—
Provisions and accruals	44 705	364	—	—
Finance lease liability	59	—	—	—
Operating lease accrued	455	—	—	—
Revenue received in advance/deferred revenue	117	—	—	—
Other	696	—	—	—
Charged/(credited) to the income statement	3 320	9 067	—	(4 585)
Wear and tear	30	1 640	—	—
Doubtful debts	462	997	—	—
Prepayments	389	(2 698)	—	—
Special taxation allowances	—	2 307	—	—
Revaluation of investments	9 095	3 699	—	(4 448)
Estimated assessed loss (tax losses)	1 502	6 696	—	—
Provisions and accruals	(7 882)	(4 500)	—	(137)
Finance lease liability	—	(12)	—	—
Operating lease accrued	—	(177)	—	—
Revenue received in advance/deferred revenue	(276)	1 729	—	—
Other	—	(614)	—	—
Balance at the end of the year	49 446	218 033	—	32 034
Wear and tear	—	13 474	—	—
Doubtful debts	—	(5 103)	—	—
Prepayments	—	3 294	—	—
Special taxation allowances	—	19 781	—	—
Revaluation of investments	49 446	225 874	—	32 171
Estimated assessed loss (tax losses)	—	(1 854)	—	—
Provisions and accruals	—	(36 382)	—	(137)
Finance lease liability	—	(59)	—	—
Operating lease accrued	—	(455)	—	—
Revenue received in advance/deferred revenue	—	159	—	—
Other	—	(696)	—	—
Comprising				
Deferred tax assets	—	(17 706)	—	—
Deferred tax liabilities	49 446	235 739	—	32 034
	49 446	218 033	—	32 034

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of R29 000 000 (2010: R101 000 000) in respect of losses amounting to R102 000 000 (2010: R363 000 000) that can be carried forward against future taxable income.

	Group		Company	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
16. TRADE AND OTHER PAYABLES				
Trade and other payables	1 933	610 029	1 424	6 819
Accruals	—	148 235	—	—
Deferred revenue	—	30 304	—	—
	1 933	788 568	1 424	6 819

On 6 December 2010, the Group unbundled its interest in Mvelaserve. Trade and other payables disposed of via the unbundling amounted to R803 936 000 as disclosed in note 32.

	Group	
	2011 R'000	2010 R'000
17. REVENUE		
Revenue for the year	1 886 411*	4 199 259
Less: Revenue from discontinued operation	(1 886 411)	(4 199 259)
	—	—

*Revenue contributed by Mvelaserve for five months prior to unbundling.

	Group		Company	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
18. EXCEPTIONAL ITEMS				
Pre-unbundling transaction costs in respect to Health Strategic Investments and Mvelaserve	82 361	—	12 083	—
BEE transaction costs	2 158	—	2 158	—
Less: Exceptional items from discontinued operations (note 25)	(70 278)	—	—	—
	14 241	—	14 241	—

	Group		Company	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
19. (LOSS)/PROFIT FROM OPERATIONS INCLUDES THE FOLLOWING OPERATING INCOME AND EXPENSES*				
Auditors' remuneration				
Audit fees	4 188	5 473	82	70
Current year	4 188	5 296	82	70
Under provision prior years	—	177	—	—
Other services	1 215	667	—	—
	5 403	6 140	82	70
Depreciation				
Plant and equipment	8 755	38 049	—	—
Office equipment	573	1 456	11	12
Computer equipment	4 246	9 563	29	13
Furniture and fittings	1 633	3 496	112	66
Motor vehicles	25 591	47 671	—	—
Improvements to leasehold premises	2 139	4 410	94	1
	42 937	104 645	246	92
Amortisation				
Computer software	2 066	4 066	—	—
	2 066	4 066	—	—
Employee costs				
Salaries and bonuses	814 423	1 760 339	—	—
Fringe benefits	13 963	31 696	—	—
Pension/provident fund contributions	51 127	116 262	—	—
	879 513	1 908 297	—	—
Directors' emoluments				
Salaries and bonuses	25 715	24 306	—	—
Fringe benefits	177	345	—	—
Pension/provident fund contributions	230	458	—	—
	26 122	25 109	—	—
Remuneration other than to employees				
Technical services	1 841	2 735	—	—
Rentals under operating leases				
Land and buildings	13 184	21 197	—	—
Equipment	676	2 396	—	—
Motor vehicles	114	41	—	—
Other	564	247	—	—
	14 538	23 881	—	—
Other (losses)/gains				
Foreign currency losses	(1 621)	(2 242)	—	—
Loss on disposal of property, plant and equipment	(25)	(258)	—	—
Foreign currency gains	765	2 114	—	—
Profit on disposal of property, plant and equipment	1 440	775	—	—
Administration fees received	273	1 696	—	—

*The amounts stated above include both continuing and discontinued operations.

	Group		Company	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
20. NET INTEREST EXPENSE/(INCOME)				
Interest expense	6 405	31 951	230	5 789
Preference dividends paid/accrued	57 335	95 819	—	—
Finance charges	7 272	15 523	—	—
Less: Interest income	(26 011)	(35 428)	(12 573)	(2 690)
Less: Net interest expense from discontinued operations (note 25)	(20 537)	(60 631)	—	—
	24 464	47 234	(12 343)	3 099
21. NET FAIR VALUE ADJUSTMENTS AND (LOSS)/PROFIT FROM INVESTMENTS				
Net fair value adjustment on financial instruments designated through profit and loss	196 786	608 970	94 453	(82 643)
Derivative financial instrument held for trading with fair value through profit and loss	3 149	(2 701)	—	—
Net realised loss on disposal of investments	(142 734)	(201 373)	(112 757)	—
Fair value adjustment on unbundling Mvelaserve and Health Strategic Investments	(283 557)	—	(118 324)	—
Impairment on shares and loan receivables for subsidiaries	—	—	(426 377)	(877 883)
Loan payable to subsidiary waived	—	—	—	151 182
Less: Net fair value adjustment and (profit)/loss from investments from discontinued operations (note 25)	(3 149)	2 726	—	—
	(229 505)	407 622	(563 005)	(809 344)

	Group	
	2011 R'000	2010 R'000
22. SHARE OF LOSS FROM ASSOCIATES		
Group's share of retained income	21 369	22 145
Dividend income	24 548	23 965
Impairment to investment in associate	(50 337)	(68 627)
Less: Share of profit from associates from discontinued operations (note 25)	(3 522)	(6 076)
	(7 942)	(28 593)

	Group		Company	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
23. COST OF BEE TRANSACTION				
BEE cost	15 501	16 175	15 501	16 175

Cost of BEE transaction

The cost to Mvelaphanda Group of the options attached to the redeemable option-holding shares as disclosed in note 11, issued to the Mvelaphanda Group Employee Trust and the Mvelaphanda Group Management Trust of R64 701 000 has been recognised over the period of the service conditions applicable to the directors, managers and employees who are the beneficiaries of these trusts, in accordance with AC 503 – *Accounting for BEE Transactions* and IFRS 2 – *Share-based payments*.

	Group		Company	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
24. TAXATION CHARGE				
South African normal tax	24 897	78 926	948	—
Current year	27 236	81 119	—	—
Prior year over provision	(2 339)	(2 193)	948	—
Deferred tax	(196 667)	(224 553)	(32 034)	(4 585)
Normal tax	(5 777)	5 368	—	(137)
Capital gains tax	9 097	3 699	—	(4 448)
Prior year over provision	(199 987)	(233 620)	(32 034)	—
Capital gains tax	46 833	788	—	—
Secondary tax on companies	5 772	6 593	1 471	3 001
Foreign tax	—	2 152	—	—
	(119 165)	(136 094)	(29 615)	(1 584)
Tax charge from continuing operations	(140 250)	(226 153)	(29 615)	(1 584)
Tax charge from discontinued operations (note 25)	21 085	90 059	—	—
Reconciliation of taxation amount				
South African normal tax amount	(68 598)	211 512	435 765	(223 304)
<i>Adjusted for:</i>	(103 922)	(357 139)	(466 851)	218 719
Disallowable expenditure	37 927	43 915	19 941	16 252
Income from associates	1 810	(6 201)	—	—
Exempt income and exceptional items	(102 995)	(6 984)	(601 029)	194 758
Investment and other special allowances	163 753	(174 170)	146 271	4 448
Prior year over provision	(202 326)	(235 813)	(32 034)	—
Utilisation of previously unrecognised assessed losses	(18 977)	(1 062)	—	—
Assessed losses for which no deferred tax assets was recognised	16 886	23 176	—	3 261
Total normal tax	(172 520)	(145 627)	(31 086)	(4 585)
Capital gains tax	46 833	788	—	—
Secondary tax on companies	5 772	6 593	1 471	3 001
Foreign tax	—	2 152	—	—
Effective taxation	(119 915)	(136 094)	(29 615)	(1 584)
Estimated taxation losses				
Net estimated normal tax losses available for utilisation against future taxable income	87 160	370 665	—	11 648
Potential taxation relief at current taxation rates	24 405	103 786	—	3 261

Group

	2011 R'000	2010 R'000
25. PROFIT FROM DISCONTINUED OPERATIONS		
Profit from discontinued operations discloses the pre-unbundling consolidated trading results of Mvelaserve (including Zonke) for five months to 6 December 2010 and for the full 12 months of the previous year. In addition, prior period also includes the trading results of Novare Holdings (Proprietary) Limited that was disposed of by the Group on 26 October 2009.		
Revenue	1 886 411	4 199 259
Cost of sales	(1 423 799)	(3 120 917)
Gross profit	462 612	1 078 342
Profit from operations	70 655	323 850
Profit from operations pre-exceptional items	140 933	323 850
Exceptional items	(70 278)	—
Net interest expense	(20 537)	(60 631)
Interest income	10 529	14 958
Interest expense	(31 066)	(75 589)
Net fair value adjustments and profit/(loss) from investments	3 149	(2 726)
Share of profit from associates	3 522	6 076
Profit before taxation	56 789	266 569
Taxation charge	(21 085)	(90 059)
Profit for the year from discontinued operations	35 704	176 510

Group

	2011 Cents	2010 Cents
26. (LOSS)/EARNINGS PER ORDINARY SHARE AND DIVIDENDS		
26.1 (Loss)/earnings per ordinary share		
Basic	(26,0)	212,7
Diluted	(26,0)	192,5
26.1.1 (Loss)/earnings per ordinary share from continuing operations		
Basic	(32,0)	171,0
Diluted	(32,0)	156,0
26.1.2 Earnings per ordinary share from discontinued operations		
Basic	6,0	41,7
Diluted	6,0	36,5

Basic earnings per ordinary share is based on the net (loss)/profit attributable to the owners of the parent of (R124 471 000) (2010: R865 781 000) and is calculated using the weighted average net number of 491 217 251 (2010: 406 962 028) ordinary shares in issue during the year.

During the period 53 995 906 convertible perpetual cumulative preference shares converted into 121 999 596 ordinary shares. At 30 June 2010, 265 362 perpetual preference shares remain in issue. Up to 4 November 2010, preference shareholders earned dividends at a rate of 5,5% per annum and 80% of the ruling price overdraft rate from 5 November 2010 to 30 June 2011. The dilutive effect on earnings from the conversion of the remaining 265 362 preference shares is not material and has therefore not been presented. Prior year diluted earnings per share is based on the diluted net profit attributable to the owners of the parent of R895 789 000 and is calculated using the diluted weighted average net number of 465 307 477 ordinary shares.

26. (LOSS)/EARNINGS PER ORDINARY SHARE AND DIVIDENDS (continued)

Basic earnings per ordinary share from continuing operations is based on the net (loss)/profit from continuing operations attributable to the owners of the parent of (R156 887 000) (2010: 696 068 000) and is calculated using the weighted average net number of 491 217 251 (2010: 406 962 028) ordinary shares in issue during the year. Prior year diluted earnings per share from continuing operations is based on the diluted net profit from continuing operations attributable to the owners of the parent of R726 076 000 and is calculated using the diluted weighted average net number of 465 307 477 ordinary shares.

Basic earnings per ordinary share from discontinued operations is based on the net profit from discontinued operations attributable to the owners of the parent of R32 416 000 (2010: R169 713 000) and is calculated using the weighted average net number of 491 217 251 (2010: 406 962 028) ordinary shares in issue during the year. Prior year diluted earnings per share from discontinued operations is based on the diluted net profit from discontinued operations attributable to the owners of the parent of R169 713 000 and is calculated using the diluted weighted average net number of 465 307 477 ordinary shares.

	Group	
	2011 Cents	2010 Cents
26.2		
Headline earnings per ordinary share		
Basic	43,0	238,5
Diluted	43,0	215,0
26.2.1		
Headline earnings per ordinary share from continuing operations		
Basic	36,0	196,9
Diluted	36,0	178,6
26.2.2		
Headline earnings per ordinary share from discontinued operations		
Basic	7,0	41,6
Diluted	7,0	36,4

Basic headline earnings per ordinary share is based on headline net profit attributable to the owners of the parent of R208 404 000 (2010: R970 629 000) and is calculated using the weighted average net number of 491 217 251 (2010: 406 962 028) ordinary shares in issue during the year.

The dilutive effect on headline earnings per ordinary share from the conversion of the remaining 265 362 preference shares is not material and has therefore not been presented. Prior year diluted headline earnings per share is based on the diluted headline net profit attributable to the owners of the parent of R1 000 634 000 and is calculated using the diluted weighted average net number of 465 307 477 ordinary shares.

Basic headline earnings per ordinary share from continuing operations is based on the headline net profit from continuing operations attributable to the owners of the parent of R177 007 000 (2010: 801 285 000) and is calculated using the weighted average net number of 491 217 251 (2010: 406 962 028) ordinary shares in issue during the year. Prior year diluted earnings per share from continuing operations is based on the diluted net profit from continuing operations attributable to owners of the parent of R831 293 000 and is calculated using the diluted weighted average net number of 465 307 477 ordinary shares.

Basic headline earnings per ordinary share from discontinued operations is based on the net profit attributable to the owners of the parent of R31 397 000 (2010: R169 341 000) and is calculated using the weighted average net number of 491 217 251 (2010: 406 962 028) ordinary shares in issue during the year. Prior year diluted headline earnings per share from discontinued operations is based on the diluted net profit from discontinued operations attributable to owners of the parent of R169 341 000 and is calculated using the diluted weighted average net number of 465 307 477 ordinary shares.

	Group		Group	
	2011 Basic loss R'000	Headline earnings R'000	2010 Basic earnings R'000	Headline earnings R'000
26. (LOSS)/EARNINGS PER ORDINARY SHARE AND DIVIDENDS <i>(continued)</i>				
26.3 Reconciliation between (loss)/earnings and diluted (loss)/earnings				
Net (loss)/profit attributable to the owners of the parent	(124 471)	(124 471)	865 781	865 781
<i>Adjusted for:</i>				
Disposal of investments and subsidiaries	—	283 557	—	42 516
Profit on sale of property, plant and equipment	—	(1 415)	—	(517)
Tax effect on profit on sale of property, plant, equipment and disposal of investments and subsidiaries	—	396	—	(5 781)
Impairment to investment in associate	—	50 337	—	68 627
Net (loss)/profit attributable to the owners of the parent	(124 471)	208 404	865 781	970 626
Less: Net earnings/ headline earnings attributable to the owners of the parent from discontinued operations	(32 416)	(31 397)	(169 713)	(169 341)
Net profit attributable to the owners of the parent from discontinued operations	(32 416)	(32 416)	(169 713)	(169 713)
Less: Profit on sale of property, plant and equipment net of tax	—	1 019	—	372
Net (loss)/profit attributable to the owners of the parent from continuing operations	(156 887)	177 007	696 068	801 285
Net profit attributable to preference shareholders	—	—	30 008	30 008
Diluted net (loss)/profit attributable to the owners of the parent from continuing operations	(156 887)	177 007	726 076	831 293

	Number of shares 2011	Number of shares 2010
26.4 Reconciliation of the weighted average number of ordinary shares in issue and the diluted weighted average net number of ordinary shares		
Weighted average number of ordinary shares in issue	527 552 282	443 297 059
Weighted average number of ordinary shares held by a subsidiary in terms of share buy-backs	(35 765 285)	(35 765 285)
Weighted average number of ordinary shares held by the Share Incentive Scheme ¹	(569 746)	(569 746)
Weighted average net number of ordinary shares in issue during the year	491 217 251	406 962 028
Ordinary shares to be issued on the basis that all preference shares will be converted into ordinary shares after 4 November 2010 ²	—	58 345 449
Diluted weighted average net number of ordinary shares	491 217 251	465 307 477

¹The options granted to directors and employees to subscribe for ordinary shares via the Share Incentive Scheme have been settled in cash. As a result, these options are not taken into account in calculating diluted (loss)/earnings and diluted headline earnings per ordinary share.

²During the year 53 995 906 preference shares have converted into 121 999 596 ordinary shares, leaving a remaining balance of 265 362 preference shares. A dilutive effect of the remaining preference shares is considered immaterial and thus has not been taken into account.

The redeemable option-holding shares issued in June 2007 and December 2010 have not been taken into account in calculating the dilutive effect on ordinary shareholding as the minimum strike price of R9,18 is greater than the Group's ordinary share price at 30 June 2011 of R3,28 (2010: R7,75) and is unlikely to be exercised.

The application of circular 3/2009 has resulted in no material changes.

Company

	2011 R'000	2010 R'000
26. (LOSS)/EARNINGS PER ORDINARY SHARE AND DIVIDENDS <i>(continued)</i>		
26.5 Dividends paid		
Preference shares		
Dividend of 30,0 cents per preference share for the period ended 31 December 2010 paid on 11 April 2011	14 710	—
Dividend of 27,58 cents per preference share for the period ended 31 December 2009 paid on 29 March 2010	—	14 965
Dividend of 27,5 cents per preference share for the period ended 30 June 2009 paid on 28 September 2009	—	15 043
	14 710	30 008

Group

	2011 R'000	2010 R'000
27. CASH RECEIVED FROM CUSTOMERS		
Revenue	1 886 411	4 199 259
Movement in trade and other receivables	(79 630)	(56 027)
	1 806 781	4 143 232
28. CASH PAID TO SUPPLIERS AND EMPLOYEES		
Revenue	1 886 411	4 199 259
Profit from operations	(30 818)	(327 048)
	1 855 593	3 872 211
Depreciation	(42 937)	(104 645)
Amortisation of intangible assets	(2 066)	(4 066)
Net profit on disposal of property, plant and equipment	1 415	517
Donation – BEE shares	(151)	—
Movement in inventories	2 704	(1 376)
Movement in trade and other payables	13 428	(47 658)
	1 827 986	3 714 983

	Group			
	2011 R'000	2010 R'000		
29. CASH GENERATED FROM OPERATIONS				
Profit from operations	30 818	327 048		
Depreciation	42 937	104 645		
Amortisation of intangible assets	2 066	4 066		
Net profit on disposal of property, plant and equipment	(1 415)	(517)		
Donation – BEE shares	151	—		
Working capital changes	(95 762)	(6 993)		
	(21 205)	428 249		
30. WORKING CAPITAL CHANGES				
Inventories	(2 704)	1 376		
Trade and other receivables	(79 630)	(56 027)		
Trade and other payables	(13 428)	47 658		
	(95 762)	(6 993)		
	Group		Company	
	2011 R'000	2010 R'000	2011 R'000	2009 R'000
31. TAXATION PAID/(REFUNDED)				
Unpaid at the beginning of the year and on disposals of subsidiaries	(17 214)	3 683	—	314
Charged/(credited) to the statement of comprehensive income	77 502	88 459	(2 419)	3 001
Overpaid/(unpaid) at the end of the year	1 110	(20 621)	—	—
	61 398	71 521	(2 419)	3 315

32. NET (DISPOSAL)/ACQUISITION OF SUBSIDIARIES

On 20 August 2010, the Group unbundled and distributed its 53,33% interest in Health Strategic Investments, the vehicle holding the Group's 14,25% indirect interest in Life Healthcare, to its ordinary shareholders. The fair value unbundled/distributed amounted to R1 892 million.

As part of the Group's unbundling process, the Group disposed of its 75% interest in the share capital of Zonke Monitoring Systems (Proprietary) Limited ("Zonke") to Mvelaserve on 29 October 2010. The fair value of its net assets disposed of was R81 million for which the Group received additional shares in Mvelaserve valued at R81 million.

On 6 December 2010, the Group unbundled its 100% interest in Mvelaserve. Mvelaserve and its subsidiaries contributed R1 886 million in revenue and R71 million in operating profit to the Group's profit before tax for the period 1 July 2010 to 30 November 2010. The assets and liabilities unbundled/ disposed are as follows:

	Group		Company	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
Property, plant and equipment	(394 724)	(7 982)	—	—
Trademarks and other intangibles	(135 974)	—	—	—
Investments in subsidiaries	—	—	(117 248)	—
Investments in associates	(9 745)	—	—	—
Strategic investments	(1 912 928)	(6 679)	—	—
Inventory	(44 589)	2 355	—	—
Trade and other receivables	(915 670)	(15 542)	—	—
Cash and cash equivalents	(188 368)	(8 862)	—	—
Trade and other payables	803 936	3 815	—	—
Non-current liabilities	393 513	120	—	—
Current liabilities	75 489	5 227	—	—
Deferred taxation	(28 080)	(260)	—	—
Normal taxation	37 835	3 443	—	—
Net assets disposed	(2 319 305)	(24 365)	(117 248)	—
Minority interest	12 422	2 400	—	—
Goodwill	(703 373)	(27 603)	(101 251)	—
Loss on disposal	283 557	42 561	118 324	—
	(2 726 699)	(7 007)	(100 175)	—
<i>Satisfied by:</i>				
Cash	—	(13 000)	653 289	—
Loans	—	2 817	—	—
Dividend/distribution	(2 726 699)	3 176	(753 464)	—
	(2 726 699)	(7 007)	(100 175)#	—
Net cash effect	(188 368)	4 138	653 288	—

#Dividend/distribution for the Company is net of dividend received in lieu of shares for Health Strategic Investments and Mvelaserve.

For the year ended 30 June 2010, the Group disposed of its 50,1% interest in Novare Holdings (Proprietary) Limited, which was offset by an additional 2% purchase in Zonke.

33. RELATED-PARTY TRANSACTIONS**33.1 Parent company**

Mvelaphanda Holdings is the controlling company of Mvelaphanda Group. All transactions between Mvelaphanda Group and Mvelaphanda Holdings are concluded at arm's length.

33.2 Subsidiary companies

Details of principal subsidiary companies are set out on page 73 to this report.

Details of loans to subsidiary companies are set out on page 73 to this report.

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

33. RELATED-PARTY TRANSACTIONS *(continued)***33.3 Associated companies**

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

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

33.4 Directors

The names of the directors of Mvelaphanda Group are set out on pages 2 to 3 to this report.

Details of directors' interests in Mvelaphanda Group ordinary shares, redeemable option-holding shares and options/scheme shares are set out in the directors' report on page 19.

33.5 Shareholders

A detailed analysis of shareholders is set out on page 71.

R1 892 236 000 in Health Strategic Investments shares and R834 463 000 in Mvelaserve shares were unbundled to ordinary shareholders on 20 August 2010 and 6 December 2010 respectively.

Dividends paid to preference shareholders during the year ended 30 June 2011 amounted to R14 790 000 (2010: R30 008 000).

A subsidiary of Mvelaphanda Group held 35 765 285 (2010: 35 765 285) Mvelaphanda Group ordinary shares which were acquired in terms of share buy-backs in the open market at a cost of R360 041 000.

		Group	
		2011	2010
		R'000	R'000
34. CAPITAL COMMITMENTS			
34.1 Capital expenditure			
	Commitments in respect of capital expenditure approved by the directors:		
	Contracted for	—	16 354
	Not contracted for	—	9 770
		—	26 124
34.2 Operating leases			
	The minimum commitments are:		
	Land and buildings	—	114 174
	Equipment	—	5 423
	Motor vehicles	—	325
	Total operating lease commitments	—	119 922
	Less: Amounts accrued as a result of accounting for operating leases on the straight-line basis	—	(1 191)
	Net operating lease commitments not provided for	—	118 731
	Analysis of total operating lease commitments:		
	due in year one	—	24 906
	due in year two	—	19 777
	due in year three	—	17 205
	due in year four	—	30 797
	Thereafter	—	26 046
		—	118 731

With the unbundling of Mvelaserve, the Group is no longer exposed to material capital commitments. In the prior year, material lease commitments related mainly to immovable property, vehicles and equipment. Specific details and terms of leases varied between different contracts. Renewal options, where these existed, were between one and five years. Rentals on certain leases escalated annually. The majority of rentals under property lease renewal options are determined with reference to market rentals at the time of renewal. There are no contingent rental payments.

35. CONTINGENT LIABILITIES**35.1 Bank facilities**

Bank facilities of certain subsidiaries are secured by a negative pledge over certain assets and a cession of book debts of Rnil (2010: R28 800 000).

Bank facilities of certain subsidiary companies and non-current interest-bearing liabilities of Rnil (2010: R119 000 000) incurred by certain subsidiary companies have been guaranteed by Mvelaphanda Group.

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

	Group	
	2011	2010
	R'000	R'000
35.2 Other guarantees		
Bank guarantees to clients	—	6 736
Bank guarantees to suppliers	—	11 585

35.3 Secondary tax on companies

STC is levied on dividends distributed at a rate of 10%.

In the event that the Company were to declare a dividend equal to its distributable reserve, it would be liable for secondary tax on companies amounting to R36 245 000 (2010: R28 916 000).

Credits in respect of secondary tax on companies, available for set-off by the Company against future dividends, amounted to Rnil (2010: R3 111 000)

36. FINANCIAL INSTRUMENTS**36.1 Financial risk management objective**

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

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

36.2 Capital risk management

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of a gearing ratio.

The gearing ratio and the weighted average cost of capital at 30 June 2011 and 30 June 2010:

	Group	
	2011	2010
	R'000	R'000
Total interest-bearing liabilities including overdrafts	357 444	1 394 870
Capital and reserves	2 351 036	4 894 283
Gearing ratio (%)	15,2	28,5*
Weighted average cost of capital (%)	10,5	11,6

*Gearing ratio restated to include the interest rate swap.

36. FINANCIAL INSTRUMENTS (continued)
36.3 Analysis of financial assets and liabilities
Financial assets

Group: 2011	Financial services R'000	Consumer services R'000	Construction and infra-structure R'000	Telecoms, media and technology R'000	Cash and cash equivalents R'000	Total R'000
<i>Financial asset classes</i>						
Non-current assets						
Strategic investments	826 689	747 440	87 240	—	—	1 661 369
Current assets						
Other investments	—	306 944	—	48 125	—	355 069
Trade and other receivables	—	614	—	23 062	—	23 676
Cash and cash equivalents	—	—	—	—	88 285	88 285
Non-financial assets	—	1 310	—	636 437	—	637 747
	826 689	1 056 308	87 240	707 624	88 285	2 766 146
<i>Financial asset categories</i>						
Fair value						
<i>Held for trading</i>						
Designated at "fair value through profit and loss"	826 689	1 054 384	87 240	48 125	—	2 016 438
– Listed investments	826 689	1 033 355	87 240	48 125	—	1 995 409
– Unlisted investments	—	21 029	—	—	—	21 029
Amortised cost						
Loans and receivables	—	614	—	23 062	88 285	111 961
Trade and other receivables	—	614	—	23 062	—	23 676
Cash and cash equivalents	—	—	—	—	88 285	88 285
Non-financial assets	—	1 310	—	636 437	—	637 747
	826 689	1 056 308	87 240	707 624	88 285	2 766 146

36. FINANCIAL INSTRUMENTS (continued)**36.3 Analysis of financial assets and liabilities** (continued)**Financial assets**

Group: 2010	Financial services R'000	Consumer services R'000	Construction and infrastructure R'000	Telecoms, media and technology R'000	Cash and cash equivalents R'000	Non-financial instruments R'000	Total R'000
<i>Financial asset classes</i>							
Non-current assets							
Strategic investments	684 566	93 017	144 189	515 484	—	1 408	1 438 664
Current assets							
Strategic investments	—	2 626 286	—	—	—	—	2 626 286
Trade and other receivables	240	554 065	182 455	31 644	—	32 780	801 184
Cash and cash equivalents	—	—	—	—	526 143	—	526 143
Non-financial assets	—	—	—	—	—	1 962 780	1 962 780
	684 806	3 273 368	326 644	547 128	526 143	1 996 968	7 355 057
<i>Financial asset categories</i>							
Fair value							
Held for trading							
Designated at "fair value through profit and loss"							
	684 566	2 719 303	144 189	515 484	—	1 408	4 064 950
– Listed investments	684 566	2 610 733	144 189	41 250	—	—	3 480 738
– Unlisted investments	—	108 570	—	474 234	—	1 408	584 212
Amortised cost							
Loans and receivables	240	554 065	182 455	31 644	526 143	32 780	1 327 327
Trade and other receivables	240	554 065	182 455	31 644	—	32 780	801 184
Cash and cash equivalents	—	—	—	—	526 143	—	526 143
Non-financial assets	—	—	—	—	—	1 962 780	1 962 780
	684 806	3 273 368	326 644	547 128	526 143	1 996 968	7 355 057

Financial liabilities

Group: 2011	Amortised cost R'000	Non-financial instruments R'000	Total R'000
Capital and reserves	—	2 357 323	2 357 323
Non-current and current liabilities			
Interest-bearing liabilities	357 444	—	357 444
Trade and other payables	1 933	—	1 933
Non-financial liabilities	—	49 446	49 446
	359 377	2 406 769	2 766 146

36. FINANCIAL INSTRUMENTS (continued)**36.3 Analysis of financial assets and liabilities** (continued)**Financial liabilities**

	Investment funding			Other		Total R'000
	Fair value through profit and loss R'000	Amortised cost R'000	Asset-based finance amortised cost R'000	Amortised cost R'000	Non-financial instruments R'000	
Group: 2010						
Capital and reserves	—	—	—	—	4 894 283	4 894 283
Non-current and current liabilities						
Interest-bearing liabilities	—	1 106 503	201 054	50 677	—	1 358 234
Financial liability	36 900	—	—	—	—	36 900
Non-interest-bearing liabilities	—	—	—	2 577	18 135	20 712
Trade and other payables	—	—	—	536 028	252 540	788 568
Non-financial liabilities	—	—	—	—	256 360	256 360
	36 900	1 106 503	201 054	589 282	5 421 318	7 355 057

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

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

36.4 Valuation hierarchy

The following table presents the Group's assets that are measured at fair value at 30 June 2011:

	Level 1 ^(a) R'000	Level 2 ^(b) R'000	Carrying value 30 June 2011 R'000
Assets			
Fair value through profit and loss	1 995 409	21 029	2 016 438

The following table presents the Group's assets and liabilities that are measured at fair value at 30 June 2010:

	Level 1 ^(a) R'000	Level 2 ^(b) R'000	Carrying value 30 June 2010 R'000
Assets			
Fair value through profit and loss	1 995 409	1 364 205	2 016 438
Liabilities			
Financial liability	—	36 900	36 900

(a) This level includes listed equity shares which are valued at the closing share price on the JSE on the financial position date.

(b) This level includes unlisted equity shares and loan receivables. Equity shares are valued using market values of similar listed shares, PE multiples, net asset value methodologies less associated debt. Loan receivables are carried at amortised costs. In addition to equity shares and loan receivables, the prior year includes an interest rate swap. The interest rate swap's value was determined by the forward-looking three-month JIBAR.

36. FINANCIAL INSTRUMENTS (continued)**36.5 Credit risk**

Credit and counterparty risk refer to the effects on future cash flows and earnings of borrowers defaulting on their obligations. This exposure to credit risk, which primarily arose from investment activities, cash placed with financial institutions and trade and other receivables from subsidiary trading activities, has been materially reduced with the unbundling of Mvelaserve and Health Strategic Investments. Credit exposure arising from equity investments are evaluated and monitored based on the investment as a whole. Significant cash deposits are placed with investment grade banks and monitored by the Group's chief financial officer. For the current financial period, both trade and other receivables and cash and cash equivalents as presented on the statement of financial position have been assessed as neither past due nor impaired.

Analysis of credit quality	Financial services	Consumer services	Construction and infrastructure ¹	Telecoms, media and technology	Other investments	Total R'000
	Receivables				Cash and cash equivalent	
Group: 2010	High R'000	Medium ² R'000	High R'000	High R'000	High R'000	
Financial assets that are neither past due nor impaired	240	349 521	170 126	31 370	526 143	1 077 400
Financial assets that are past due but not yet impaired (per age analysis)	—	170 220	11 789	111	—	182 120
0 – 30 days	—	34 718	—	—	—	34 718
31 – 60 days	—	30 404	3 214	98	—	33 716
61 – 90 days	—	30 255	1 896	3	—	32 154
> 90 days	—	74 843	6 679	10	—	81 532
Financial assets that are impaired	—	34 324	540	163	—	35 027
Carrying amount	—	85 038	4 396	37 798	—	127 232
Provision for impairment	—	(50 714)	(3 856)	(37 635)	—	(92 205)
Total credit exposure ³	240	554 065	182 455	31 644	526 143	1 294 547

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

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

³Of the total exposure, R1 052 000 000 was in respect of Mvelaserve which, in most instances consisted of a large number of customers, spread across diverse industries and geographical areas. Each subsidiary of Mvelaserve was responsible for the evaluation of customers prior to the granting of credit as each subsidiary had a unique customer base and differing levels of exposure. Credit exposures were managed through prudent credit limits and constant evaluation of repayment behaviour. Where the behaviour fell outside of an acceptable range, remedial action was taken to recover the debt. As Mvelaserve is a services business, in some instances, the continuation of the service was cancelled until full repayment was received.

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

Reconciliation of allowance account	Consumer services R'000	Construction and infrastructure R'000	Telecoms, media and technology R'000	Total R'000
At 30 June 2010	50 714	3 856	37 635	92 205
Disposal of subsidiaries via Mvelaserve unbundling	(50 714)	(3 856)	(37 635)	(92 205)
At 30 June 2011	—	—	—	—

36. FINANCIAL INSTRUMENTS (continued)**36.6 Market risk**

Market risk is the potential change in the value of a financial instrument resulting from changes in market conditions or market parameters such as equity prices, exchange rates or interest rates. The Group is exposed to two primary types of market risk namely equity and interest rate risk. The specific risk management objectives, policies and procedures relating to each type of market risk, is described in the sections below.

36.6.1 Equity risk management

The Groups' primary exposure to equity risk is through the medium to long-term investments entered into by the Group. The Group does not currently hedge the equity price risk inherent in the investment, but manages performance, to the extent possible, on an investment-specific basis.

Group: 2011	Carrying value at year-end	Carrying value exposed to market risk	Reasonably possible change ¹	Impact on profit/loss	
	R'000	R'000	%	Pre-tax R'000	Post-tax ² R'000
Financial assets					
Strategic investments	2 016 438	1 995 409	2	39 908	5 587
	2 016 438	1 995 409		39 908	5 587
Group: 2010					
Financial assets					
Strategic investments	4 064 950	3 983 908	2	79 678	11 154
	4 064 950	3 983 908		79 678	11 154

¹Based on the average estimated volatility in the All Share Index (ASI) over a period of one year.

²At CGT rate.

36.6.2 Interest rate risk management

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

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

Group: 2011	Carrying value at year-end	Carrying value exposed to market risk	Index to which interest rate is linked	Reasonably possible change	Impact on profit/loss	
	R'000	R'000	R'000	%	Pre-tax R'000	Post-tax R'000
Financial assets						
Strategic investments	21 029	21 029	Prime	1	210	59
Cash and cash equivalents	88 285	88 285	Prime	1	883	247
	109 314	109 314			1 093	306
Financial liabilities						
Preference A shares issued to Depfin	194 000	194 000	Prime	1	1 940	543
Preference B shares issued to Depfin	139 078	139 078	Prime	1	1 391	389
Bank overdraft	24 366	24 366	Prime	1	244	68
	357 444	357 444			3 575	1 000

36. FINANCIAL INSTRUMENTS (continued)**36.6.2 Interest rate risk management** (continued)

Group: 2010	Carrying value at year-end	Carrying value exposed to market risk	Index to which interest rate is linked	Reasonably possible change	Impact on profit/loss	
	R'000	R'000	R'000	%	Pre-tax R'000	Post-tax R'000
Financial assets						
Other investments	48 710	48 710	Prime	3	1 461	409
Cash and cash equivalents	526 143	526 143	Prime	3	15 784	4 420
	574 853	574 853			17 245	4 829
Financial liabilities						
Asset-based finance	201 054	201 054	Prime	3	6 032	1 689
Financial liability	36 900	36 900	JIBAR	3	1 107	310
Term loan	50 677	50 677	Prime	3	1 520	426
Preference A shares issued to Absa Capital	255 718	255 718	Prime	3	7 672	2 148
Preference shares issued to Absa Capital	241 219	241 219	Prime	3	7 237	2 026
Preference shares issued to Nedbank	241 219	241 219	Prime	3	7 237	2 026
Preference A shares issued to Nedbank	236 452	236 452	Prime	3	7 094	1 986
Preference B shares issued to Nedbank	131 895	131 895	Prime	3	3 957	1 108
	1 395 134	1 395 134			41 856	11 719

36.7 Foreign exchange rate risk management

Foreign exchange rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. At 30 June 2011, the Group had no exposure to foreign exchange rate risk, prior years' exposure related to Mvelaserve.

Group: 2010	Carrying value at year-end	Carrying value exposed to market risk	Index to which interest rate is linked	Reasonably possible change	Impact on profit/loss	
				%	Pre-tax	Post-tax
Financial assets						
Cash and cash equivalents	7 763	7 763	USD	10.00	776	217
Cash and cash equivalents (R'000)	632	632	Other	10.00	63	18
	8 395	8 395			839	235
Liability						
Deposit received in advance (R'000)	18 260	18 260	USD	10.00	1 826	511

36. FINANCIAL INSTRUMENTS (continued)**36.8 Liquidity**

Liquidity risk arises in the general funding of the Group's activities when there are mismatches between the sizes and maturities of assets and liabilities and also in its other investments, funds management and trading operations. The liquidity risk refers to the ability of the Group to meet its financial obligations as they fall due. The chief financial officer is responsible for monitoring through the use of daily, weekly and rolling monthly liquidity analyses. This cash flow analyses are used to determine appropriate cash investment strategy.

Group: 2011	Carrying value at 30 June 2011 R'000	0 to 3 months R'000	1 to 2 years R'000	Total R'000
Preference A shares issued to Depfin	194 000	—	215 538	215 538
Preference B shares issued to Depfin	139 078	—	158 089	158 089
Trade and other payables	1 933	1 933	—	1 933
Bank overdraft	24 366	24 914	—	24 914
	359 377	26 847	373 627	400 474

Group: 2010	Carrying value at 30 June R'000	0 to 3 months R'000	4 to 6 months R'000	7 to 12 months R'000	1 to 2 years R'000	2 to 3 years R'000	Greater than 3 years R'000	Total R'000
Asset-based finance	201 054	20 093	19 803	38 127	58 967	43 765	20 300	201 054
Investment funding								
Preference shares issued to Absa Capital	255 718	—	—	—	—	—	283 289	283 289
Preference shares issued to United Towers	241 219	—	—	—	68 303	123 270	125 941	317 514
Preference shares issued to Depfin	241 219	—	—	—	68 303	123 270	125 941	317 514
Preference A shares issued to Depfin	236 451	—	—	—	—	—	414 295	414 295
Preference B shares issued to Depfin	131 895	—	—	—	—	—	540 438	540 438
Financial liability	36 900	—	—	—	—	—	36 900	36 900
Other liabilities								
Term loan	50 677	50 677	—	—	—	—	—	50 677
Non-interest-bearing liability	2 577	2 577	—	—	—	—	—	2 577
Trade and other payables	536 028	536 028	—	—	—	—	—	536 028
	1 933 738	609 375	19 803	38 127	195 573	290 305	1 547 104	2 700 286

37. RETIREMENT BENEFITS

With the unbundling of Mvelaserve Limited, only employees employed by the Company remain on the Mvelaphanda Group Provident Fund. The Mvelaphanda Group Provident Fund is a defined-contribution fund which is governed by the Pension Funds Act No 24 of 1956. The Group's contributions to all retirement funds are charged against income when incurred. The Company contributed R520 000 to the defined-contribution plan during this financial year. Included in the Group's operating expenses is an amount of R50 837 000 in respect to provident/pension contributions that pertain to Mvelaserve. In the prior year 85% of the Group's (inclusive of Mvelaserve) 30 173 employees were members of the various pension and provident funds including the Mvelaphanda Group Provident Fund. For the year ending 30 June 2010, the Group contributed R93 278 000.

38. EVENTS SUBSEQUENT TO THE REPORTING DATE

38.1 There have been no events between 30 June 2011 and the date of these financial statements which necessitate adjustments to the statements of financial position and comprehensive income at that date.

38.2 Collar option on 7 000 000 Life Healthcare shares

As part of the Group's strategy to realise value for its shareholders, the Group entered into a collar option transaction with a financial institution in July 2011 with a view to lock-in shareholder value. The collar option entered into is in respect of 7 000 000 Life Healthcare ordinary shares. The deemed value of the collar option is R122 010 000 which is based on the market price per Life Healthcare ordinary share of R17,43 on 30 June 2011.

38.3 Vox Telecom

On 1 July 2011, Mvela Group has irrevocably committed to vote in favour of an offer to acquire the entire share capital of Vox Telecom by Business Venture Investments No 1542, a special purpose vehicle held by Metier Trustees (Proprietary) Limited and Investec Bank Limited.

In terms of the irrevocable undertaking, Mvela Group has elected to receive a cash consideration of approximately R61,9 million in respect to its 137,5 million Vox Telecom shares held at 30 June 2011.

Size of shareholding	Number of ordinary shareholders	% of total	Number of ordinary shares	% of total
1 – 1 000 shares	944	43	284 081	0,05
1 001 – 5 000 shares	552	25	1 517 701	0,27
5 001 – 100 000 shares	435	20	11 768 731	2,08
100 001 – 1 000 000 shares	194	9	64 789 857	11,46
1 000 001 shares and over	77	3	487 113 280	86,14
	2 202	100	565 473 650	100

Nature of shareholding	Number of ordinary shareholders	% of total	Number of ordinary shares	% of total
Insurance companies, pension funds, corporate bodies and nominee companies	682	31	557 791 444	99
Individuals	1 520	69	7 682 206	1
	2 202	100	565 473 650	100

Beneficial shareholders holding of 5% or more	Number of shares	% of issued ordinary shares
Direct		
Mvelaphanda Holdings (Proprietary) Limited ¹	84 060 371	15
Mvelaphanda Treasury & Finance Services (Proprietary) Limited	35 765 285	6
Clidet 603	39 752 650	7
Coronation Fund Managers	59 344 183	11
Tantalum Capital	40 415 016	8
Allan Gray	33 425 256	6
Government Employees Pension Fund	28 297 325	5
Indirect		
Mvelaphanda Empowerment Trust ²	32 011 680	5

Public/non-public shareholders	Number of shareholders	Number of shares	% of issued share capital
Public shareholders	2 194	445 647 894	79
Non-public shareholders			
Directors of the Company ³	1	100	—
Strategic holdings (more than 10%)	1	64 808 570	11
Empowerment	4	19 251 801	3
Related holdings (Mvelaphanda Treasury)	2	35 765 285	7
	2 202	565 473 650	100

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

²Held via Mvelaphanda Holdings.

³Includes directors and their associates, and Mvelaphanda Holdings.

Size of shareholding	Number of preference shareholders	% of total	Number of preference shares	% of total
1 – 1 000 shares	10	32,50	1 482	0,01
1 001 – 5 000 shares	11	35,00	38 813	15,00
5 001 – 100 000 shares	10	32,50	225 067	84,99
	31	100,00	265 362	100,00

Nature of shareholding	Number of preference shareholders	% of total	Number of preference shares	% of total
Insurance companies, pension funds, corporate bodies and nominee companies	31	100,00	265 362	100,00

Beneficial shareholders holding of 5% or more	Number of preference shareholders	% of total	Number of preference shares	% of issued preference share
Standard Bank Nominees			192 506	72
First National Nominees (Proprietary) Limited			33 055	12
Absa Stockbrokers (Proprietary) Limited			18 700	7
Stockshare Nominees (Proprietary) Limited			17 500	6

Public/non-public shareholders	Number of preference shareholders	% of total	Number of preference shares	% of issued preference shares
Public shareholders	31		265 362	100,00
Non-public shareholders	—		—	—

For the year ended 30 June

Details of principal subsidiary companies at 30 June 2011¹

	% holding	Nature of business (refer to notes)	Issued capital R'000	Shares at cost R'000	Loans ² R'000
HEAD OFFICE COMPANIES					
Mvelaphanda Management Services (Proprietary) Limited	—	1	—	—	—
Mvelaphanda Treasury and Financial Services (Proprietary) Limited	100	1	#	—	72 276
Mvelaserve Limited	—	2	—	—	—
INVESTMENT COMPANIES					
Business Venture Investments No. 819 (Proprietary) Limited	50,5	2	#	94 864	94 863
Business Venture Investments No. 821 (Proprietary) Limited	67,5	2	#	126 681	126 680
Business Venture Investments No. 906 (Proprietary) Limited	93,4	2	#	113 942	113 480
Dixonville Investments (Proprietary) Limited	100	2	#	#	48 125
Lexshell 650 Investments (Proprietary) Limited	100	2	#	—	105
Mvelaphanda Capital (Proprietary) Limited	100	2	#	25 150	—
Mvelaphanda Private Equity (Proprietary) Limited	100	2	#	27 736	—
Mvelaphanda Strategic Investments (Proprietary) Limited	100	2	#	15 724	—
Newshelf 776 (Proprietary) Limited	100	2	#	—	—
Richtrau No. 229 (Proprietary) Limited	100	2	#	#	403 989
Vulani Amasango Investments (Proprietary) Limited	100	2	#	103 191	103 190
MVELASERVE LIMITED					
Khuseti Holdings (Proprietary) Limited	—	3	—	—	—
Mvelaserve Cleaning (Proprietary) Limited	—	4	—	—	—
Protea Coin (Armed reaction and Assets-in-transit) (Proprietary) Limited	—	6	—	—	—
Protea Coin (Physical and Technical Security) (Proprietary) Limited	—	6	—	—	—
Rebhold Freight Services (2000) (Proprietary) Limited	—	7	—	—	—
RoyalSechaba Holdings (Proprietary) Limited	—	8	—	—	—
TFMC Holdings (Proprietary) Limited	—	9	—	—	—
Zonke Monitoring Systems (Proprietary) Limited	—	10	—	—	—
				507 288	962 708

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

²All loans receivables except a loan receivable of R86 000 000 for Richtrau are non-interest-bearing with no fixed repayment terms. The interest-bearing loan receivable to Richtrau earns interest at prime rate and is repayable on or before 31 December 2013.

^{*}Less than R1 000.

Notes

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

For the year ended 30 June

Details of principal investments, associated companies and joint ventures at 30 June 2011

	Effective interest %	Sector	Nature of business
PRINCIPAL INVESTMENTS			
Absa Group Limited ⁵	2,23	Financial services	Banking, insurance, financial and property products and services group listed on the JSE.
African Renaissance Holdings Limited ²	2,90	Investment	Investment holding company.
Group Five Limited ²	12,1	Construction	Construction group listed on the JSE.
Life Healthcare Group Holdings (Proprietary) Limited ⁴	1,67	Healthcare	Private healthcare service provider.
Steinhoff International Holdings Limited ^{1#}	0,60	Furniture and household goods	Integrated lifestyle supplier that manufactures, sources, warehouses, distributes and retails household goods on a global basis, operating in approximately 16 countries in Europe, Southern Africa and the Pacific, and is listed on the JSE.
Swissport South Africa (Proprietary) Limited ⁵	39,20	Transport	Logistics service provider operating at major airports in South Africa.
Unitrans Express Deliveries (Proprietary) Limited ²	25,00	Transport	Provider of courier and express delivery services. Part of the Steinhoff International Holdings Limited group.
Unitrans Fuel and Chemicals (Proprietary) Limited ²	25,00	Transport	Provider of transport and logistic services to the fuel and chemicals industries of Southern Africa. Part of the Steinhoff International Holdings Limited group.
Vox Telecom Limited ³	12,30	Telecoms, media and technology	Alternative telecoms group listed on the JSE AltX.
PRINCIPAL ASSOCIATED COMPANY			
Avusa Limited ¹	22,00	Media and entertainment	A diversified media and entertainment company listed on the JSE.
Experience Delivery Company ^{2*}	—	Consumer services	Provider of facilities management.
PRINCIPAL JOINT VENTURE			
Al-Jaber Coin LLC ^{3*}	—	Consumer services	A provider of security services in the UAE.

[#]Unwound in February 2011

*Disposed of via the Mvelaserve unbundling on 6 December 2010

¹Year-end 31 March 2010²Year-end 30 June 2010³Year-end 31 August 2010⁴Year-end 30 September 2010⁵Year-end 31 December 2010

MVELAPHANDA GROUP LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 1995/004153/06)

Ordinary share code: MVG

Ordinary share ISIN: ZAE000060737

Preference share code: MVGP

Preference share ISIN: ZAE000073540

("Mvelaphanda Group" or "the Company")

Notice is hereby given that the 16th annual general meeting of shareholders of Mvelaphanda Group will be held in the boardroom, PKF's offices at 42 Wierda Road West, Wierda Valley, Sandton, at 11:00 on Tuesday, 1 November 2011 to conduct the following business:

This document is important and requires your immediate attention.

If you are in any doubt as to what action you should take, please consult your broker, Central Securities Depository Participant ("CSDP"), legal adviser, banker, financial adviser, accountant or other professional adviser immediately. If you have disposed of all your shares in Mvelaphanda Group, 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.

1. To present the annual financial statements for the year ended 30 June 2011 as set out on pages 17 to 90, the directors' report as set out on pages 19 to 23 and the report of the audit committee as set out on page 11 to the annual report, of which this notice forms part.
2. To appoint a firm of external auditors for the Company for the ensuing financial year and to note the remuneration of the external auditors as determined by the audit committee of the board. The audit committee of the board has nominated PKF (Jhb) Inc. for the reappointment as independent auditors and recommends Paul Badrick for appointment as the designated audit partner. Particulars of the auditors' remuneration are set out in note 19 of the annual financial statements, of which this notice forms part.
3. To re-elect the directors who retire in accordance with the provisions of the Company's Memorandum of Incorporation. In terms of clause 53.2 of the Memorandum of Incorporation, Messrs K Dlamini and O Mabandla retire at the forthcoming annual general meeting, but, being eligible, offer themselves for re-election. A brief curriculum vitae in respect of each director referred to above appears on pages 2 to 3 of the annual report, of which this notice forms part.

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

Ordinary resolution number 1

"That the shareholders elect, each by way of a separate vote the following independent non-executive directors as members of Mvelaphanda Group's audit committee

- B Hopkins
- K Dlamini
- O Mabandla

A brief curriculum vitae in respect of each director referred to above appears on pages 2 to 3 of the annual report, of which this notice forms part."

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

The percentage of voting rights required for ordinary resolution number 1 to be adopted; more than 50% of the voting rights exercised on the resolution.

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

Ordinary resolution number 2

"Resolved that, through a non-binding advisory vote, the Company's Remuneration Policy for the 2011 financial year, appearing on page 22 of the directors' report, of which this notice forms part, be and is hereby endorsed.

This ordinary resolution number 2 is to be voted on by the ordinary shareholders, the option-holding shareholders and the preference shareholders.

The percentage of voting rights required for ordinary resolution number 2 to be adopted; more than 50% of the voting rights exercised on the resolution.

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

Ordinary resolution number 3

"Resolved that the remuneration of the directors, for their services as directors of the Company, for the year ended 30 June 2011, be and is hereby approved in compliance with the provisions of article 37 of the Company's Memorandum of Incorporation."

Additional information in respect of ordinary resolution number 3

The reason for and the effect of the ordinary resolution is to approve the remuneration paid by the Company to its directors, for their services as directors of the Company, for the period ended 30 June 2011. The calculation of the directors' remuneration is set out on page 21 of the directors' report, of which this notice forms part.

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

The percentage of voting rights required for ordinary resolution number 3 to be adopted; more than 50% of the voting rights exercised on the resolution.

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

Special resolution number 1

“Resolved that the remuneration of the directors, for their services as directors of the Company, for the next 2 (two) years from the date of the passing of this special resolution, be and is hereby approved in compliance with the provisions of section 66(9) of the Companies Act, 71 of 2008, as amended.”

Additional information in respect of special resolution number 1

The reason for and the effect of the special resolution is to approve the remuneration payable by the Company to its directors, for their services as directors of the Company, for the next 2 (two) years from the date of the passing of this special resolution. The calculation of the directors' anticipated remuneration is set out in the table below:

Directors' fees per meeting:	30 June 2012 R	30 June 2013 R
Board		
Fees – director	32 134,96	34 063,06
Remuneration committee (“Remco”)		
Fees – Remco chairperson	23 146,16	24 534,93
Fees – Remco member	21 011,32	22 272,00
Audit committee (“Audit com”)		
Fees – Audit com chairperson	46 741,76	49 546,27
Fees – Audit com member	23 370,88	24 773,13
Special board meeting		
Fees – director	18 539,40	19 651,76

This special resolution number 1 is to be voted on by the ordinary shareholders, the option-holding shareholders and the preference shareholders.

The percentage of voting rights required for special resolution number 1 to be adopted; at least 75% of the voting rights exercised on the resolution.

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

Special resolution number 2

“Resolved that, as a special resolution, in terms of section 45 of the Companies Act, 71 of 2008, as amended (“the Companies Act”), the shareholders of the Company hereby approve of the Company providing, at any time and from time to time during the period of 2 (two) years commencing on the date of this special resolution, any direct or indirect financial assistance as contemplated in section 45 of the Companies Act to any 1 (one) or more related or inter-related companies or corporations of the Company.

- (a) (i) the recipient or recipients of such financial assistance, and (ii) the form, nature and extent of such financial assistance, and (iii) the terms and conditions under which such financial assistance is provided, are determined by the board of directors of the Company from time to time; and
- (b) the board of directors of the Company may not authorise the Company to provide any financial assistance pursuant to this special resolution unless the board meets all those requirements of section 45 of the Companies Act which it is required to meet in order to authorise the Company to provide such financial assistance.”

This special resolution number 2 is to be voted on by the ordinary shareholders, the option-holding shareholders and the preference shareholders.

The percentage of voting rights required for special resolution number 2 to be adopted; at least 75% of the voting rights exercised on the resolution.

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

Special resolution number 3

“Resolved that, as a special resolution, the Company, or any of its subsidiaries, be and are hereby authorised, by way of a general authority, to approve the purchase of its own ordinary shares, and the purchase of ordinary shares in the Company by any of its subsidiaries, upon such terms and conditions and in such amounts as the board of directors of the Company may from time to time determine, but subject to the Memorandum of Incorporation of the Company, the provisions of the Companies Act, 71 of 2008, as amended (“the Companies Act”) and the JSE Listings Requirements, provided that:

- the repurchase of the ordinary shares are effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counter-party (reported trades are prohibited);
- the general authority in issue shall be valid only until the Company's next annual general meeting or for 15 (fifteen) months from the date of this resolution, whichever is shorter;
- no acquisition may be made at a price greater than 10% (ten percent) above the weighted average of the market value of the ordinary shares for the five business days immediately preceding the date on which the transaction is effected; and
- any general repurchase by the Company and/or its subsidiaries of the Company's ordinary shares in issue shall not in aggregate in any one financial year exceed 20% of the Company's issued ordinary share capital at the time that the authority is granted.

The board of directors has previously stated its intention to realise value for its shareholders and believes that it would be in the best interests of the Company that shareholders pass a special resolution granting the Company and/or its subsidiaries a general

authority to acquire the Company's shares. Such general authority will provide the Company and its subsidiaries with the flexibility, subject to the requirements of the JSE Listings Requirements and the Companies Act, to purchase the Company's shares should it be in the interest of the Company and/or its subsidiaries at any time while the general authority is in place.

The board of directors undertake that, to the extent it is still required by the JSE Listings Requirements and the Companies Act, they will not implement the repurchase as contemplated in this special resolution while this general authority is valid, unless:

1. the Company and the Company and its subsidiaries ("the Group") will be able, in the ordinary course of business, to pay its debts for a period of 12 months after the date of such repurchase;
2. the assets of the Company and the Group, recognised and measured in accordance with the accounting policies used in the latest audited annual Group financial statements, will exceed the liabilities of the Company and the Group for a period of 12 months after the date of such repurchase;
3. the Company's and the Group's ordinary share capital and reserves will be adequate for ordinary business purposes for a period of 12 months after the date of such repurchase;
4. the working capital of the Company and the Group will be adequate for ordinary business purposes for a period of 12 months after the date of such repurchase; and
5. a resolution is passed by the board of directors that they have authorised the repurchase, that the Company passed the solvency and liquidity test, as set out in Section 4 of the Companies Act, and that since the solvency and liquidity test was performed there have been no material changes to the financial position of the Group."

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

The percentage of voting rights required for special resolution number 3 to be adopted; at least 75% of the voting rights exercised on the resolution.

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

Special resolution number 4

"Resolved that, as a special resolution, the Memorandum of Incorporation of the Company be and is hereby amended by the insertion of the following new article 55A immediately after the existing article 55 –

"55A Subject to the provisions of the Act, the Company may not transmit or issue cheques in relation to any dividends, interest or other money due to any of its shareholders ("Shareholders") that have a value of less than R50,00 (fifty Rand) ("Dividends") unless otherwise requested, before such transmission or issue, by the Shareholder to whom such Dividends are due, in writing. The Shareholders' unpaid Dividends will be retained in the Company's unclaimed dividend account until such a time that they accumulate to a value that is in excess of R50,00 (fifty Rand), whereupon the Dividends will be paid by the Company to the relevant Shareholder upon receipt by the Company of a written claim relating to such from the relevant Shareholder."

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

The percentage of voting rights required for special resolution number 4 to be adopted; at least 75% of the voting rights exercised on the resolution.

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

Special resolution number 5

"Resolved that, as a special resolution, the Memorandum of Incorporation of the Company be and is hereby amended by the insertion of a new article 69A after the existing article 69 as follows –

"69A 69A.1 The financial statements shall, in the first instance be delivered by registered post to members within the period specified in article 69. Members shall have the option to elect not to receive copies of the annual financial statements as specified in article 69 but, to receive copies of the annual financial statements electronically.

69A.2 Should a member elect to receive copies of the annual financial statements electronically, such member shall notify the Company, in writing, of the address to which the annual financial statements should be sent, not less than 30 days prior to the general meeting at which they are to be considered. In the case of such election, such member acknowledges and confirms that the annual financial statements shall be capable of being printed by the recipient conveniently within a reasonable time and at a reasonable cost if the annual financial statements are sent electronically to the address provided by the member.

69A.3 Should a member not make an election as aforesaid, copies of the annual financial statements shall be delivered to such member as provided in article 69."

This special resolution number 5 is to be voted on by the ordinary shareholders, the option-holding shareholders and the preference shareholders.

The percentage of voting rights required for special resolution number 5 to be adopted; at least 75% of the voting rights exercised on the resolution.

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

Ordinary resolution number 4

"Resolved that any director of the Company be and is hereby authorised to do all such things, sign all such documents and take all such actions as are necessary to give effect to the special and ordinary resolutions proposed at the annual general meeting at which this ordinary resolution is proposed, if it/they is/are passed (in the case of ordinary and special resolutions) and filed with the Companies and Intellectual Property Commission (in the case of special resolutions which are required to be filed in terms of the Companies Act, 71 of 2008, as amended)."

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

The percentage of voting rights required for ordinary resolution number 4 to be adopted; more than 50% of the voting rights exercised on the resolution.

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

Disclosure in terms of the JSE Listings Requirements

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

- Directors and management (pages 2 and 3)
- Major shareholders (page 71)
- Material change (page 20)
- Directors' interests in securities (page 22)
- Share capital of the company (page 46)

Directors' responsibility and litigation statement

The directors whose names appear on pages 2 to 3 of the annual report, of which this notice forms part, collectively and individually accept full responsibility for the accuracy of the information set out above for the purposes of special resolutions 2 and 3, and certify that, to the best of their knowledge and belief, there are no facts which have been omitted which will make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the information referred to above contains all the information required by law and the JSE Listings Requirements and that there are no legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or have had in the previous 12 months a material effect on the Company and the Group's financial position.

Mvelaphanda Group shares held by the Mvelaphanda Group Share Incentive Scheme will not have their votes at the annual general meeting taken into account for the purposes of resolutions proposed in terms of the JSE Listings Requirements.

PROXIES

The directors have determined that the record date for the purposes of the annual general meeting (being the date on which a shareholder must be registered in the Company's register of shareholders in order to participate and vote at the general meeting) shall be the close of business on Friday, 21 October 2011. The last day to trade in order to be registered in the Company's register would therefore be Friday, 14 October 2011.

Shareholders who have not dematerialised their ordinary shares, and/or redeemable option-holdings shares, and/or preference shares (collectively "shares") or who have dematerialised their shares with "own-name" registration, are entitled to attend and vote at the annual general meeting and may, in terms of section 58 of the Companies Act, 71 of 2008, as amended, ("the Companies Act") appoint a proxy or proxies to attend the annual general meeting, speak and, on a poll, vote in their stead.

A proxy need not be a shareholder of the Company. A proxy form is enclosed but is also obtainable from the Company secretarial services department, Mvelaphanda Treasury and Financial Services (Proprietary) Limited, at the address set out under administration. Proxies must be received by Computershare Investor Services (Proprietary) Limited by no later than 11:00 on Friday, 28 October 2011. Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with "own-name" registration, should contact their Central Securities Depository Participant or broker in the manner and time stipulated in the relevant agreement to furnish them with voting instructions and, in the event that they wish to attend the annual general meeting, to obtain the necessary authority to do so.

In terms of section 62(3)(e)(iii) of the Companies Act, shareholders of the Company are hereby notified of the fact that in terms of section 3(1) of the Companies Act, meeting participants are required to provide satisfactory identification. Before any person may attend or participate in a shareholder meeting that person must present reasonably satisfactory identification and the person presiding at the meeting must be reasonably satisfied that the right of that person to participate and vote, either as a shareholder, or as a proxy for a shareholder, has been reasonably verified.

In compliance with the provisions of section 58(8)(b)(i) of the Companies Act, a summary of the rights of a shareholder to be represented by proxy, as set out in section 58 of the Companies Act, is set out immediately below:

An ordinary shareholder entitled to attend and vote at the annual general meeting may appoint any individual (or two or more individuals) as a proxy or as proxies to attend, participate in and vote at the annual general meeting in the place of the shareholder.

A proxy need not be a shareholder of the Company.

A proxy appointment must be in writing, dated and signed by the shareholder appointing a proxy, and, subject to the rights of a shareholder to revoke such appointment (as set out below), remains valid only until the end of the annual general meeting.

A proxy may delegate the proxy's authority to act on behalf of a shareholder to another person, subject to any restrictions set out in the instrument appointing the proxy.

The appointment of a proxy is suspended at any time and to the extent that the shareholder who appointed such proxy chooses to act directly and in person in the exercise of any rights as a shareholder.

The appointment of a proxy is revocable by the shareholder in question 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 to the Company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of (a) the date stated in the revocation instrument, if any; and (b) the date on which the revocation instrument is delivered to the Company as required in the first sentence of this paragraph.

If the instrument appointing the proxy or proxies has been delivered to the Company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the Company's Memorandum of Incorporation to be delivered by the Company to the shareholder, must be delivered by the Company to (a) the shareholder, or (b) the proxy or proxies, if the shareholder has (i) directed the Company to do so in writing; and (ii) paid any reasonable fee charged by the Company for doing so.

Attention is also drawn to the Notes to the form of proxy.

By order of the board

For: **Mvelaphanda Treasury and Financial Services (Proprietary) Limited**
Company Secretary

11 August 2011

MVELAPHANDA GROUP LIMITED

(Incorporated in the Republic of South Africa)
 (Registration number 1995/004153/06)
 Ordinary share code: MVG
 Ordinary share ISIN: ZAE000060737
 Preference share code: MVGP
 Preference share ISIN: ZAE000073540
 ("Mvelaphanda Group" or "the Company")

FOR USE BY CERTIFICATED ORDINARY SHAREHOLDERS, OWN-NAME DEMATERIALIZED ORDINARY SHAREHOLDERS, CERTIFICATED REDEEMABLE OPTION-HOLDING SHAREHOLDERS AND OWN NAME DEMATERIALIZED REDEEMABLE OPTION-HOLDING SHAREHOLDERS

The board of directors of the Company has determined that the record date for the purposes of determining which shareholders of the Company are entitled to receive notice of the 16th annual general meeting was Thursday, 8 September 2011 and the record date for purposes of determining which shareholders of the Company are entitled to participate in and vote at the annual general meeting is Friday, 21 October 2011. Accordingly, only shareholders who are registered in the register of members of the Company on Friday, 21 October 2011 will be entitled to participate in and vote at the annual general meeting.

A shareholder is entitled to appoint one or more proxies (none of whom need to be a shareholder of Mvelaphanda Group) to attend, speak and vote or abstain from voting in the place of that shareholder at the annual general meeting.

For use by ordinary shareholders and redeemable option-holding shareholders for the 16th annual general meeting

I/We

(full name(s) in block letters)

of (address)

being a member/members of Mvelaphanda Group and entitled to _____ votes

do hereby appoint _____ or failing him/her

or failing him/her

the Chairman of the annual general meeting as my/our proxy to act for me/us at the annual general meeting of the Company to be held at 11:00 on Tuesday, 1 November 2011, and at any adjournment thereof, in the boardroom at PKF's offices at 42 Wierda Road West, Wierda Valley, Sandton and to vote for me/us on my/our behalf in respect of the under-mentioned resolutions in accordance with the following instructions (see note 2):

	Number of votes (one vote per ordinary share and redeemable option-holding share)		
	For	Against	Abstain
1. Presentation of annual financial statements, directors' report and report of the audit committee			
2. Re-appointment of PKF (Jhb) Inc			
3. Election of directors – Mr K Dlamini			
Mr O Mabandla			
4. Election of audit committee members – Mr B Hopkins			
Mr K Dlamini			
Mr O Mabandla			
5. Approve the remuneration policy for the 2011 financial year			
6. Approval of directors' remuneration for services as a director for the year ended 30 June 2011			
7. Authorise directors' remuneration for services as a director for the next two years from the date of passing of this special resolution			
8. Authorise Mvelaphanda Group to provide direct or indirect financial assistance to one or more related or inter-related companies			
9. Authorise Mvelaphanda Group or its subsidiaries to acquire ordinary shares			
10. Authorise the amendment to Mvelaphanda Group's Memorandum of Incorporation for the insertion of article 55A			
11. Authorise the amendment to Mvelaphanda Group's Memorandum of Incorporation for the insertion of article 69A			
12. Authorise the directors to give effect to resolutions			
13. Transact such other business as may be transacted at the annual general meeting			

Signed at _____ on _____ 2011

Signature _____ Assisted by me _____

(where applicable – see note 7)

Please read the notes overleaf

NOTES**Shareholders holding certificated ordinary shares, dematerialised ordinary shares registered in their own name, certificated redeemable option-holding shares and dematerialised redeemable option-holding shares registered in their own name**

1. Meeting participants (including proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in a shareholders' meeting. Forms of identification include valid identity documents, drivers' licences and passports.
2. Only shareholders who hold certificated ordinary shares or redeemable option-holding shares and shareholders who have dematerialised their ordinary shares or redeemable option-holding shares with "own-name" registrations may use this form of proxy.
3. Each shareholder is entitled to appoint one or more proxies (none of whom need be a shareholder of the Company) to attend, speak and, on a poll, vote in place of that shareholder at this annual general meeting, by inserting the name of the proxy or the names of two alternate proxies of the shareholder's choice in the space provided, with or without deleting "the Chairman of the annual general meeting". The person whose name stands first on the form of proxy and who is present at this annual general meeting will be entitled to act as the proxy to the exclusion of those whose names follow.
4. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate box provided. Failure to comply with the above will be deemed to authorise the Chairman of the annual general meeting, if he is the authorised proxy, to vote in favour of the resolutions at this annual general meeting, or any other proxy to vote or to abstain from voting at this annual general meeting, as he deems fit, in respect of all the shareholder's votes exercisable thereat.
5. A shareholder or his proxy is not obliged to vote in respect of all the ordinary shares held or represented by him, but the total number of votes for or against the resolutions in respect of which any abstention is recorded may not exceed the total number of votes to which the shareholder or his proxy is entitled.
6. Forms of proxy must be lodged and/or posted to the Company's transfer secretaries (Computershare Investor Services (Proprietary) Limited) at 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), to be received by the transfer secretaries by no later than 11:00 on Friday, 28 October 2011.
7. The completion and return of this form of proxy in accordance with paragraph 5 above will not preclude the relevant shareholder from attending this annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.
8. A minor must be assisted by the minor's parent or guardian, unless the relevant documents establishing the minor's capacity are produced or have been registered by the Company.
9. Any alterations or corrections to this form of proxy must be initialled by the signatory(ies).
10. This form of proxy must be signed by all joint shareholders. If more than one of those shareholders is present at this annual general meeting either in person or by proxy, the person whose name stands first in the register shall alone be entitled to vote.
11. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Company's transfer office or waived by the Chairman of this annual general meeting.
12. The Chairman of this annual general meeting may reject or accept any form of proxy which is completed and/or received other than in accordance with these instructions, provided that he is satisfied as to the manner in which a member wishes to vote.

Shareholders holding dematerialised ordinary shares or dematerialised redeemable option-holding shares

1. Shareholders who have dematerialised their ordinary shares or redeemable option-holding shares through a Central Securities Depository Participant ("CSDP") or broker (except those shareholders who have elected to dematerialise their ordinary shares or redeemable option-holding shares in "own-name" registrations) and all beneficial shareholders holding their ordinary shares or redeemable option-holding shares (dematerialised or certificated) through a nominee should provide such CSDP, broker or nominee with their voting instructions in sufficient time to allow them to advise the transfer secretaries of the Company of their voting instructions before the closing time referred to in paragraph 5 above.
2. All such shareholders wishing to attend the annual general meeting in person may do so only by requesting their CSDP, broker or nominee to issue the shareholder with a letter of representation in terms of the custody agreement. Such letter of representation must be lodged with the transfer secretaries before the closing time referred to in paragraph 5 above.

MVELAPHANDA GROUP LIMITED

(Incorporated in the Republic of South Africa)
 (Registration number 1995/004153/06)
 Ordinary share code: MVG
 Ordinary share ISIN: ZAE000060737
 Preference share code: MVGP
 Preference share ISIN: ZAE000073540
 ("Mvelaphanda Group" or "the Company")

FOR USE BY CERTIFICATED PREFERENCE SHAREHOLDERS AND OWN-NAME DEMATERIALIZED PREFERENCE SHAREHOLDERS

The board of directors of the Company has determined that the record date for the purposes of determining which shareholders of the Company are entitled to receive notice of the 16th annual general meeting was Thursday, 8 September 2011 and the record date for purposes of determining which shareholders of the Company are entitled to participate in and vote at the annual general meeting is Friday, 21 October 2011. Accordingly, only shareholders who are registered in the register of members of the Company on Friday, 21 October 2011 will be entitled to participate in and vote at the annual general meeting.

For use by preference shareholders for the 16th annual general meeting

I/We

(full name(s) in block letters)

of (address)

being a member/members of Mvelaphanda Group and entitled to _____ votes

do hereby appoint _____ or failing him/her

or failing him/her

the Chairman of the annual general meeting as my/our proxy to act for me/us at the 16th annual general meeting of the Company to be held at 11:00 on Tuesday, 1 November 2011, and at any adjournment thereof, in the boardroom PKF's offices at 42 Wierda Road West, Wierda Valley, Sandton, and to vote for me/us on my/our behalf in respect of the under-mentioned resolutions in accordance with the following instructions (see note 2):

	Number of votes (one vote per preference share)		
	For	Against	Abstain
1. Re-appointment of PKF (Jhb) Inc			
2. Election of directors –			
Mr K Dlamini			
Mr O Mabandla			
3. Election of audit committee members –			
Mr B Hopkins			
Mr K Dlamini			
Mr O Mabandla			
4. Approve the remuneration policy for the 2011 financial year			
5. Approval of directors' remuneration for services as a director for the year ended 30 June 2011			
6. Authorise directors' remuneration for services as a director for the next two years from the date of passing of this special resolution			
7. Authorise Mvelaphanda Group to provide direct or indirect financial assistance to one or more related or inter-related companies			
8. Authorise Mvelaphanda Group or its subsidiaries to acquire ordinary shares			
9. Authorise the amendment to Mvelaphanda Group's Memorandum of Incorporation for the insertion of article 55A			
10. Authorise the amendment to Mvelaphanda Group's Memorandum of Incorporation for the insertion of article 69A			
11. Authorise the directors to give effect to resolutions			

Signed at _____ on _____ 2011

Signature _____ Assisted by me _____
 (where applicable – see note 7)

Please read the notes overleaf

NOTES**Shareholders holding certificated preference shares and dematerialised preference shares registered in their own name**

1. Meeting participants (including proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in a shareholders' meeting. Forms of identification include valid identity documents, drivers' licences and passports.
2. Only shareholders who hold certificated preference shares and shareholders who have dematerialised their preference shares with "own-name" registrations may use this form of proxy.
3. Each shareholder is entitled to appoint one or more proxies (none of whom need be a shareholder of the Company) to attend, speak and, on a poll, vote in place of that shareholder at this annual general meeting, by inserting the name of the proxy or the names of two alternate proxies of the shareholder's choice in the space provided, with or without deleting "the Chairman of the annual general meeting". The person whose name stands first on the form of proxy and who is present at this annual general meeting will be entitled to act as the proxy to the exclusion of those whose names follow.
4. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate box provided. Failure to comply with the above will be deemed to authorise the Chairman of the annual general meeting, if he is the authorised proxy, to vote in favour of the resolutions at this annual general meeting, or any other proxy to vote or to abstain from voting at this annual general meeting, as he deems fit, in respect of all the shareholder's votes exercisable thereat.
5. A shareholder or his proxy is not obliged to vote in respect of all the preference shares held or represented by him, but the total number of votes for or against the resolutions in respect of which any abstention is recorded may not exceed the total number of votes to which the shareholder or his proxy is entitled.
6. Forms of proxy must be lodged and/or posted to the Company's transfer secretaries (Computershare Investor Services (Proprietary) Limited) at 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), to be received by the transfer secretaries by no later than 11:00 on Friday, 28 October 2011.
7. The completion and return of this form of proxy in accordance with paragraph 5 above will not preclude the relevant shareholder from attending this annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so.
8. A minor must be assisted by the minor's parent or guardian, unless the relevant documents establishing the minor's capacity are produced or have been registered by the Company.
9. Any alterations or corrections to this form of proxy must be initialled by the signatory(ies).
10. This form of proxy must be signed by all joint shareholders. If more than one of those shareholders is present at this annual general meeting either in person or by proxy, the person whose name stands first in the register shall alone be entitled to vote.
11. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Company's transfer office or waived by the Chairman of this annual general meeting.
12. The Chairman of this annual general meeting may reject or accept any form of proxy which is completed and/or received other than in accordance with these instructions, provided that he is satisfied as to the manner in which a member wishes to vote.

Shareholders holding dematerialised preference shares

1. Shareholders who have dematerialised their preference shares through a Central Securities Depository Participant ("CSDP") or broker (except those shareholders who have elected to dematerialise their preference shares in "own-name" registrations) and all beneficial shareholders holding their preference shares (dematerialised or certificated) through a nominee should provide such CSDP, broker or nominee with their voting instructions in sufficient time to allow them to advise the transfer secretaries of the Company of their voting instructions before the closing time referred to in paragraph 5 above.
2. All such shareholders wishing to attend the annual general meeting in person may do so only by requesting their CSDP, broker or nominee to issue the shareholder with a letter of representation in terms of the custody agreement. Such letter of representation must be lodged with the transfer secretaries before the closing time referred to in paragraph 5 above.

Throughout this annual report, the following terms shall have the meanings assigned to them below:

Absa	Absa Group Limited
Avusa	Avusa Limited
Batho Bonke	Batho Bonke Capital (Proprietary) Limited
BBBEE	Broad-based Black Economic Empowerment
BEE	Black economic empowerment
BEE codes	The Codes of Good Practice on Black Economic Empowerment, issued under section 9(1) of the Broad-based Black Economic Empowerment Act, as amended
BEE options	The options attached to the BEE shares allowing each redeemable option-holding shareholder to subscribe for one Mvelaphanda Group ordinary share at a minimum subscription price of R9,18
BEE shares	276 223 624 redeemable option-holding shares with a par value of 0,1 cent each in the share capital of Mvelaphanda Group which were allotted and issued on 19 June 2007 and 10 December 2010
Companies Act	Companies Act No 71 of 2008, as amended
Corporate governance or King III	South African Code of Corporate Practices and Conduct as recommended in the King III Report
Effective interest method	The effective interest method is a method of calculating the amortised cost of a financial asset/liability and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts/payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset/liability, or, where appropriate, a shorter period
GDP	Gross Domestic Product
Group Five	Group Five Limited
HDSA	Historically Disadvantaged South Africans
IFRS	International Financial Reporting Standards
Intrinsic net asset value	A measure of the value of the investment based on its assets less its liabilities
JIBAR	Johannesburg Inter-bank Agreed Rate
JSE	JSE Limited
Life Healthcare	Life Healthcare Group Holdings (Proprietary) Limited
Mvela Group shareholders' equity	means, the consolidated shareholders' equity (net of intangibles and goodwill) in respect of the Mvela Group as reflected in, and/or ascertained from, the most recent consolidated audited financial statements or unaudited consolidated interim financial statements or, to the extent that such financial statements are not available, the consolidated, unaudited management accounts of Mvela Group, as determined in accordance with IFRS
Mvelaphanda Group or the Company	Mvelaphanda Group Limited
Mvelaphanda Holdings	Mvelaphanda Holdings (Proprietary) Limited
SENS	Securities Exchange News Service
Stakeholders	Includes shareholders, employees, customers, suppliers and the government

Strategic investments	Amongst other, the Group's principal strategic investments are: <ul style="list-style-type: none"> ▪ Absa Group Limited ▪ Group Five ▪ Life Healthcare ▪ Avusa ▪ Vox Telecom
The board or 'board'	The board of directors of Mvelaphanda Group Limited
The Group or Mvela Group	Mvelaphanda Group and its subsidiaries, associates and investments
Vox or Vox Telecom	Vox Telecom Limited
FINANCIAL RATIOS	
Debt: equity ratio	Total interest-bearing borrowings/Total capital and reserves
Diluted headline (loss)/earnings per share	Diluted headline (loss)/earnings/Weighted average number of shares in issue
Earnings yield	Earnings per ordinary share/Ordinary share price at 30 June 2011
Headline (loss)/earnings per share	Headline (loss)/earnings/Weighted average number of shares in issue
Intrinsic net asset value per share	Intrinsic net asset value/ Diluted weighted average net number of ordinary shares in issue
Gearing ratio	Mvela Group net equity value/Group indebtedness
Return on net investments	Net (loss)/profit after taxation from investments/Average net investments
Return on shareholders' funds	Net (loss)/profit attributable to equity holders/Average capital and reserves attributable to equity holders

REGISTERED OFFICE

1st Floor
 30 Melrose Boulevard
 Melrose Arch
 Johannesburg
 2076
 PO Box 1639, Rivonia, 2128
 www.mvelagroup.co.za
 info@mvelagroup.co.za

COMPANY REGISTRATION NUMBER

1995/004153/06

SHARE CODES

Ordinary shares: MVG
 Preference shares: MVGP

ISIN CODES

Ordinary shares: ZAE 000060737
 Preference shares: ZAE 000073540

COMPANY SECRETARY

Mvelaphanda Management Services (Proprietary) Limited
 1st Floor
 30 Melrose Boulevard
 Melrose Arch
 Johannesburg
 2076
 PO Box 1639, Rivonia, 2128

AUDITORS

PKF (Jhb) Inc.
 42 Wierda Road West
 Wierda Valley
 Sandton
 2196
 Private Bag X10046, Sandton, 2146

INVESTOR RELATIONS

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 1st Floor
 30 Melrose Boulevard
 Melrose Arch
 Johannesburg
 2076
 Tel: +27 11 684 2652
 info@mvelagroup.co.za

ATTORNEYS

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 165 West Street
 Sandton
 2196
 PO Box 785812, Sandton, 2146

Werksmans Inc.
 155 5th Street
 Sandton
 2196
 Private Bag 10015, Sandton, 2146

TRANSFER SECRETARIES

Computershare Investor Services 2004 (Proprietary) Limited
 70 Marshall Street
 Johannesburg
 2076
 PO Box 61051, Marshalltown, 2107

SPONSOR

Deutsche Securities SA (Proprietary) Limited
 3 Exchange Square
 87 Maude Street
 Sandton
 2196
 Private Bag X9933, Sandton, 2146

BANKERS

The Standard Bank of South Africa Limited
 Nedbank, a division of Nedcor Bank Limited
 First National Bank, a division of FirstRand Bank Limited

SHAREHOLDERS' DIARY

Annual general meeting	1 November 2011
Interim results announcement	March 2012
Audited final results and dividend announcement	August 2012