



Annual Financial Statements 2010



britehouse

A DIMENSION DATA COMPANY

More Solutions

General Information

COUNTRY OF INCORPORATION AND DOMICILE	South Africa
NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	Information Technology Services
DIRECTORS	Daniel Stefan Ferreira (Alt) Scott Douglas Gibson Jason Matthew Goodall Nchaupe Khaole Andile Abner Ngcaba Jeremy John Ord Gregory John Roberts Baxter Bruce Watson Lucas Cornelis Verwey (Alt)
REGISTERED OFFICE	First Floor, Wembley Building The Campus 57 Sloane Street Bryanston 2021
BUSINESS ADDRESS	First Floor, Wembley Building The Campus 57 Sloane Street Bryanston 2021
POSTAL ADDRESS	Private Bag X127 Bryanston 2021
HOLDING COMPANY	Newshelf 871 (Proprietary) Limited incorporated in South Africa
BANKERS	First National Bank Investec Nedbank Standard Bank Rand Merchant Bank
AUDITORS	PricewaterhouseCoopers Inc Registered Auditors
SECRETARY	Sanet De Wit
COMPANY REGISTRATION NUMBER	1986/002093/07



Britehouse is a Venture Holding business that invests in companies with specific business software application skills. These businesses focus on business process automation and improvement.

The Britehouse companies utilise leading-edge business software applications and platforms to deliver business process automation services so that customers can focus on what's really important.

Our companies utilise software and skills in order to:

- Model and map business processes requiring automation,
- Integrate disparate applications and databases,
- Interrogate data within multiple applications,
- Optimise business processes through the use of applications and technology, and
- Provide insight into business function and performance.

These services can be provided through a variety of delivery mechanisms including:

- Bespoke applications developed for client specific business needs,
- Sale, configuration and support of software applications and tools,
- Provision of software as a service to clients, and
- Provision of cloud based applications and other related services.

Group Analysis

The Group subsidiaries are as follows:

SAP GROUP - BRITHOUSE SSD (PTY) LTD



Specialist SAP Division

Revenue:

R328.5 million

Number of employees:

284

Provides strategic business consulting services in respect of SAP software and value-adding, complementary mobile, front-end and outsourced solutions.

AUTO-MATE DEALER MANAGEMENT SYSTEMS (PTY) LTD



A BRITHOUSE COMPANY

Revenue:

R73.4 million

Number of employees:

64

Auto-Mate Dealer Management Systems specialises in the provision of world-class IT services to the South African automotive industry through its home-grown, hosted dealer management software. The software's key value proposition lies in its ability to enable motor dealerships (and their users) to operate more effectively, efficiently and profitably.

3FIFTEEN TECHNOLOGIES (PTY) LTD



Revenue:

R94.8 million

Number of employees:

174

Provides consulting as well as software application and development services utilising Microsoft technology to deliver these services.

The Group has a 36% investment in Paracon which is accounted for as an Associate Company.



JSE-listed Paracon's primary objective is to consistently provide quality service in all levels of business, with its principal focus fixed on information technology. Its strength lies in the diversity of IT skills it brings to the group and its ability to strategically match resources with customer requirements, creating tailor-made IT solutions. Having access to the best resources is a vital component in the provision of services to both the local and international markets. Paracon had over 700 employees at 30 September 2010. In addition, Paracon's associate, Nihilent Technologies, provides the Group access to Indian IT skills as and when required.

Report of the Independent Auditors

TO THE MEMBERS OF BRITESHOLDINGS (PROPRIETARY) LIMITED AND SUBSIDIARIES

We have audited the accompanying financial statements of Britehouse Holdings (Proprietary) Limited and Subsidiaries, which comprise the statement of financial position as of 30 September 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 5 to 49.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

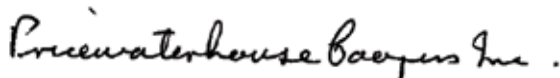
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of Britehouse Holdings (Proprietary) Limited and Subsidiaries as of 30 September 2010, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.



PricewaterhouseCoopers Inc

Director: Eric MacKeown

Registered Auditor

Sunninghill

21 January 2011

Directors' Responsibilities and Approval

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

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

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

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

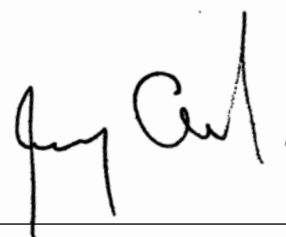
The directors have reviewed the group's cash flow forecast for the year to 30 September 2011 and, in the light of this review and the current financial position, they are satisfied that the group has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the group's financial statements. The financial statements have been examined by the group's external auditors and their report is presented on page 3.

The financial statements set out on pages 5 to 49, which have been prepared on the going concern basis, were approved by the directors on 14 December 2010 and were signed on its behalf by:



Scott Douglas Gibson



Jeremy John Ord

The directors submit their report for the year ended 30 September 2010.

1. REVIEW OF ACTIVITIES

Main business and operations

The group is engaged in information technology services and operates principally in South Africa.

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

Net profit of the group was R 30,881,043 (2010: profit R 19,658,991), after taxation of R 23,578,959 (2010: R 20,224,395).

Registered office: First Floor, Wembley Building
The Campus
57 Sloane Street
Bryanston
2021

Business address: First Floor, Wembley Building
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Postal address: Private Bag X127
Bryanston
2021

2. EVENTS AFTER THE REPORTING PERIOD

Effective 1 October 2010, Britehouse SSD (Proprietary) Limited acquired 60% of the shares in Swicon 360 (Proprietary) Limited.

Effective 1 October 2010, Britehouse SSD (Proprietary) Limited acquired 51% of the shares in BasisOne (Proprietary) Limited.

Effective 1 October 2010, Britehouse SSD (Proprietary) Limited acquired the remaining minority interest (49%) In Kopano Outsourcing (Proprietary) Limited.

3. AUTHORISED AND ISSUED SHARE CAPITAL

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

4. BORROWING LIMITATIONS

In terms of the Articles of Association of the company, the directors may exercise all the powers of the company to borrow money, as they consider appropriate.

5. DIVIDENDS

The dividends already declared and paid to shareholders during the year are as reflected in the attached statement of changes in equity.

Directors' Report

6. DIRECTORS

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

Name	Changes
Daniel Stefan Ferreira (Alt)	
Scott Douglas Gibson	
Jason Matthew Goodall	
Nchaupe Khaole	
Peter John Liddiard	Resigned 15 December 2010
Andile Abner Ngcaba	
Jeremy John Ord	
Gregory John Roberts Baxter	Previously Alt
Bruce Watson	
Lucas Cornelis Verwey (Alt)	Appointed 15 December 2010

7. SECRETARY

The secretary of the company is Sanet De Witt of:

Business address:

The Wanderers Building
The Campus
57 Sloane Street
Bryanston
2021

Postal address:

Private Bag X127
Bryanston
2021

8. HOLDING COMPANY

The company's holding company is Newshelf 871 (Proprietary) Limited incorporated in South Africa.

9. INTEREST IN SUBSIDIARIES

Name of subsidiary	Country of incorporation	Net profit after tax
3fifteen Technology Solutions (Pty) Ltd	South Africa	10,279,903
Britehouse Specialist SAP Division (Pty) Ltd	South Africa	22,913,349
AutoMate Dealer Management Systems	South Africa	22,118,802
One Arch Solutions (Pty) Ltd	South Africa	244,742

Details of the company's investment in subsidiaries are set out in note 7.

10. AUDITORS

PricewaterhouseCoopers Inc will continue in office in accordance with section 270(2) of the Companies Act.

Statement of Financial Position

Figures in Rand	Note(s)	Group		Company	
		2010	2009	2010	2009
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	3,444,630	4,341,889	98,035	258,535
Goodwill	5	157,793,088	157,793,088	-	-
Intangible assets	6	43,485,742	42,727,009	-	-
Investment in subsidiaries	7	-	-	254,722,601	225,579,618
Investments in associates	8	203,207,545	198,558,704	183,802,587	183,802,587
Deferred tax	10	10,041,812	4,718,403	1,765,739	1,915,606
Loans to employees		131,260	-	-	-
		418,104,077	408,139,093	440,388,962	411,556,346
Current Assets					
Current income tax receivable		1,988,046	911,760	17,194	17,194
Trade and other receivables	11	71,940,058	63,414,070	7,200,830	6,699,607
Cash and cash equivalents	12	65,937,980	37,647,275	17,177,839	3,601,118
		139,866,084	101,973,105	24,395,863	10,317,919
Total Assets		557,970,161	510,112,198	464,784,825	421,874,265
EQUITY AND LIABILITIES					
Equity					
Equity Attributable to Equity Holders of Parent					
Share capital	13	18,087,719	18,087,719	18,087,719	18,087,719
Reserves		(39,906,675)	(10,956,675)	8,721,178	8,721,178
Accumulated earnings/ (loss)		45,895,845	20,222,656	(3,964,742)	(12,569,857)
		24,076,889	27,353,700	22,844,155	14,239,040
Non-controlling interest		10,125,279	13,370,518	-	-
		34,202,168	40,724,218	22,844,155	14,239,040
Liabilities					
Non-Current Liabilities					
Other financial liabilities	16	358,272,026	358,272,026	358,272,026	358,272,026
Deferred income tax	10	16,889,018	11,048,565	4,693,407	3,183,752
Provisions	17	28,950,000	-	26,250,000	-
Share appreciation rights scheme	18	4,464,677	5,517,960	4,464,677	5,517,960
		408,575,721	374,838,551	393,680,110	366,973,738
Current Liabilities					
Other financial liabilities	16	46,031,275	38,112,025	46,031,275	38,112,025
Current income tax payable		935,109	1,583,432	-	-
Operating lease liability		301,251	98,250	-	-
Trade and other payables	19	67,542,891	54,364,455	2,229,285	2,549,462
Deferred income		381,746	28,823	-	-
Bank overdraft	12	-	362,444	-	-
		115,192,272	94,549,429	48,260,560	40,661,487
Total Liabilities		523,767,993	469,387,980	441,940,670	407,635,225
Total Equity and Liabilities		557,970,161	510,112,198	464,784,825	421,874,265

Statement of Comprehensive Income

Figures in Rand	Note(s)	Group		Company	
		2010	2009	2010	2009
Revenue	21	496,714,912	419,181,573	-	2,546,410
Cost of sales	22	311,204,667)	248,692,930)	-	(2,348,144)
Gross profit		185,510,245	170,488,643	-	198,266
Other income		2,297,856	3,157,561	6,091,614	5,026,174
Operating expenses		(120,057,371)	(114,775,831)	(7,751,025)	(13,834,422)
Operating profit (loss)	23	67,750,730	58,870,373	(1,659,411)	(8,609,982)
Investment revenue	24	2,924,507	3,814,764	44,844,730	50,005,623
Finance costs	25	(32,938,821)	(39,052,511)	(32,919,682)	(38,971,696)
Income from equity accounted investments		16,723,586	16,250,760	-	-
Profit before taxation		54,460,002	39,883,386	10,265,637	2,423,945
Income tax expense	26	(23,578,959)	(20,224,395)	(1,660,522)	646,632
Profit for the year		30,881,043	19,658,991	8,605,115	3,070,577
Other comprehensive income		-	-	-	-
Total comprehensive income		30,881,043	19,658,991	8,605,115	3,070,577
Profit attributable to:					
Owners of the parent		25,673,189	14,196,318	8,605,115	3,070,577
Non-controlling interest		5,207,854	5,462,673	-	-
		30,881,043	19,658,991	8,605,115	3,070,577
Total comprehensive income attributable to:					
Owners of the parent		25,673,189	14,196,318	8,605,115	3,070,577
Non-controlling interest		5,207,854	5,462,673	-	-
		30,881,043	19,658,991	8,605,115	3,070,577

Statements of Changes in Equity

Figures in Rand	Share capital	Share premium	Total share capital	Economic entity reserve	BEE reserve	Total reserves	Accumulated earnings/ (loss)	Total attributable to equity holders of the group/ company	Non-controlling interest	Total equity
GROUP										
Balance at October 01, 2008	2,700	18,085,019	18,087,719	-	8,721,178	8,721,178	6,026,338	32,835,235	22,288,982	55,124,217
Changes in equity										
Total comprehensive income for the year	-	-	-	-	-	-	14,196,318	14,196,318	5,462,673	19,658,991
Acquisition of minorities	-	-	-	(19,677,853)	-	(19,677,853)	-	(19,677,853)	(8,407,016)	(28,084,869)
Dividends	-	-	-	-	-	-	-	-	(5,974,121)	(5,974,121)
Total changes	-	-	-	(19,677,853)	-	(19,677,853)	14,196,318	(5,481,535)	(8,918,464)	(14,399,999)
Balance at October 01, 2009	2,700	18,085,019	18,087,719	(19,677,853)	8,721,178	(10,956,675)	20,222,656	27,353,700	13,370,518	40,724,218
Changes in equity										
Total comprehensive income for the year	-	-	-	-	-	-	25,673,189	25,673,189	5,207,854	30,881,043
Purchase price adjustment - acquisition of minorities	-	-	-	(28,950,000)	-	(28,950,000)	-	(28,950,000)	-	(28,950,000)
Acquisition of minorities	-	-	-	-	-	-	-	-	(3,492,983)	(3,492,983)
Dividends	-	-	-	-	-	-	-	-	(4,960,110)	(4,960,110)
Total changes	-	-	-	(28,950,000)	-	(28,950,000)	25,673,189	(3,276,811)	(3,245,239)	(6,522,050)
Balance at September 30, 2010	2,700	18,085,019	18,087,719	(48,627,853)	8,721,178	(39,906,675)	45,895,845	24,076,889	10,125,279	34,202,168
Note(s)	13	13	13	14	15	15				

Statements of Changes in Equity

Figures in Rand	Share capital	Share premium	Total share capital	Economic entity reserve	BEE reserve	Total reserves	Accumulated earnings/ (loss)	Total attributable to equity holders of the group/ company	Total equity
COMPANY									
Balance at October 01, 2008	2,700	18,085,019	18,087,719	-	8,721,178	8,721,178	(15,640,434)	11,168,463	11,168,463
Changes in equity									
Total comprehensive income for the year	-	-	-	-	-	-	3,070,577	3,070,577	3,070,577
Total changes	-	-	-	-	-	-	3,070,577	3,070,577	3,070,577
Balance at October 01, 2009	2,700	18,085,019	18,087,719	-	8,721,178	8,721,178	(12,569,857)	14,239,040	14,239,040
Changes in equity									
Total comprehensive income for the year	-	-	-	-	-	-	8,605,115	8,605,115	8,605,115
Total changes	-	-	-	-	-	-	8,605,115	8,605,115	8,605,115
Balance at September 30, 2010	2,700	18,085,019	18,087,719	-	8,721,178	8,721,178	(3,964,742)	22,844,155	22,844,155
Note(s)	13	13	13	14	15				

Cash Flow Statements

Figures in Rand	Note(s)	Group		Company	
		2010	2009	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from operations	28	81,384,550	48,881,094	(3,380,343)	9,332,669
Interest income		2,924,507	3,814,764	427,953	602,209
Dividends received		-	-	44,416,777	49,403,414
Finance costs		(25,019,571)	(26,114,616)	(25,000,432)	(38,971,696)
Tax paid	29	(24,763,052)	(27,990,868)	-	(17,194)
Dividends paid to minority shareholders		(4,960,110)	(5,974,121)	-	-
Dividend received from associate	6	12,074,745	13,282,219	-	-
Net cash from operating activities		41,641,069	5,898,472	16,463,955	20,349,402
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	4	(1,515,881)	(2,167,279)	(9,251)	(70,588)
Sale of property, plant and equipment	4	110,503	41,939	15,000	-
Purchase of other intangible assets	6	(8,089,559)	-	-	-
Movement in investments	30	(3,492,983)	(27,522,159)	(2,892,983)	(27,552,159)
Loans to group companies repaid		-	(300,478)	-	(300,431)
Net cash from investing activities		(12,987,920)	(29,947,977)	(2,887,234)	(27,923,178)
CASH FLOWS FROM FINANCING ACTIVITIES					
Net cash from financing activities		-	-	-	-
Total cash, cash equivalents and bank overdrafts movement for the year		28,653,149	(24,049,505)	13,576,721	(7,573,776)
Cash, cash equivalents and bank overdrafts at the beginning of the year		37,284,831	61,334,336	3,601,118	11,174,894
Total cash, cash equivalents and bank overdrafts at end of the year	12	65,937,980	37,284,831	17,177,839	3,601,118

Accounting Policies

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act of South Africa. The financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

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

Deferred contingent consideration

In relation to certain acquisitions made by the group, deferred contingent consideration may be payable in cash if certain specific conditions are achieved. When the deferred contingent consideration payable becomes probable and the amount can be reliably measured the group brings it to account in accordance with the accounting policy stated in note 1.13. The calculation of the payable for each acquisition requires the use of estimates and judgements which are reviewed at each reporting date. Refer to note 17.

Estimated impairment of goodwill

The group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1.10. The recoverable amounts of the cash generating units have been determined based on value-in-use calculations. These calculations require the use of estimates and judgements. Refer to note 5.

Valuation of the share appreciation rights scheme liability

The valuation of the share appreciation rights scheme (SARS) liability requires the use of an appropriate valuation methodology which requires the use of estimates and judgements. Refer to note 18.

Trade receivables

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

The impairment for trade receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period. Refer to note 11.

1.2 Consolidation

Basis of consolidation

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

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

(a) Subsidiaries

Group annual financial statements

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases. The purchase method of accounting is used to account for the acquisition

Statement of Cash Flows

1.2 Consolidation (Continued)

of subsidiaries by the group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income. Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

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

Company annual financial statements

In the company's separate annual financial statements, investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company
- any costs directly attributable to the purchase of the subsidiary.

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

(b) Transactions with minority interest

Minority shareholders are treated as equity participants. Acquisitions and disposals of additional interests in the Group's subsidiaries are accounted for as equity transactions and the excess of the purchase considerations over the carrying value of net assets acquired is recognised directly in equity. Profits and losses arising on transactions with minority shareholders where control is maintained subsequent to the disposal are recognised directly in equity. Any dilution gains or losses are also recognised directly in equity.

(c) Associates

Group annual financial statements

Associates are all entities over which group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investments in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The group's share of associates' post acquisition profit or losses is recognised in the statement of comprehensive income and its share of post acquisition movements in reserves is recognised in reserves. The cumulative post acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the group and its associates are eliminated to the extent of the group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the group. Dilution gains and losses arising in investments in associates are recognised in the statement of comprehensive income.

Company annual financial statements

An investment in an associate is carried at cost less any accumulated impairment.

Accounting Policies

Business combinations

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

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

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

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

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

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

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

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

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

1.3 Property, plant and equipment

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

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

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

1.3 Property, plant and equipment (Continued)

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

Item	Average useful life
Furniture and fixtures	6 years
Motor vehicles	5 years
Office equipment	5 years
IT equipment	3 years
Leasehold improvements	10 years
Signage	3 years

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

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

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

1.4 Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible;
- the ability to measure reliably the expenditure attributable to the intangible asset during its development

The amount initially recognised for an internally generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible assets can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

1.5 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the company's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segment.

Accounting Policies

1.6 Intangible assets

An intangible asset is recognised when:

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

Intangible assets are initially recognised at cost.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

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

Item	Useful life
AutoMate Trademark	7 years
AutoMate Technology	10 years
3ifteen Customer Contract	3 years
Computer Software	5 - 10 years

1.7 Financial instruments

Classification

The group classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Available-for-sale financial assets
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained/incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

Initial recognition and measurement

Financial instruments are recognised initially when the group becomes a party to the contractual provisions of the instruments.

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

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Available-for-sale financial assets are subsequently measured at fair value. This excludes equity investments for which a fair value is not determinable, which are measured at cost less accumulated impairment losses.

Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in equity until the asset is disposed of or determined to be impaired. Interest on available-for-sale financial assets calculated using the effective interest method is recognised in profit or loss as part of other income. Dividends received on available-for-sale equity instruments are recognised in profit or loss as part of other income when the group's right to receive payment is established.

1.7 Financial instruments (Continued)

Changes in fair value of available-for-sale financial assets denominated in a foreign currency are analysed between translation differences resulting from changes in amortised cost and other changes in the carrying amount. Translation differences on monetary items are recognised in profit or loss, while translation differences on non-monetary items are recognised in other comprehensive income and accumulated in equity.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Financial instruments designated as available-for-sale

These financial assets are non derivatives that are either designated in this category or not classified elsewhere.

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

These investments are measured initially and subsequently at fair value. Gains and losses arising from changes in fair value are recognised directly in equity until the security is disposed of or is determined to be impaired.

The group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as held for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available for sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the statement of comprehensive income.

Impairment losses recognised in the statement of comprehensive income on equity instruments are not reversed through the statement of comprehensive income. Impairment losses recognised in profit or loss for equity investments classified as available for sale are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available for sale are subsequently reversed in an increase in the fair value of the instrument can be objectively related to an event occurring after the recognising of the impairment loss.

Changes in the fair value of monetary securities are denominated in a foreign currency and classified as available for sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying of the security. The translation differences on monetary securities are recognised in profit or loss, while translation differences on non monetary securities are recognised in equity. Changes in the fair value of monetary and non monetary securities classified as available for sale are recognised in equity.

Interest in available for sale securities calculated using the effective interest method is recognised in the statement of comprehensive income as part of 'other income'. Dividends on available for sale equity instruments are recognised in the income statement as part of other income when the group's right to receive payment is established.

Equity investments for which a fair value is not determinable are held for cost. Impairments on such investments are not reversed.

Loans to (from) group companies

These include loans to and from holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

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

Impairment losses are reversed in subsequent periods when an increase in the investment recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is impaired is reversed shall

Accounting Policies

not exceed what the amortised cost would have been had the impairment not been recognised.

Loans to group companies are classified as loans and receivables.

Loans from group companies are classified as financial liabilities measured at amortised cost.

Loans to shareholders, directors, managers and employees

These financial assets are classified as loans and receivables.

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

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

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. 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 against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

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

Cash and cash equivalents

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

Bank overdraft and borrowings

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

Bank overdrafts and borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

Derivatives

Derivative financial instruments, which are not designated as hedging instruments, consisting of foreign exchange contracts and interest rate swaps, are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates.

1.7 Financial instruments (Continued)

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses reported in profit or loss.

Changes in the fair value of derivative financial instruments are recognised in profit or loss as they arise.

Derivatives are classified as financial assets at fair value through profit or loss - held for trading.

Held to maturity

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

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Financial assets that the group has the positive intention and ability to hold to maturity are classified as held to maturity.

1.8 Income tax

Current income tax assets and liabilities

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

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

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Management establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax assets and liabilities

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

A deferred income tax liability is recognised for all taxable temporary differences, except to the extent that the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

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

Accounting Policies

Income tax expenses

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

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

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

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Secondary tax

South African resident companies are subject to a dual corporate tax system, one part of the tax being levied on taxable income and the other, a secondary tax (called STC), on distribution income. A company incurs STC charges on the declaration or deemed declaration of dividends (as defined under tax law) to its shareholders. STC is not a withholding tax on shareholders, but a tax on companies.

The STC tax consequence of dividends is recognised as a taxation charge in the statement of comprehensive income in the same period that the related dividend is accrued as a liability. The STC liability is reduced by dividends received during the dividend cycle. Where dividends declared exceeds the dividends received during a cycle, STC is payable at the current STC rate on the net amount. Where dividends received exceeds dividends declared within a cycle, there is no liability to pay STC. The potential tax benefit related to excess dividends received is carried forward to the next dividends cycle as an STC credit. Deferred tax assets are recognised on unutilised STC credits to the extent that it is probable that the group will declare future dividends to utilise such STC credits.

1.9 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases – lessee

Finance leases are recognised as assets in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the future minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the company's incremental borrowing rate.

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

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset/liability. This asset/liability is not discounted.

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

1.10 Impairment of non-financial assets

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

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

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

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

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

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

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

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

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

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

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

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

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

1.11 Share capital and equity

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

Ordinary shares are classified as equity. Mandatorily redeemable preference shares are classified as liabilities.

1.12 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

Accounting Policies

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due. The group has no further payment obligations once the contributions have been paid.

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

Share appreciation rights scheme liability

The group operates a cash settled share appreciation rights scheme (SARS). The fair value of cash settled SARS is recognised as a liability over the vesting period of the SARS. Movements in the liability between accounting dates are recognised as an expense. For defined benefit plans, the cost of providing the benefit is determined using the projected credit method.

1.13 Provisions and contingencies

Provisions are recognised when:

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

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

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

Provisions are not recognised for future operating losses.

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

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

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

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 32.

1.14 Revenue

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

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

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

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

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

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

Contract revenue comprises:

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

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

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

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

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

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

1.15 Cost of sales

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

Contract costs comprise:

- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the contract; and
- such other costs as are specifically chargeable to the customer under the terms of the contract.

1.16 Borrowing costs

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

Accounting Policies

1.17 Translation of foreign currencies

Functional and presentation currency

Items included in the financial statements of each of the group entities are measured using the currency of the primary economic environment in which the entity operates (functional currency).

The consolidated financial statements are presented in Rand which is the group functional and presentation currency.

Foreign currency transactions

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

At the end of the reporting period:

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

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

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

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

1.18 Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the company's shareholders.

Notes to the Annual Financial Statements

2. NEW STANDARDS AND INTERPRETATIONS

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

IAS 1 (Revised) Presentation of Financial Statements

The main revisions to IAS 1 (AC 101):

- Require the presentation of non-owner changes in equity either in a single statement of comprehensive income or in an income statement and statement of comprehensive income.
- Require the presentation of a statement of financial position at the beginning of the earliest comparative period whenever a retrospective adjustment is made. This requirement includes related notes.
- Require the disclosure of income tax and reclassification adjustments relating to each component of other comprehensive income. The disclosures may be presented on the face of the statement of comprehensive income or in the notes.
- Allow dividend presentations to be made either in the statement of changes in equity or in the notes only.
- Have changed the titles to some of the financial statement components, where the 'balance sheet' becomes the 'statement of financial position' and the 'cash flow statement' becomes the 'statement of cash flows.' These new titles will be used in International Financial Reporting Standards, but are not mandatory for use in financial statements.

The effective date of the standard is for years beginning on or after 01 January 2009.

The group has adopted the standard for the first time in the 2010 financial statements.

The adoption of this standard has not had a material impact on the results of the company, but has resulted in more disclosure than would have previously been provided in the financial statements.

May 2008 Annual Improvements to IFRS's: Amendments to IFRS 7 Financial Instruments: Disclosures

The amendment relates to changes in the Implementation Guidance of the Standard. 'Total interest income' was removed as a component of finance costs from paragraph IG13. This was to remove inconsistency with the requirement of IAS 1 (AC 101) Presentation of Financial Statements which precludes the offsetting of income and expenses.

The effective date of the amendment is for years beginning on or after 01 January 2009.

The group has adopted the amendment for the first time in the 2010 financial statements.

The impact of the amendment is not material.

May 2008 Annual Improvements to IFRS's: Amendments to IAS 1 Presentation of Financial Statements

The amendment is to clarify that financial instruments classified as held for trading in accordance with IAS 39 (AC 133) Financial Instruments: Recognition and Measurement are not always required to be presented as current assets/liabilities.

The effective date of the amendment is for years beginning on or after 01 January 2009.

The group has adopted the amendment for the first time in the 2010 financial statements.

The adoption of this amendment has not had a material impact on the results of the company, but has resulted in more disclosure than would have previously been provided in the financial statements.

May 2008 Annual Improvements to IFRS's: Amendments to IAS 8 Accounting Policies Changes in Accounting Estimates and Errors

The amendment clarified that Implementation Guidance related to any Standard is only mandatory when it is identified as an integral part of the Standard.

Notes to the Annual Financial Statements

The effective date of the amendment is for years beginning on or after 01 January 2009.

The group has adopted the amendment for the first time in the 2010 financial statements.

The impact of the amendment is not material.

May 2008 Annual Improvements to IFRS's: Amendments to IAS 10 Events after the Reporting Period

The amendment clarified that if dividends are declared (appropriately authorised and no longer at the discretion of the entity) after the reporting period but before the financial statements are authorised for issue, the dividends may not be recognised as a liability as no obligation exists at the reporting date. Thus clarifying that in such cases a liability cannot be raised even if there is a constructive obligation.

The effective date of the amendment is for years beginning on or after 01 January 2009.

The group has adopted the amendment for the first time in the 2010 financial statements.

The impact of the amendment is not material.

May 2008 Annual Improvements to IFRS's: Amendments to IAS 16 Property, Plant and Equipment

The term 'net selling price' has been replaced with 'fair value less cost to sell' in the definition of recoverable amount.

The effective date of the amendment is for years beginning on or after 01 January 2009.

The group has adopted the amendment for the first time in the 2010 financial statements.

The impact of the amendment is not material.

May 2008 Annual Improvements to IFRS's: Amendments to IAS 27 Consolidated and Separate Financial Statements

The amendment requires that investments in subsidiaries, jointly controlled entities and associates accounted for in accordance with IAS 39 (AC 133) Financial Instruments: Recognition and Measurement in the parent's separate financial statements should continue to be measured in accordance with IAS 39 (AC 133) when classified as held for sale (or included in a disposal group classified as held for sale), and not in accordance with IFRS 5 (AC 142) Non-current Assets held for Sale and Discontinued Operations.

The effective date of the amendment is for years beginning on or after 01 January 2009.

The group has adopted the amendment for the first time in the 2010 financial statements.

The impact of the amendment is not material.

IAS 18 Revenue: Consequential amendments

Dividends paid out of pre-acquisition profits are no longer deducted from the cost of the investment.

The effective date of the amendment is for years beginning on or after 01 January 2009.

The group has adopted the amendment for the first time in the 2010 financial statements.

The impact of the amendment is not material.

Notes to the Annual Financial Statements

IAS 36 Impairment of Assets: Consequential amendments

Under certain circumstances, a dividend received from a subsidiary, associate or joint venture could be an indicator of impairment. This occurs when:

- Carrying amount of investment in separate financial statements is greater than carrying amount of investee's net assets including goodwill in consolidated financial statements or
- Dividend exceeds total comprehensive income of investee in period dividend is declared.

The effective date of the amendment is for years beginning on or after 01 January 2009.

The group has adopted the amendment for the first time in the 2010 financial statements.

The impact of the amendment is not material.

IFRS 3 (Revised) Business Combinations

The revisions to IFRS 3 (AC 140) Business combinations require:

- Acquisition costs to be expensed.
- Non-controlling interest to either be calculated at fair value or at their proportionate share of the net identifiable assets of the acquiree.
- Contingent consideration to be included in the cost of the business combination without further adjustment to goodwill, apart from measurement period adjustments.
- All previous interests in the acquiree to be remeasured to fair value at acquisition date when control is achieved in stages, and for the fair value adjustments to be recognised in profit or loss.
- Goodwill to be measured as the difference between the acquisition date fair value of consideration paid, non-controlling interest and fair value of previous shareholding and the fair value of the net identifiable assets of the acquiree.
- The acquirer to reassess, at acquisition date, the classification of the net identifiable assets of the acquiree, except for leases and insurance contracts.
- Contingent liabilities of the acquiree to only be included in the net identifiable assets when there is a present obligation with respect to the contingent liability.

The effective date of the standard is for years beginning on or after 01 July 2009.

The group has adopted the standard for the first time in the 2010 financial statements.

The impact of the standard is not material.

IAS 27 (Amended) Consolidated and Separate Financial Statements

The revisions require:

- Losses of the subsidiary to be allocated to non-controlling interest, even if they result in the non-controlling interest being a debit balance.
- Changes in level of control without loss of control to be accounted for as equity transactions, without any gain or loss being recognised or any remeasurement of goodwill.
- When there is a change in the level of control without losing control, the group is prohibited from making reclassification adjustments.
- When control is lost, the net identifiable assets of the subsidiary as well as non-controlling interest and goodwill are to be derecognised. Any remaining investment is remeasured to fair value at the date on which control is lost, and a gain or loss on loss of control is recognised in profit or loss.

The effective date of the amendment is for years beginning on or after 01 July 2009.

The group has adopted the amendment for the first time in the 2010 financial statements.

The impact of the amendment is not material.

IAS 7 Statement of Cash Flows: Consequential amendments due to IAS 27 (Amended) Consolidated and Separate Financial Statements

Cash flows arising from changes in level of control, where control is not lost, are equity transactions and are therefore accounted for as cash flows from financing transactions.

Notes to the Annual Financial Statements

The effective date of the amendment is for years beginning on or after 01 July 2009.

The group has adopted the amendment for the first time in the 2010 financial statements.

The impact of the amendment is not material.

IAS 28 Investments in Associates: Consequential amendments due to IAS 27 (Amended) Consolidated and Separate Financial Statements

When an investment in an associate is reduced but significant influence is retained, a proportionate share of other comprehensive income must be reclassified to profit or loss.

The effective date of the amendment is for years beginning on or after 01 July 2009.

The group has adopted the amendment for the first time in the 2010 financial statements.

The impact of the amendment is not material.

IAS 12 Income Taxes – consequential amendments due to IAS 27 (Amended) Consolidated and Separate Financial Statements

The amendment is as a result of amendments to IAS 27 (AC 132) Consolidate and Separate Financial Statements. The amendment refers to situations where a subsidiary, on acquisition date, did not recognise a deferred tax asset in relation to deductible temporary differences, because, for example, there may not have been sufficient future taxable profits against which to utilise the deductible temporary differences. If the deferred tax asset subsequently becomes recognisable, the amendment now requires that the deferred tax asset should be recognised against goodwill (and profit or loss to the extent that it exceeds goodwill), only if it results from information in the measurement period about circumstances that existed at acquisition date. No adjustment may be made to goodwill for information outside of the measurement period.

The effective date of the amendment is for years beginning on or after 01 July 2009.

The group has adopted the amendment for the first time in the 2010 financial statements.

The impact of the amendment is not material.

May 2008 Annual Improvements to IFRS's: Amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

The amendment clarifies that assets and liabilities of a subsidiary should be classified as held for sale if the parent is committed to a plan involving loss of control of the subsidiary, regardless of whether the entity will retain a non-controlling interest after the sale.

The effective date of the amendment is for years beginning on or after 01 July 2009.

The group has adopted the amendment for the first time in the 2010 financial statements.

The impact of the amendment is not material.

Amendments to IFRS 7: Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments

The amendment requires additional disclosures about fair value measurement, including separating fair value measures into a hierarchy. The amendments also require liquidity risk disclosure to be separated between non-derivative financial liabilities and derivative financial liabilities.

The effective date of the amendment is for years beginning on or after 01 January 2009.

The group has adopted the amendment for the first time in the 2010 financial statements.

The impact of the amendment is not material.

Notes to the Annual Financial Statements

2009 Annual Improvements Project: Amendments to IAS 18 Revenue

The amendment provides additional guidance in the determination of whether an entity is acting as an agent or principal in a revenue transaction.

The effective date of the amendment is for years beginning on or after 01 July 2009.

The group has adopted the amendment for the first time in the 2010 financial statements.

The impact of the amendment is not material.

2.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 October 2010 or later periods:

2009 Annual Improvements Project: Amendments to IAS 7 Statement of Cash Flows

The amendment provides that expenditure may only be classified as 'cash flows from investing activities' if it resulted in the recognition of an asset on the statement of financial position.

The effective date of the amendment is for years beginning on or after 01 January 2010.

The group expects to adopt the amendment for the first time in the 2011 financial statements. It is unlikely that the amendment will have a material impact on the company's financial statements.

Notes to the Annual Financial Statements

3. RISK MANAGEMENT

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 capital 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.

There are no externally imposed capital requirements.

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

Financial risk management

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

The group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. The boards reviews overall risk management practices with the management team focusing on areas such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non derivative financial instruments, and investment of excess liquidity.

Liquidity risk

Cash flow forecasting is performed in the operating entities of the group in and aggregated by group finance. Company and group finance monitors rolling forecasts of the group's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration debt financing plans, covenant compliance, compliance with internal statement of financial position ratio targets and, if applicable external regulatory or legal requirements – for example, currency restrictions.

Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the group treasury. Company treasury invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts.

The table below analyses the group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

Group

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
At September 30, 2010				
Trade and other payables	62,124,625	-	-	-
Other financial liabilities	63,206,787	117,123,224	322,800,129	52,224,157
Operating lease liability	4,873,207	2,724,340	301,207	-
SARS	-	185,143	-	7,394,236
At September 30, 2009				
Trade and other payables	51,856,791	-	-	-
Other financial liabilities	47,578,780	69,215,560	103,823,340	225,183,803
Operating lease liability	4,192,077	6,490,207	-	-
SARS	-	-	1,481,642	11,251,093

Notes to the Annual Financial Statements

3. RISK MANAGEMENT (Continued)

Company

At September 30, 2010	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	2,229,285	-	-	-
Other financial liabilities	63,206,787	117,123,224	322,800,129	52,224,157
Operating lease liability	220,973	-	-	-
SARS	-	185,143	-	7,394,236

At September 30, 2009	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	2,549,462	-	-	-
Other financial liabilities	47,578,780	69,215,560	103,823,340	225,183,803
Operating lease liability	204,605	-	-	-
SARS	-	-	1,481,642	11,251,093

Interest rate risk

As the group has no significant interest-bearing assets, the group's income and operating cash flows are substantially independent of changes in market interest rates.

The group's cash flow interest rate risk arises from arrear preference share dividends. The group is not exposed to fair value interest rate risk as its financial liabilities are not subject to fixed interest rates.

The group analyses its interest rate exposure on a dynamic basis.

Refer to note 16 for interest rate sensitivity analysis on the arrear preference share dividends.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. Refer to note 12.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	Group 2010	Group 2009	Company 2010	Company 2009
Cash held at financial institutions	65,925,274	37,631,786	17,177,839	3,601,118
Trade and other receivables	71,575,469	62,187,003	7,177,745	6,450,160
Loans to employees	796,139	143,210	-	-

Foreign exchange risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the Euro. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

Notes to the Annual Financial Statements

3. RISK MANAGEMENT (Continued)

Foreign currency exposure at the end of the reporting period

	Group		Company	
	2010	2009	2010	2009
Current assets				
Trade debtors, USD 349,357 (2009: USD 1,443,739)	2,425,829	8,664,632	-	-
Trade debtors, Euro Nil (2009: Euro 2,760)	-	30,690	-	-
Cash, USD 419,029 (2009: Nil)	2,909,610	-	-	-
Liabilities				
Trade payables, USD 29,180 (2009: USD 9,570)	(202,617)	(72,373)	-	-
Trade payables, Euro 142,514 (2009: Nil)	(1,348,182)	-	-	-
Exchange rates used for conversion of foreign items were:				
USD	6.94	7.42		
Euro	9.46	10.86		

Sensitivity analysis was performed on foreign receivable and payables and the effect that exchange rate fluctuations would have on profits if the USD and Euro fluctuated by R1.

USD				
Trade Receivables				
Net effect on profit if exchange rate was R1 lower during the year	(349,357)	(1,133,940)		
Net effect on profit if exchange rate was R1 higher during the year	349,357	1,133,940		
Trade payables				
Net effect on profit if exchange rate was R1 lower during the year	(29,180)	(8,249)		
Net effect on profit if exchange rate was R1 higher during the year	29,180	8,249		
Cash				
Net effect on profit if exchange rate was R1 lower during the year	(419,029)	-		
Net effect on profit if exchange rate was R1 higher during the year	419,029	-		
Euro				
Trade receivables				
Net effect on profit if exchange rate was R1 lower during the year	-	(2,760)		
Net effect on profit if exchange rate was R1 higher during the year	-	2,760		
Trade payables				
Net effect on profit if exchange rate was R1 lower during the year	(142,514)	-		
Net effect on profit if exchange rate was R1 higher during the year	142,514	-		

Price risk

The group is not exposed to commodity price risk.

Notes to the Annual Financial Statements

4. PROPERTY, PLANT AND EQUIPMENT

Group	2010			2009		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Figures in Rand						
Furniture and fixtures	1,059,908	(772,560)	287,348	1,101,769	(618,125)	483,644
Motor vehicles	53,509	(53,508)	1 72,949	(53,800)	19,149	33,739
Office equipment	2,020,854	(1,765,470)	255,384	2,103,609	(1,729,804)	373,805
IT equipment	13,483,006	(11,279,467)	2,203,539	12,771,216	(9,952,948)	2,818,268
Computer software	487,000	(232,402)	254,598	228,538	(167,453)	61,085
Leasehold improvements	723,830	(280,070)	443,760	738,735	(152,797)	585,938
Total	17,828,107	(14,383,477)	3,444,630	17,016,816	(12,674,927)	4,341,889

Company	2010			2009		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Furniture and fixtures	7,466	(4,562)	2,904	7,466	(2,074)	5,392
Office equipment	54,114	(39,039)	15,075	122,015	(71,926)	50,089
IT equipment	43,503	(25,472)	18,031	111,470	(54,302)	57,168
Leasehold improvements	251,583	(189,558)	62,025	251,583	(105,697)	145,886
Total	356,666	(258,631)	98,035	492,534	(233,999)	258,535

Reconciliation of property, plant and equipment - Group - 2010

	Opening Balance	Additions	Disposals	Depreciation	Closing balance
Furniture and fixtures	483,644	-	(17,655)	(178,641)	287,348
Motor vehicles	19,149	-	(14,580)	(4,568)	1
Office equipment	373,805	8,883	(712)	(126,592)	255,384
IT equipment	2,818,268	1,196,204	(58,251)	(1,752,682)	2,203,539
Computer software	61,085	306,466	(8)	(112,945)	254,598
Leasehold improvements	585,938	4,328	-	(146,506)	443,760
	4,341,889	1,515,881	(91,206)	(2,321,934)	3,444,630

Reconciliation of property, plant and equipment - Group - 2009

	Opening Balance	Additions	Disposals	Depreciation	Closing balance
Furniture and fixtures	568,261	122,363	-	(206,980)	483,644
Motor vehicles	33,739	-	-	(14,590)	19,149
Office equipment	501,586	22,699	(2,923)	(147,557)	373,805
IT equipment	3,177,035	1,765,131	(39,016)	(2,084,882)	2,818,268
Computer software	85,268	34,330	-	(58,513)	61,085
Leasehold improvements	452,119	222,756	-	(88,937)	585,938
	4,818,008	2,167,279	(41,939)	(2,601,459)	4,341,889

Notes to the Annual Financial Statements

4. PROPERTY, PLANT AND EQUIPMENT (Continued)

Reconciliation of property, plant and equipment - Company - 2010

	Opening Balance	Additions	Disposals	Depreciation	Closing balance
Furniture and fixtures	5,392	-	-	(2,488)	2,904
Office equipment	50,089	-	-	(35,014)	15,075
IT equipment	57,168	9,251	(21,338)	(27,050)	18,031
Leasehold improvements	145,886	-	-	(83,861)	62,025
	258,535	9,251	(21,338)	(148,413)	98,035

Reconciliation of property, plant and equipment - Company - 2009

	Opening Balance	Additions	Depreciation	Total
Furniture and fixtures	-	7,466	(2,074)	5,392
Office equipment	80,339	9,621	(39,871)	50,089
IT equipment	35,216	53,501	(31,549)	57,168
Leasehold improvements	229,747	-	(83,861)	145,886
	345,302	70,588	(157,355)	258,535

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

5. GOODWILL

Group	2010			2009		
	Cost / Valuation	Accumulated impairment	Carrying value	Cost / Valuation	Accumulated impairment	Carrying value
Figures in Rand						
Goodwill	157,793,088	-	157,793,088	157,793,088	-	157,793,088

Reconciliation of goodwill - Group - 2010

	Opening Balance	Total
Goodwill	157,793,088	157,793,088

Reconciliation of goodwill - Group - 2009

	Opening Balance	Total
Goodwill	157,793,088	157,793,088

Notes to the Annual Financial Statements

5. GOODWILL (Continued)

During the year, the group assessed the recoverable amount of goodwill, and determined that goodwill associated with the acquisition of business combinations was not impaired. The recoverable amounts of the cash generating units (CGU) were assessed by reference to value in use. The key assumption for value in use calculations are those regarding the discount rates, growth rates and expected changes in the selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based in past practices and expectations of future changes in the market. The group has prepared forecasts based on the most recent financial budgets, which look one year ahead to 30 September 2011. Growth rates applied to the budgets are consistent with growth rates of the industry in which the group operates. A discount factor applicable to each target entity was used. These discount factors ranged between 21% and 25% per annum (2009: 21% and 25%) and were applied in the value in used model.

The most significant component of goodwill relates to Automate Dealer Management Systems (Pty) Ltd and the Britehouse SSD Group. The recoverable amount in respect of that goodwill was determined using management's budget for 2011, thereafter applying a growth rate of 10% for Automate and 15% for Britehouse SSD Group, with a terminal growth rate of 5%, at a discount rate of 21% for Automate and 22% for the Britehouse SSD Group.

Reconciliation of Goodwill:

	2010	2009
3fifteen Technology Solutions (Pty) Ltd	7,545,862	7,545,862
Britehouse Specialist SAP Division (Pty) Ltd	78,221,923	39,801,405
Automate Dealer Management Systems (Pty) Ltd	72,025,303	72,025,303
One Arch Solutions (Pty) Ltd	-	38,420,518
	157,793,088	157,793,088

6. INTANGIBLE ASSETS

Group	2010			2009		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost	Accumulated amortisation	Carrying value
Figures in Rand						
3fifteen Customer Contract	3,460,000	(3,460,000)	-	3,460,000	(2,768,000)	692,000
Automate Technology	20,000,000	(7,619,286)	12,380,714	20,000,000	(4,762,143)	15,237,857
Computer software	8,147,866	(620,638)	7,527,228	58,307	(54,055)	4,252
Automate Trademark	32,151,000	(8,573,200)	23,577,800	32,151,000	(5,358,100)	26,792,900
Total	63,758,866	(20,273,124)	43,485,74	55,669,307	(12,942,298)	42,727,009

Reconciliation of intangible assets - Group - 2010

Group	2010			
	Opening Balance	Additions	Amortisation	Closing balance
3fifteen Customer Contract	692,000	-	(692,000)	-
Automate Technology	15,237,857	-	(2,857,143)	12,380,714
Computer software	4,252	8,089,559	(566,583)	7,527,228
Automate Trademark	26,792,900	-	(3,215,100)	23,577,800
	42,727,009	8,089,559	(7,330,826)	43,485,742

Notes to the Annual Financial Statements

6. INTANGIBLE ASSETS (Continued)

Reconciliation of intangible assets - Group - 2009

Group	2009		
	Additions	Amortisation	Closing balance
3ifteen Customer Contract	1,384,000	(692,000)	692,000
AutoMate Technology	18,095,000	(2,857,143)	15,237,857
Computer software	7,648	(3,396)	4,252
Automate Trademark	30,008,000	(3,215,100)	26,792,900
	49,494,648	(6,767,639)	42,727,009

7. INVESTMENTS IN SUBSIDIARIES

Name of company	% holding 2010	% holding 2009	Carrying amount 2010	Carrying amount 2009
Britehouse SSD (Pty) Ltd	100.00%	100.00%	136,773,383	55,408,699
3ifteen Technology Solutions (Pty) Ltd	57.58%	57.58%	9,635,421	9,635,421
Automate Dealer Management Systems (Pty) Ltd	94.87%	93.20%	108,313,797	105,420,814
One Arch Solutions (Pty) Ltd	100.00%	100.00%	-	55,114,684
			254,722,601	225,579,618

In the current year the business and operations of One Arch Solutions (Pty) Ltd were transferred to Britehouse SSD (Pty) Ltd.

Effective 1 April 2010, 1.67% of the minority shares in Automate Dealer Management Systems were acquired for R2.9million.

The carrying amounts of subsidiaries are shown net of impairment losses.

8. INVESTMENTS IN ASSOCIATES

Paracon Limited	Cost 2010	Cost 2009
Paid for initial holding	154,421,391	154,421,391
Increase in holding	29,381,196	29,381,196
Total Cost	183,802,587	183,802,587

The carrying amounts of Associates are shown net of impairment losses. The directors are satisfied that the fair value of the investments exceeds the carrying value. No impairment has been recognised in the current year.

Fair value

As part of determining the fair value of the underlying assets and liabilities of Paracon as required under IFRS3, the directors of the company completed a purchase price allocation on acquisition of the initial 29.30% of the associate. The directors concluded that the fair value of the associate's underlying balance sheet was appropriate with the exception of certain intangible assets.

Those assets were valued at	58,400,000
and are being amortised over a period of	10 years
Deferred tax at the applicable rate is allocated to these at	28%
Share of profit after tax	20,929,826
Amortisation charge net of tax arising on the intangibles	(4,206,231)
	16,723,586

Notes to the Annual Financial Statements

8. INVESTMENTS IN ASSOCIATES (Continued)

Summary of interest in associate	2010	2009
Total assets	343,211,000	310,084,000
Total liabilities	79,388,000	70,438,000
Revenue	1,021,239,000	926,953,000
Profit or loss	58,187,000	56,449,000

Summary of interest in associates (Group)	2010	2009
Number of shares in issue in associate net of treasury shares	335,688,000	333,190,000
Number of shares held by Britehouse Holdings (Pty) Ltd	120,747,452	120,747,452
Percentage Holding	35.97%	36.24%

	2010	2009
Cost of investment in associates	183,802,587	183,802,587
Share of post acquisition movements - prior year	14,756,108	11,787,549
Share of post acquisition movements - amortisation	(4,206,231)	(4,206,231)
Share of associates profit	20,929,826	20,457,018
Dividends received	(12,074,745)	(13,282,219)
	203,207,545	198,558,704

9. FINANCIAL ASSETS BY CATEGORY

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

Group - 2010

	Loans and receivables	Total
Trade and other receivables	71,189,697	71,189,697
Cash and cash equivalents	65,937,980	65,937,980
Loans to employees	796,139	796,139
	137,923,816	137,923,816

Group - 2009

	Loans and receivables	Total
Trade and other receivables	62,043,793	62,043,793
Cash and cash equivalents	37,647,275	37,647,275
Loans to employees	143,210	143,210
	99,834,278	99,834,278

Company - 2010

	Loans and receivables	Total
Trade and other receivables	7,177,745	7,177,745
Cash and cash equivalents	17,177,839	17,177,839
	24,355,584	24,355,584

Notes to the Annual Financial Statements

9. FINANCIAL ASSETS BY CATEGORY (Continued)

Company - 2009

	Loans and receivables	Total
Trade and other receivables	6,450,160	6,450,160
Cash and cash equivalents	3,601,118	3,601,118
	10,051,278	10,051,278

10. DEFERRED TAX

Figures in Rand	Group		Company	
	2010	2009	2010	2009
Deferred income tax asset				
Intangible assets identified on business combinations	(7,886,517)	(9,000,027)	1,765,739	1,915,606
Provision for doubtful debt	224,820	(274,887)	-	-
Prepayments	(65,282)	(30,475)	-	-
Employee accruals	1,714,627	3,147,079	-	-
Deferred income	1,634,578	1,685,539	-	-
Leave pay accrual	1,550,324	1,628,220	-	-
Temporary differences arising from STC on unpaid preference dividends	(4,693,407)	(3,184,752)	(4,693,407)	(3,183,752)
Straightlining of leases	84,350	(17,279)	-	-
Fair value adjustment	(427,042)	(283,580)	-	-
Other provisions	125,506	-	-	-
Fixed assets	(519)	-	-	-
Deposits	315,386	-	-	-
Exchange difference deferral	156,093	-	-	-
Tax losses available for set off against future taxable income	419,877	-	-	-
	(6,847,206)	(6,330,162)	(2,927,668)	(1,268,146)
Reconciliation of deferred tax asset (liability)				
At beginning of the year	(6,330,162)	(8,457,170)	(1,268,146)	(1,914,778)
Increase (decrease) in tax losses available for set off against future taxable income	419,877	368,616	-	-
Originating temporary difference on tangible fixed assets	519	33,702	-	-
Other	-	-	-	-
Deferred tax - current year	(937,440)	1,724,690	(1,659,522)	646,632
	(6,847,206)	(6,330,162)	(2,927,668)	(1,268,146)

11. TRADE AND OTHER RECEIVABLES

Figures in Rand	Group		Company	
	2010	2009	2010	2009
Trade receivables	70,920,266	61,394,938	7,163,586	6,450,160
Deposits	61,604	13,305	-	-
VAT	85,482	1,226,317	23,085	249,447
Other receivable	872,706	779,510	14,159	-
	71,940,058	63,414,070	7,200,830	6,699,607

Notes to the Annual Financial Statements

11. TRADE AND OTHER RECEIVABLES (Continued)

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to historical information about counterparty default rates. The group has limited history of default.

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

Fair value of trade and other receivables

Figures in Rand	Group		Company	
	2010	2009	2010	2009
Trade and other receivables	71,940,058	63,414,070	7,200,830	6,699,607

Trade receivables are generally non interest bearing. Due to their short term nature, the carrying amount of trade and other receivables approximate their fair values.

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 30 September 2010, R9,473,343 (2009: R 20,041,487) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:				
1 month past due	3,506,975	13,056,240	-	-
2 months past due	3,795,759	2,998,295	-	-
3 months past due	2,170,609	3,986,952	-	-
	9,473,343	20,041,487	-	-

Trade and other receivables impaired

As of 30 September 2010, trade and other receivables of R 1,378,063 (2009: R 1,393,608) were impaired and provided for. The amount of the provision was R 1,378,063 as of 30 September 2010 (2009: R 1,393,608).

The ageing of these receivables is as follows:

3 to 6 months	1,378,063	1,393,608	-	-
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Reconciliation of provision for impairment of trade and other receivables

Opening balance	1,393,608	902,457	-	-
Provision for impairment	683,289	491,151	-	-
Amounts written off as uncollectable	(698,834)	-	-	-
	1,378,063	1,393,608	-	-

12. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Figures in Rand	Group		Company	
	2010	2009	2010	2009
Cash on hand	12,706	15,489	-	-
Bank balances	56,983,545	28,021,823	17,177,839	3,601,118
Short-term deposits	8,941,729	9,609,963	-	-
Bank overdraft	-	(362,444)	-	-
	65,937,980	37,284,831	17,177,839	3,601,118

Notes to the Annual Financial Statements

12. CASH AND CASH EQUIVALENTS (Continued)

Figures in Rand	Group		Company	
	2010	2009	2010	2009
Current assets	65,937,980	37,647,275	17,177,839	3,601,118
Current liabilities	-	(362,444)	-	-
	65,937,980	37,284,831	17,177,839	3,601,118

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

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

Credit rating

Nedbank Limited (AA)	23,824,673	19,321,015	-	-
Investec Bank Limited (AA-)	17,193,158	21,953	17,169,761	-
First National Bank a Division of First Rand Bank Limited (AA)	15,498,133	8,864,553	8,078	3,601,118
Standard Bank Limited (AA+)	9,409,310	9,424,265	-	-
	65,925,274	37,631,786	17,177,839	3,601,118

13. SHARE CAPITAL

Figures in Rand	Group		Company	
	2010	2009	2010	2009
Authorised				
50 000 000 Ordinary shares of R0.0001 each	5,000	5,000	5,000	5,000
Reconciliation of number of shares issued	27,000,000	27,000,000	27,000,000	27,000,000

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

Issued				
Ordinary	2,700	2,700	2,700	2,700
Share premium	18,085,019	18,085,019	18,085,019	18,085,019
	18,087,719	18,087,719	18,087,719	18,087,719

14. ECONOMIC ENTITY RESERVE

Economic entity reserve arising from excess of the book value of the minority interest at 1 October 2008 and purchase price paid for an additional 25% interest in both One Arch (Pty) Ltd and Britehouse SSD.

Figures in Rand	Group		Company	
	2010	2009	2010	2009
Economic Entity Reserve	(48,627,853)	(19,677,853)	-	-

The movement in the economic entity reserve relates to the recognition of contingent consideration payable on the acquisitions of One Arch Solutions (Pty) Ltd, Britehouse SSD (Pty) Ltd and Eventus Education (Pty) Ltd.

Notes to the Annual Financial Statements

15. BEE RESERVE

In July 2007, Competition Commission approval was received to sell 60% of Britehouse Holdings (Pty) Ltd to a consortium of BEE and financial investors. The approval was a culmination of discussions and negotiations that had begun early in 2006 and resulted in a shared understanding of terms and conditions in July 2006. The values agreed at this date were at a prevailing market price at the time and this discount was determined to equate a R8,721,178. As a result, this amount has been included in the Group income statement representing the cost of BEE transaction.

Figures in Rand	Group		Company	
	2010	2009	2010	2009
BEE Reserve	8,721,178	8,721,178	8,721,178	8,721,178

16. OTHER FINANCIAL LIABILITIES

Figures in Rand	Group		Company	
	2010	2009	2010	2009
Held at amortised cost				
Arrear preference dividends	46,031,275	38,112,025	46,031,275	38,112,025
Redeemable preference shares	358,272,026	358,272,026	358,272,026	358,272,026
The preference shares are redeemable cumulative floating rate shares. The preference shares bear interest at a nominal compounded annually, equal to 71% of prime plus 2.5%. The preference shares are redeemable by no later than the seventh anniversary of the date of subscription. 63.1% of the preference shares are held by Dimension Data South Africa Holdings (Proprietary) Limited and 36.9% by Newshef 871 (Proprietary) Limited. Payment of the preference dividend is subject to the availability of profits and reserves and subject to the company retaining adequate funds (as determined by the board) to enable it to discharge its operational obligations as they fall due.				
	404,303,301	396,384,051	404,303,301	396,384,051
Non current liabilities				
At amortised cost	358,272,026	358,272,026	358,272,026	358,272,026
Current liabilities				
At amortised cost	46,031,275	38,112,025	46,031,275	38,112,025
	404,303,301	396,384,051	404,303,301	396,384,051
Fair value of the financial liabilities carried at amortised cost				
Preference Shares	404,303,301	396,384,051	404,303,301	396,384,051

Sensitivity analysis was performed on financial liabilities, the analysis reflects what effect the liability would have had on profits for the year if rates increased by 1% or decreased by 1%.

Interest expense of preference shares

Actual expense	32,921,256	38,971,000
Expense if interest rate had been 1% higher during year	36,290,923	42,553,720
Expense if interest rates had been 1% lower during year	29,551,589	35,388,280
Net effect on profit if interest rate movement was 1% lower during the year	3,369,667	3,582,720
Net effect on profit if interest rate movement was 1% higher during the year	(3,369,667)	(3,582,720)

Notes to the Annual Financial Statements

17. PROVISIONS

Reconciliation of provisions - Group - 2010

	Opening Balance	Additions	Total
Contingent consideration	-	24,876,713	24,876,713
Contingent consideration - interest	-	4,073,287	4,073,287
	-	28,950,000	28,950,000

Reconciliation of provisions - Company - 2010

	Opening Balance	Additions	Total
Contingent consideration	-	22,711,982	22,711,982
Contingent consideration - interest	-	3,538,018	3,538,018
	-	26,250,000	26,250,000

18. SHARE APPRECIATION RIGHTS SCHEME LIABILITY

During the year the remuneration committee approved the SARS. Under the cash settled scheme, share appreciation rights (SARs) are exercisable if certain performance conditions are met and the executives are still employed by the group at the end of the vesting period.

The assessed value at grant date of the SARs granted to the individuals is allocated over the period from grant date to expected exercise date. Fair values at grant date are independently determined using the Monte Carlo simulation option pricing model that takes into account a number of key variables which are detailed below:

Grant and vesting dates

Grant Date	Vesting Date		
	1st Tranche	2nd Tranche	3rd Tranche
1 April 2007	1 April 2010	1 April 2011	1 April 2012
1 May 2007	1 May 2010	1 May 2011	1 May 2012
1 November 2007	1 November 2010	1 November 2011	1 November 2012

Vesting conditions and expiry dates

Exercise of the SARs is conditional on the settlement of the preference share debt. Where the preference share debt remains at the vesting date, an employee may only exercise 50% of the SARs that have vested. The balance of the SARs is only exercisable on settlement of the preference share debt, which is expected to occur in 2017. Exercise assumptions were used in the valuation in line with management's expectations.

Allocation value

The allocation value is the value in which the SARs were granted to the employees. The contractual allocation values are presented below:

Grant Date	Allocation Value (R)
01 April 2007	921,866
01 May 2007	995,610

The adjusted allocation value of the valuation of the SARs at balance sheet date is calculated by applying a notional funding rate to the allocation value. The notional funding rate at any given point in time is calculated as (prime +1.5%) multiplied by (1 minus the corporate tax rate).

Risk-free interest rate

The zero coupon perfect fit ZAR swap curve at valuation date was applied to determine the risk free rate corresponding to the term to expiry. The prime curve was constructed by adding a fixed spread to the risk free rate curve.

Dividend yield

A dividend yield of 5% was used in the valuation.

Notes to the Annual Financial Statements

18. SHARE APPRECIATION RIGHTS SCHEME LIABILITY (Continued)

Volatility

An average volatility of 43.87% was applied in the valuation based on the volatility of similar listed companies in South Africa. In the current year the company recognised an expense of R5.5m in relation to the SARS. This is recognised under operating expenses (employee cost).

19. TRADE AND OTHER PAYABLES

Figures in Rand	Group		Company	
	2010	2009	2010	2009
Trade payables	19,364,666	21,403,332	5,187	302,839
Amounts received in advance	1,088,961	1,124,719	-	-
VAT	4,860,790	2,506,914	-	-
Progress deposits	1,126,379	111,376	-	-
Accrued leave pay	5,630,305	4,323,563	262,540	330,473
Accrued bonus	22,618,052	17,551,643	1,593,854	993,754
Accrued audit fees	597,595	267,456	203,500	118,000
Other accrued expenses	11,698,668	7,074,702	164,204	804,396
Other payables	557,475	750	-	-
	67,542,891	54,364,455	2,229,285	2,549,462

20. FINANCIAL LIABILITIES BY CATEGORY

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

Group - 2010

	Financial liabilities at amortised cost	Fair value through profit or loss - designated	Total
Other financial liabilities	404,303,301	-	404,303,301
Trade and other payables	62,124,625	-	62,124,625
Share appreciation rights scheme	-	4,464,677	4,464,677
	466,427,926	4,464,677	470,892,603

Group - 2009

	Financial liabilities at amortised cost	Fair value through profit or loss - designated	Total
Other financial liabilities	396,384,051	-	396,384,051
Trade and other payables	51,856,791	-	51,856,791
Bank overdraft	362,444	-	362,444
Share appreciation rights scheme	-	5,517,960	5,517,960
	448,603,286	5,517,960	454,121,246

Notes to the Annual Financial Statements

20. FINANCIAL LIABILITIES BY CATEGORY (Continued) Company - 2010

	Financial liabilities at amortised cost	Fair value through profit or loss - designated	Total
Other financial liabilities	404,303,301	-	404,303,301
Trade and other payables	2,229,285	-	2,229,285
Share appreciation rights scheme	-	4,464,677	4,464,677
	406,532,586	4,464,677	410,997,263

Company - 2009

	Financial liabilities at amortised cost	Fair value through profit or loss - designated	Total
Other financial liabilities	396,384,051	-	396,384,051
Trade and other payables	2,549,462	-	2,549,462
Share appreciation rights scheme	-	5,517,960	5,517,960
	398,933,513	5,517,960	404,451,473

21. REVENUE

Revenue - trading

Figures in Rand	Group		Company	
	2010	2009	2010	2009
	496,714,912	419,181,573	-	2,546,410

22. COST OF SALES

Figures in Rand	Group		Company	
	2010	2009	2010	2009
Cost of goods sold	311,204,667	248,692,930	-	2,348,144
	311,204,667	248,692,930	-	2,348,144

23. OPERATING PROFIT

Operating profit for the year is stated after accounting for the following:

Figures in Rand	Group		Company	
	2010	2009	2010	2009
Income from subsidiaries				
Dividends	-	-	44,416,777	49,403,414
Operating lease charges				
Premises - Contractual amounts	8,890,527	8,338,216	403,952	363,741
Equipment - Contractual / recognised amounts	21,965	-	-	-
	8,912,492	8,338,216	403,952	363,741

Notes to the Annual Financial Statements

23. OPERATING PROFIT (Continued)

Profit (loss) on sale of property, plant and equipment	19,297	45,302	(6,338)	-
Loss on exchange differences	1,211,87	17,398	-	-
Amortisation on intangible assets	7,330,826	6,767,639	-	-
Depreciation on property, plant and equipment	2,321,934	2,601,460	148,413	157,354
Employee costs	90,897,976	75,691,265	3,764,170	9,249,913

24. INVESTMENT REVENUE

Figures in Rand	Group		Company	
	2010	2009	2010	2009
Dividend revenue				
Subsidiaries - Local	-	-	44,416,777	49,403,414
Interest revenue				
Bank	2,924,507	3,814,764	427,953	602,209
	2,924,507	3,814,764	44,844,730	50,005,623

25. FINANCE COSTS

Figures in Rand	Group		Company	
	2010	2009	2010	2009
Preference dividends	32,919,250	38,971,000	32,919,250	38,971,000
Trade and other payables	-	32	-	-
Bank	19,571	81,479	432	696
	32,938,821	39,052,511	32,919,682	38,971,696

26. INCOME TAX EXPENSE

Major components of the income tax expense

Figures in Rand	Group		Company	
	2010	2009	2010	2009
Current				
Local income tax - current period	21,873,430	21,351,671	-	-
Local income tax - recognised in current tax for prior periods	-	-	-	-
STC	1,165,013	597,414	-	-
	23,038,443	21,949,085	-	-
Deferred				
Other	540,516	(179,662)	1,660,522	(646,632)
Arising from share appreciation rights scheme	-	(1,545,028)	-	-
	540,516	(1,724,690)	1,660,522	(646,632)
	23,578,959	20,224,395	1,660,522	(646,632)

27. AUDITORS' REMUNERATION

Figures in Rand	Group		Company	
	2010	2009	2010	2009
Audit Fees				
PricewaterhouseCoopers	591,000	464,065	147,500	118,000
Other auditors	161,163	73,935	-	-
	752,163	538,000	147,500	118,000

Notes to the Annual Financial Statements

27. AUDITORS' REMUNERATION (Continued)

Other accounting and advisory services				
PricewaterhouseCoopers	92,918	-	48,500	-
Other auditors	18,000	131,100	-	93,500
	110,918	131,100	48,500	93,500

28. CASH GENERATED FROM OPERATIONS

Figures in Rand	Group		Company	
	2010	2009	2010	2009
Profit before taxation	54,460,002	39,883,386	10,265,637	2,423,945
Adjustments for:				
Depreciation and amortisation	9,652,760	9,369,098	148,413	157,354
(Profit) loss on sale of assets	(19,297)	(38,971)	6,338	-
Profit on foreign exchange	(22,472)	(893,624)	-	-
Income from equity accounted investments	(16,723,586)	(16,250,760)	-	-
Dividends received	-	-	(44,416,777)	(49,403,414)
Interest received	(2,924,507)	(3,814,764)	(427,953)	(602,209)
Finance costs	25,019,571	26,114,616	25,000,432	38,971,696
Impairment loss	-	-	-	-
Movements in operating lease assets and accruals	203,001	(176,926)	-	-
Movements in other liabilities	7,918,250	12,971,000	7,918,250	12,971,000
Share appreciation rights scheme	(1,053,283)	5,517,960	(1,053,283)	5,517,960
Changes in working capital:				
Inventories	-	1,582,445	-	-
Trade and other receivables	(8,657,248)	(16,060,664)	(501,223)	(267,394)
Trade and other payables	13,178,436	(9,350,525)	(320,177)	(436,269)
Deferred income	352,923	28,823	-	-
	81,384,850	48,881,094	(3,380,343)	9,332,669

29. TAX PAID

Figures in Rand	Group		Company	
	2010	2009	2010	2009
Balance at beginning of the year	(671,672)	(6,713,455)	17,194	-
Current tax for the year recognised in profit or loss	(23,038,443)	(21,949,085)	-	-
Balance at end of the year	(1,052,937)	671,672	(17,194)	(17,194)
	(24,763,052)	(27,990,868)	-	(17,194)

Notes to the Annual Financial Statements

30. MOVEMENT IN INVESTMENTS

Figures in Rand	Group		Company	
	2010	2009	2010	2009
Fair value of assets acquired				
Investment in subsidiary	3,492,983	27,522,159	2,892,983	27,552,159
Consideration paid				
Cash	(3,492,983)	(27,522,159)	(2,892,983)	(27,552,159)
Net cash outflow on acquisition				
Cash consideration paid	(3,492,983)	(27,522,159)	(2,892,983)	(27,552,159)

31. COMMITMENTS

Figures in Rand	Group		Company	
	2010	2009	2010	2009
Authorised capital expenditure				
Not yet contracted for and authorised by directors	450,000	795,000	-	-
Operating leases – as lessee				
Minimum lease payments due				
- within one year	5,111,390	4,192,077	220,973	426,264
- in second to fifth year inclusive	10,964,242	6,490,207	-	220,973
	16,075,632	10,682,284	220,973	647,237

Operating lease payments represent rentals payable by the group for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable.

32. CONTINGENCIES

Contingent consideration

In the event that certain specific conditions are achieved additional consideration may be payable in cash in relation to the acquisition of additional interest in subsidiaries. If it becomes probable that the additional consideration will be payable, it will be brought to account as a component of the economic entity reserve arising on the acquisition when the amount can be reliably measured. The company will review the likelihood of these payments at future reporting dates. Refer to note 17 for contingent consideration provisions recognised in the year.

Notes to the Annual Financial Statements

33. RELATED PARTIES

Relationships

Holding company	Newsshelf 871 (Proprietary) Limited
Subsidiaries	3fifteen Technology Solutions (Proprietary) Limited Britehouse SSD (Proprietary) Limited Britehouse Mobility (Proprietary) Limited Eventus Education (Proprietary) Limited Eventus Consulting (Proprietary) Limited One Arch Solutions (Proprietary) Limited Automate Dealer Management Systems (Proprietary) Limited Kopano (Proprietary) Limited
Associates	Paracon Holdings Limited
Shareholders	Newsshelf 871 (Proprietary) Limited Dimension Data South Africa Holdings (Proprietary) Limited
Members of key management	James Baber Michael Botha Scott Gibson Rob Hunter Paolo Masselli
Other related parties	Barnstone Outsourcing (Proprietary) Limited

Figures in Rand	Group		Company	
	2010	2009	2010	2009
Related party balances				
Amounts included in Trade receivable (Trade payable) regarding related parties				
3fifteen Technology Solutions (Proprietary) Limited	-	-	-	228,121
Automate Dealer Management (Proprietary) Limited	-	-	(1,775)	-
Britehouse SSD (Proprietary) Limited	-	-	6,944,439	6,084,793
Barnstone Outsourcing (Proprietary) Limited	(378,940)	-	-	-
Dimension Data South Africa (Proprietary) Limited	9,686,039	1,376,550	-	-
Dimension Data South Africa (Proprietary) Limited	(393,705)	(314,712)	-	-
Paracon SA Limited	395,309	401,602	-	-
Paracon SA Limited	(293,506)	(2,254,288)	-	-
	9,015,197	(790,848)	6,942,664	6,312,914
Related party transactions				
Purchases from (sales to) related parties				
3fifteen Technology Solutions (Proprietary) Limited	-	-	76,266	1,052,314
3fifteen Technology Solutions (Proprietary) Limited	-	-	(171,300)	-
Dimension Data South Africa (Proprietary) Limited	10,277,119	73,762,921	5,578,113	648,149
Dimension Data South Africa (Proprietary) Limited	(28,223,537)	(15,092,707)	(11,970)	(2,546,410)
Paracon SA (Proprietary) Limited	5,858,305	24,327,598	-	-
Paracon SA (Proprietary) Limited	(1,385,266)	(773,808)	(16,300)	-
Automate Dealer Management Systems (Proprietary) Limited	-	-	(17,885)	-
Barnstone Outsourcing (Proprietary) Limited	7,713,077	-	-	-
Barnstone Outsourcing (Proprietary) Limited	(3,835,577)	-	-	-
Britehouse SSD (Proprietary) Limited	-	-	114,647	45,803
Britehouse SSD (Proprietary) Limited	-	-	(438,235)	-
	(9,595,879)	82,224,004	5,113,336	(800,144)

Notes to the Annual Financial Statements

33. RELATED PARTIES (Continued)

Rent paid to related parties				
Dimension Data SA (Proprietary) Limited	9,634,136	3,130,499	451,059	360,197
Management fees received from related parties				
Britehouse SSD (Proprietary) Limited	-	-	(6,091,614)	(5,026,174)
Barnstone Outsourcing (Proprietary) Limited	(3,877,500)	-	-	-
	(3,877,500)	-	(6,091,614)	(5,026,174)
Capital purchases				
Dimension Data South Africa (Proprietary) Limited	-	92,293	-	-

34. DIRECTORS' EMOLUMENTS

Group				
2010	Emoluments	Bonuses	SARS	Total
For services as directors	18,535,198	7,545,004	337,142	26,417,344
2009				
For services as directors	19,580,405	13,712,019	4,000,812	37,293,236
Company				
2010	Emoluments	Bonuses	SARS	Total
For services as directors	1,600,176	1,035,408	337,142	2,972,726
2009				
For services as directors	1,509,600	775,927	4,000,812	6,286,339

35. EVENTS AFTER THE BALANCE SHEET DATE

Effective 1 October 2010, Britehouse SSD (Proprietary) Limited acquired 60% of the shares in Swicon 360 (Proprietary) Limited.

Effective 1 October 2010, Britehouse SSD (Proprietary) Limited acquired 51% of the shares in BasisOne (Proprietary) Limited.

Effective 1 October 2010, Britehouse SSD (Proprietary) Limited acquired the remaining minority interest (49%) in Kopano Outsourcing (Proprietary) Limited.



THE CAMPUS

1st Floor, Wembley Building
57 Sloane Street, Bryanston, 2021