CEPPWAWU INVESTMENTS (PTY) LTD

(Registration number 1999/022473/07)

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 29 FEBRUARY 2012

NEXIA SAB&T

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Investment Holding
Directors	I.O Shongwe R.P Tsotetsi M. Nxumalo J. Mabena S. Mofokeng
Registered office	1 Sixth Avenue Melville 2092
Business address	1st Floor, Block 5 Bryanston Gate Bryanston 2092
Postal address	P.O. Box 1441 Northcliff 2115
Bankers	First National Bank
Auditors	Nexia SAB&T Chartered Accountants (S.A.) Registered Auditors
Company registration number	1999/022473/07

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The reports and statements set out below comprise the consolidated annual financial statements presented to the members:

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NEXIA SAB&T

Independent Auditors' Report

To the Shareholders of Ceppwawu Investments (Pty) Ltd

We have audited the consolidated and separate annual financial statements of Ceppwawu Investments (Pty) Ltd, which comprise the consolidated and separate statement of financial position as at 29 February 2012, and the consolidated and separate 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, as set out on pages 5 to 33.

Directors' Responsibility for the Consolidated Annual Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated annual 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 consolidated annual financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated annual financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated annual 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 consolidated annual 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 consolidated annual 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 consolidated and separate annual financial statements present fairly, in all material respects, the consolidated and separate financial position of Ceppwawu Investments (Pty) Ltd as at 29 February 2012, and its consolidated and separate 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.

Other reports required by the Companies Act

As part of our audit of the consolidated and separate annual financial statements for the year ended 29 February 2012, we have read the Directors' Report for the purpose of identifying whether there are material inconsistencies between the report and the consolidated and separate annual audited financial statements. This report is the responsibility of the respective preparers. Based on reading this report we have not identified material inconsistencies between the report and the audited financial statements. However, we have not audited the report and accordingly do not express an opinion on the report.

Nexia SAB&T

Nexia SAB&T
Per: S.Kleovoulou
Registered Auditor
27 August 2012

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Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act of South Africa, 2008 to maintain adequate accounting records and are responsible for the content and integrity of the consolidated annual financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated annual 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 consolidated annual financial statements.

The consolidated annual 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 judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of 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 consolidated annual 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 28 February 2013 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 consolidated annual financial statements. The consolidated annual financial statements have been examined by the group's external auditors and their report is presented on page 3.

The consolidated annual financial statements set out on pages 5 to 33, which have been prepared on the going concern basis, were approved by the board of directors on 27 August 2012 and were signed on its behalf by:

Director	Director

Directors' Report

The directors submit their report for the year ended 29 February 2012.

1. Review of activities

Main business and operations

The group is engaged in investment holding and operates principally in South Africa.

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

2. Events after the reporting period

The directors are not aware of any matter or circumstance arising since the end of the financial year.

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. Directors

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

Name	Nationality
I.O Shongwe	South African
R.P Tsotetsi	South African
M. Nxumalo	South African
J. Mabena	South African
S. Mofokeng	South African

5. Interest in subsidiaries

Name of subsidiary	Net income (loss) after tax
Amalgum Investments 35 (Pty) Ltd	(15 256 887)
Amalgum Investments 36 (Pty) Ltd	29 623 014
Amalgum Investments 37 (Pty) Ltd	(11 970)
Amalgum Investments 64 (Pty) Ltd	(3 420)
Ceppwawu Pharmaceuticals Investments (Pty) Ltd	18 211
Ceppwawu Pharmaceuticals Investments 2 (Pty) Ltd	48 708 848
Inyanga Trading 214 (Pty) Ltd	11 719

Details of the group's investment in subsidiaries are set out in note 4.

6. Auditors

Nexia SAB&T will continue in office in accordance with section 90 of the Companies Act.

Directors' Report

7. Black Economic Empowerment Co-operation Agreement

Amalgum Investments 64 (Pty) Ltd

Nampak Limited has furnished Red Coral Investments 23 (Pty) Ltd with a Broad-Based Black Economic Empowerment deal as contemplated in the BEE Co-Operation Agreement. As a result Red Coral Investments 23 (Pty) Ltd issued 20.41% of their shares to Amalgum Investments 64 (Pty) Ltd.

Amalgum Investments 64 (Pty) Ltd has disclosed this investment at cost, and has not equity accounted this investment for consolidation purposes, due to the company not exercising significant influence over the voting rights of Red Coral Investments 23(Pty) Ltd.

Ceppwawu Investments (Pty) Ltd

(Registration number 1999/022473/07)
Consolidated Annual Financial Statements for the year ended 29 February 2012

Statement of Financial Position

		Group		Company	
Figures in Rand	Note(s)	2012	2011	2012	2011
Assets					
Non-Current Assets					
Goodwill	3	104 513	104 513	-	-
Investments in subsidiaries	4	-	-	3 551 680	3 551 680
Investments in associates	5	6 668 038	7 741 831	6 147 638	7 221 431
Loans to group companies	6	-	-	12 692 858	12 608 876
Loans to shareholders	7	983 468	-	983 468	-
Other financial assets	8	3 812 370 149	2 872 735 196	47 904 938	47 886 522
		3 820 126 168	**2 880 581 540**	**71 280 582**	**71 268 509**
Current Assets					
Current tax receivable		1 488 378	78 153	-	-
Trade and other receivables	10	18 356 782	20 326 020	20 983	-
Cash and cash equivalents	11	260 074 667	242 067 183	232 906 675	231 998 492
		279 919 827	**262 471 356**	**232 927 658**	**231 998 492**
Total Assets		**4 100 045 995**	**3 143 052 896**	**304 208 240**	**303 267 001**
Equity and Liabilities					
Equity					
Equity Attributable to Equity Holders of Parent					
Share capital	12	100	100	100	100
Reserves		1 317 888 486	914 834 458	(18 106 935)	(18 106 935)
Retained income		447 239 879	394 316 465	22 363 114	16 939 364
		1 765 128 465	1 309 151 023	4 256 279	(1 167 471)
Non-controlling interest		1 137 126 427	791 502 489	-	-
		2 902 254 892	**2 100 653 512**	**4 256 279**	**(1 167 471)**
Liabilities					
Non-Current Liabilities					
Preference share liability	13	625 255 647	598 118 046	-	-
Loans from group companies	6	-	-	273 145 765	277 066 245
Loans from shareholders	7	9 544 381	9 530 701	-	-
Other financial liabilities	14	18 106 935	71 520 561	18 106 935	18 106 935
Deferred tax	9	445 675 064	314 128 750	-	-
Other liabilities		526 056	486 000	526 056	486 000
		1 099 108 083	**993 784 058**	**291 778 756**	**295 659 180**
Current Liabilities					
Preference share liability	13	37 395 750	36 736 478	-	-
Other financial liabilities	14	52 561 880	-	-	-
Current tax payable		779 183	6 576 170	482 631	4 026 945
Trade and other payables	15	7 946 207	5 302 678	7 690 574	4 748 347
		98 683 020	**48 615 326**	**8 173 205**	**8 775 292**
Total Liabilities		**1 197 791 103**	**1 042 399 384**	**299 951 961**	**304 434 472**
Total Equity and Liabilities		**4 100 045 995**	**3 143 052 896**	**304 208 240**	**303 267 001**

Statement of Comprehensive Income

		Group		Company	
Figures in Rand	Note(s)	2012	2011	2012	2011
Profit from sale of Shares		-	4 177 056	-	-
Operating expenses		(3 767 177)	(1 064 434)	(3 383 170)	978 848
Operating (loss) profit		**(3 767 177)**	**3 112 622**	**(3 383 170)**	**978 848**
Investment revenue	16	60 232 832	61 381 174	12 547 113	16 493 692
Fair value adjustments	17	60 463 659	17 630 913	-	-
Income from equity accounted investments		(1 073 793)	3 972 555	(1 073 793)	3 972 555
Finance costs	18	(59 114 983)	(63 709 054)	(139 578)	(130 150)
Profit before taxation		**56 740 538**	**22 388 210**	**7 950 572**	**21 314 945**
Taxation	19	(11 210 638)	(5 648 830)	(2 526 822)	(1 472 067)
Profit for the year		**45 529 900**	**16 739 380**	**5 423 750**	**19 842 878**
Other comprehensive income:					
Available-for-sale financial assets adjustments		407 683 148	189 046 446	-	-
Taxation related to components of other comprehensive income		(57 075 641)	(26 466 503)	-	-
Other comprehensive income for the year net of taxation	20	**350 607 507**	**162 579 943**	-	-
Total comprehensive income		**396 137 407**	**179 319 323**	**5 423 750**	**19 842 878**
Total comprehensive income attributable to:					
Owners of the parent		403 530 921	188 944 600	5 423 750	19 842 878
Non-controlling interest		(7 393 514)	(9 625 277)	-	-
		396 137 407	**179 319 323**	**5 423 750**	**19 842 878**

Statement of Changes in Equity

Figures in Rand	Share capital	Contractual incentive reserve	Fair value adjustment assets-available-for-sale reserve	Total reserves	Retained income	Total attributable to equity holders of the group / company	Non-controlling interest	Total equity
Group								
Opening balance as previously reported	100	(18 106 935)	771 749 207	753 642 272	356 484 147	1 110 126 519	700 386 045	1 810 512 564
Adjustments								
Prior period error	-	-	(3 417 686)	(3 417 686)	-	(3 417 686)	-	(3 417 686)
Prior year adjustments	-	-	2 029 929	2 029 929	-	2 029 929	-	2 029 929
Balance at 01 March 2010 as restated	**100**	**(18 106 935)**	**770 361 450**	**752 254 515**	**356 484 147**	**1 108 738 762**	**700 386 045**	**1 809 124 807**
Changes in equity								
Total comprehensive income for the year	-	-	162 579 943	162 579 943	26 364 657	188 944 600	(9 625 277)	179 319 323
Share buy back	-	-	-	-	(3 849 923)	(3 849 923)	(3 628 561)	(7 478 484)
Effects of change in ownership	-	-	-	-	15 320 429	15 320 429	(15 320 429)	-
Fair Value Gains (Losses)	-	-	-	-	-	-	119 690 711	119 690 711
Other	-	-	-	-	(2 845)	(2 845)	-	(2 845)
Total changes	-	-	162 579 943	162 579 943	37 832 318	200 412 261	91 116 444	291 528 705
Balance at 01 March 2011	**100**	**(18 106 935)**	**932 941 393**	**914 834 458**	**394 316 465**	**1 309 151 023**	**791 502 489**	**2 100 653 512**
Changes in equity								
Total comprehensive income for the year	-	-	350 607 507	350 607 507	52 923 414	403 530 921	(7 393 514)	396 137 407
Fair value gains/ (losses)	-	-	-	-	-	-	353 017 452	353 017 452
Other	-	-	52 446 521	52 446 521	-	52 446 521	-	52 446 521
Total changes	-	-	403 054 028	403 054 028	52 923 414	455 977 442	345 623 938	801 601 380
Balance at 29 February 2012	**100**	**(18 106 935)**	**1 335 995 421**	**1 317 888 486**	**447 239 879**	**1 765 128 465**	**1 137 126 427**	**2 902 254 892**
Note(s)	12	20	20		20			

Statement of Changes in Equity

Figures in Rand	Share capital	Contractual incentive reserve	Fair value adjustment assets-available-for-sale reserve	Total reserves	Retained income	Total attributable to equity holders of the group / company	Minority interest	Total equity
Company								
Balance at 01 March 2010	**100**	**(18 106 935)**	-	**(18 106 935)**	**(2 903 514)**	**(21 010 349)**	-	**(21 010 349)**
Changes in equity								
Total comprehensive income for the year	-	-	-	-	19 842 878	19 842 878	-	19 842 878
Total changes	-	-	-	-	19 842 878	19 842 878	-	19 842 878
Balance at 01 March 2011	**100**	**(18 106 935)**	-	**(18 106 935)**	**16 939 364**	**(1 167 471)**	-	**(1 167 471)**
Changes in equity								
Total comprehensive income for the year	-	-	-	-	5 423 750	5 423 750	-	5 423 750
Total changes	-	-	-	-	5 423 750	5 423 750	-	5 423 750
Balance at 29 February 2012	**100**	**(18 106 935)**	-	**(18 106 935)**	**22 363 114**	**4 256 279**	-	**4 256 279**
Note(s)	12	20	20		20			

Ceppwawu Investments (Pty) Ltd
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Statement of Cash Flows

		Group		Company	
Figures in Rand	Note(s)	2012	2011	2012	2011
Cash flows from operating activities					
Cash used in operations	21	28 624 053	148 656 230	(461 926)	448 649
Interest income		13 605 391	17 283 868	12 547 113	16 493 692
Dividends received		46 627 441	44 097 306	-	-
Finance costs		(59 114 983)	(63 709 054)	(139 578)	(130 150)
Tax (paid) received	22	(9 952 938)	(82 566 850)	(6 071 136)	-
Net cash from operating activities		**19 788 964**	**63 761 500**	**5 874 473**	**16 812 191**
Cash flows from investing activities					
Movements from loans from group and related companies		-	-	(4 004 462)	(83 812 474)
Sale of financial assets		-	(112 933 744)	(18 416)	(37 050)
Net cash from investing activities		**-**	**(112 933 744)**	**(4 022 878)**	**(83 849 524)**
Cash flows from financing activities					
Repayment of other financial liabilities		(851 746)	(24 003 372)	-	-
Movement in other liabilities		40 056	-	40 056	-
Repayment of shareholders loan		(969 788)	(435 175)	(983 468)	-
Net cash from financing activities		**(1 781 478)**	**(24 438 547)**	**(943 412)**	**-**
Total cash movement for the year		**18 007 486**	**(73 610 791)**	**908 183**	**(67 037 333)**
Cash at the beginning of the year		242 067 183	315 677 974	231 998 492	299 035 825
Total cash at end of the year	11	**260 074 669**	**242 067 183**	**232 906 675**	**231 998 492**

Accounting Policies

1. Presentation of Consolidated Annual Financial Statements

The consolidated annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act of South Africa, 2008. The consolidated annual 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 Consolidation

Basis of consolidation

The consolidated annual financial statements incorporate the consolidated annual 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.

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

Adjustments are made when necessary to the consolidated annual financial statements of subsidiaries to bring their accounting policies in line with those of the group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

Transactions which result in changes in ownership levels, where the group has control of the subsidiary both before and after the transaction are regarded as equity transactions and are recognised directly in the statement of changes in equity.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the parent.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest.

Investment in associates

An associate is an entity over which the group has significant influence and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

An investment in associate is accounted for using the equity method, except when the investment is classified as held-for-sale in accordance with IFRS 5 Non-current Assets Held-For-Sale and discontinued operations. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost adjusted for post acquisition changes in the group's share of net assets of the associate, less any impairment losses.

Any goodwill on acquisition of an associate is included in the carrying amount of the investment, however, a gain on acquisition is recognised immediately in profit or loss.

Profits or losses on transactions between the group and an associate are eliminated to the extent of the group's interest therein.

When the group reduces its level of significant influence or loses significant influence, the group proportionately reclassifies the related items which were previously accumulated in equity through other comprehensive income to profit or loss as a reclassification adjustment. In such cases, if an investment remains, that investment is measured to fair value, with the fair value adjustment being recognised in profit or loss as part of the gain or loss on disposal.

Accounting Policies

1.2 Significant judgements

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

Trade receivables, Held to maturity investments and Loans and receivables

The group assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, 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, held to maturity investments and loans and 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.

Available-for-sale financial assets

The group follows the guidance of IAS 39 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgment. In making this judgment, the group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined by using valuation techniques. The group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. These may be significantly affected by a number of factors.

Accounting Policies

1.2 Significant judgements (continued)

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Fair Value of Investment in Associate

The group assesses the investment in associate at each statement of financial position date as indicated in note 2 of the consolidated annual financial statements. 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 and are accounted for by equity accounting these investments in the financial statements of the group as disclosed in note 1.4.

1.3 Investments in subsidiaries

Group annual financial statements

In the company's separate consolidated 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; plus
- 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.

1.4 Investments in associates

Company consolidated annual financial statements

An investment in an associate is accounted for using the cost less any accumulated impairment. Under the equity method, the investment is initially recognised at cost and the carrying amounts is increased or decreased to recognise the group's share of the profits or losses of the investee after acquisition date.

The use of the equity method is discontinued from the date the group ceases to have significant influence over an associate.

Any impairment losses are deducted from the carrying amount of the investment in associate. Distributions received from the associate reduce the carrying amount of the investment. Profits and losses resulting from transactions with associates are recognised only to the extent of unrelated investor's interests in the associate. The excess of the group's interest of the net fair value of an associate's identifiable assets, liabilities and contingent liabilities over the cost is accounted for as goodwill and is included in the carrying amount of the associate.

The excess of the group's share of the net fair value of an associate's identifiable assets, liabilities and contingent liabilities over the cost is excluded from the carrying amount of the investment and is instead included as income in the period in which the investment is acquired.

Accounting Policies

1.5 Financial instruments

Classification

The group classifies financial assets and financial liabilities into the following categories:
- Financial assets at fair value through profit or loss - designated
- Held-to-maturity investment
- 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.

Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

Subsequent measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Net gains or losses on the financial instruments at fair value through profit or loss exclude dividends and interest.

Dividend income is recognised in profit or loss as part of other income when the group's right to receive payment is established.

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

Held-to-maturity investments 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.

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

Accounting Policies

1.5 Financial instruments (continued)

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Financial instruments designated as available-for-sale

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe 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, at which time the cumulative gain and loss previously recognised in equity is included in the profit or loss for the period. Impairment losses recognised in profit and loss are for debt instruments classified as available for sale are subsequently reversed if an increasing the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

Loans to (from) group companies

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

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

These financial assets are classified as loans and receivables.

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 uncollected, 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.

Accounting Policies

1.5 Financial instruments (continued)

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.

Preference shares, which are mandatory redeemable on a specific date, are classified as liabilities.

The dividends on these preference shares are recognised in profit or loss as interest expense.

The fair value of the liability portion of a convertible instrument is determined using a market interest rate for an equivalent non-convertible instrument. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the instrument. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

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.

1.6 Tax

Current tax assets and liabilities

Current 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 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.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred 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).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred 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

1.6 Tax (continued)

Tax expenses

Current and deferred 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 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 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.

1.7 Impairment of assets

The group assesses at each 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.

Accounting Policies

1.8 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.

1.9 Preference share liability

Compulsory convertible preference shares are compound instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The difference between the proceeds of issue of the convertible instruments and the fair value assigned to the liability component, representing the embedded option to convert the liability into equity of the group, is included in equity.

Issue costs are apportioned between the liability and equity components of the compound instruments based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly against equity.

1.10 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 31.

1.11 Revenue

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.

Accounting Policies

1.11 Revenue (continued)

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 group'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.

Notes to the Consolidated Annual Financial Statements

	Group		Company	
Figures in Rand	2012	2011	2012	2011

2. New Standards and Interpretations

2.1 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 March 2012 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Details of amendments
• IFRS 9 Financial Instruments	01 January 2013	New standard that is the first part of a three-part project to replace IAS 39 Financial Instruments: Recognition and Measurement. The standard replaces the multiple classification and measurement models in IAS39 with a single model that has only two classifications categories: amortised cost and fair value.
• IFRS 7 Amendments to IFRS 7 (AC 144) Disclosures – Transfers of financial assets	01 July 2011	Amendments require additional disclosure on transfer transactions of financial assets, including the possible effects of any residual risks that the transferring entity retains. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period. Amendments require entities to disclose gross amounts subject to rights of set-off, amounts set off in accordance with the accounting standards followed, and the related net credit exposure. This information will help investors understand the extent to which an entity has set off in its balance sheet and the effects of rights of set-off on the entity's rights and obligations.
• IFRS 10 Consolidated Financial Statements	01 January 2013	Standard replaces the consolidation sections of IAS 27 Consolidated and Separate Financial Statements and SIC 12 Consolidation – Special Purpose Entities. The standard sets out a new definition of control, which exists only when an entity is exposed to, or has rights to, variable returns from its involvement with the entity, and has the ability to effect those returns through power over the investee
• IAS 27 Separate Financial Statements	01 January 2013	Transition requirements for amendments arising as a result of IAS 27 Consolidated and Separate Financial Statements. Consequential amendments resulting from the issue of IFRS 10, 11 and 12.
• IFRS 12 Disclosure of Interests in Other Entities	01 January 2013	
• IFRS 13 Fair Value Measurement	01 January 2013	New guidance on fair value measurement and disclosure requirements.
• IAS 1 Presentation of Financial Statements	01 July 2012	New requirements to group together items within OCI that may be reclassified to the profit or loss section of the income statement in order to facilitate the assessment of their impact on the overall performance of an entity.

Notes to the Consolidated Annual Financial Statements

3. Goodwill

Group	2012			2011		
	Cost	Accumulated impairment	Carrying value	Cost	Accumulated impairment	Carrying value
Goodwill	104 513	-	104 513	104 513	-	104 513

Reconciliation of goodwill - Group - 2012

	Opening balance	Total
Amalgum Investments 36 (Pty) Ltd	104 513	104 513

Reconciliation of goodwill - Group - 2011

	Opening balance	Total
Amalgum Investments 36 (Pty) Ltd	104 513	104 513

4. Investments in subsidiaries

Name of company	% holding 2012	% holding 2011	Carrying amount 2012	Carrying amount 2011
Amalgum Investments 35 (Pty) Ltd	100,00 %	100,00 %	120	120
Amalgum Investments 36 (Pty) Ltd	100,00 %	100,00 %	3 550 120	3 550 120
Ceppwawu Pharmaceuticals Investments Two (Pty) Ltd	100,00 %	100,00 %	100	100
Amalgum Investments 64 (Pty) Ltd	100,00 %	100,00 %	120	120
Inyanga Trading 214 (Pty) Ltd	100,00 %	100,00 %	100	100
Amalgum Investments 37 (Pty) Ltd	100,00 %	100,00 %	120	120
Ceppwawu Pharmaceuticals Investments (Pty) Ltd	100,00 %	100,00 %	1 000	1 000
			3 551 680	**3 551 680**

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

Notes to the Consolidated Annual Financial Statements

5. Investments in associates

Name of company	Listed / Unlisted	% holding 2012	% holding 2011	Carrying amount 2012	Carrying amount 2011	Fair value 2012	Fair value 2011
Old Priory Investments (Pty) Ltd	Unlisted	20,00 %	20,00 %	520 200	520 200	520 200	520 200
Tsela Industries (Pty) Ltd	Unlisted	26,00 %	26,00 %	-	-	-	-
Red Coral Investments 23 (Pty) Ltd	Unlisted	20,41 %	20,41 %	200	200	200	200
Cirebelle Innovative Beauty Wax (Pty) Ltd	Unlisted	22,00 %	22,00 %	220 000	220 000	167 152	220 000
Allegra Properties 3 (Pty) Ltd	Unlisted	50,00 %	50,00 %	5 980 486	7 001 431	5 980 486	7 001 431
				6 720 886	7 741 831	6 668 038	7 741 831

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

Fair value

The fair values, determined annually at end of the reporting period, were determined as follows:

- The fair values of listed or quoted investments are based on the quoted market price.
- The fair values on investments not listed or quoted on a stock exchange were based on the underlying net asset income consists solely on dividend income. During the period under review no dividends were received but management is reasonably certain that dividends will be received by the company in future periods commencing in the following financial year.

Associates with different reporting dates

The reporting date of the associate is not the same as company ends on 30 September each year which is different from the year end of Inyanga Trading 214 (Pty) Ltd. The associate company has got the same reporting date as the company in which it holds an interest.

Restrictions relating to associates

The associate Inyanga Trading 214 (Pty) Ltd, is unable to declare any dividends until it has re-paid a long-term loan to its financier, Nedbank Ltd.

Notes to the Consolidated Annual Financial Statements

6. Loans to (from) group companies

Subsidiaries

Amalgum Investments 35 (Pty) Ltd The shareholders have ceded, as security for the due and proper fulfillment by the company of all the terms and conditions of a preference share subscription agreement to be concluded between the company and the Industrial Development Corporation "IDC", all of their right, title and interest in and all amounts standing to the books of the company and to all amounts which may hereafter be credited to such shareholders' loans. The loans are interest-free and have no fixed repayment terms.	-	-	10 491 799	10 440 499
Amalgum Investments 36 (Pty) Ltd The above loan is unsecured, interest free and has no fixed terms of repayment.	-	-	1 446 638	1 446 763
Ceppwawu Pharmaceuticals Investments Two (Pty) Ltd The above loan is unsecured, interest free and has no fixed repayment terms.	-	-	(46 102 952)	(48 953 019)
Amalgum Investments 64 (Pty) Ltd The above loan is unsecured, interest free and has no fixed repayment terms.	-	-	52 976	44 426
Inyanga Trading 214 (Pty) Ltd The above loan is unsecured, interest free and has no fixed terms of repayment.	-	-	701 445	677 188
Amalgum Investments 37 (Pty) Ltd The above loan is unsecured, interest free and has no fixed terms of repayment.	-	-	(14 671 601)	(15 731 614)
Ceppwawu Pharmaceuticals Investments (Pty) Ltd The above loan is unsecured, interest free and has no fixed terms of repayment.	-	-	(212 371 212)	(212 381 612)
	-	**-**	**(260 452 907)**	**(264 457 369)**

Non-current assets	-	-	12 692 858	12 608 876
Non-current liabilities	-	-	(273 145 765)	(277 066 245)
	-	**-**	**(260 452 907)**	**(264 457 369)**

Credit quality of loans to group companies

The credit quality of loans to group companies that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. Historically this rating has been zero.

Notes to the Consolidated Annual Financial Statements

7. Loans to (from) shareholders/beneficiaries

Ceppwawu Development Trust The above loan is unsecured, interest free and has no fixed terms of repayment.	983 468	-	983 468	-
Little Swift 214 (Pty) Ltd	(3 329 354)	(3 329 354)	-	-
Blue Nightingale 169 (Pty) Ltd	(3 317 963)	(3 317 963)	-	-
Business Ventures 670 (Pty) Ltd	(2 897 064)	(2 883 384)	-	-
	(8 560 913)	**(9 530 701)**	**983 468**	**-**

The shareholders of Amalgum Investments 35 (Pty) Ltd have ceded, as security for the due and proper fulfillment of all the terms and conditions of a preference share subscription agreement concluded between the Industrial Development Corporation("IDC"), all of their right, title and interest in and to all amounts standing to the credit of their shareholder's loans in the books and to all amounts which may hereafter be credited to such shareholders' loans. The loans are interest free and have no fixed terms of repayment.

Non-current assets	983 468	-	983 468	-
Non-current liabilities	(9 544 381)	(9 530 701)	-	-
	(8 560 913)	**(9 530 701)**	**983 468**	**-**

8. Other financial assets

At fair value through profit or loss - designated				
Listed shares Aspen Pharmacare Holdings Ltd CPI 2 hold 2,074,225 (2011: 2,074,225) shares in Aspen at R108.65 (2011: R79.50) per share.	225 364 546	164 900 888	-	-

Notes to the Consolidated Annual Financial Statements

8. Other financial assets (continued)

Available-for-sale				
Listed shares	1 455 910 000	1 092 100 000	-	-
Aspen Pharmacare Holdings Ltd The ordinary shares consist of 13,400,000 ordinary shares, held by Imithi Investments (Pty) Ltd at R108.65 (2011: R79.50) per share. The shares were acquired at an intial cost of R11 per share. A 1% change in the share price will result in an increase or decrease in the fair value of the investment of R9,514,000.				
Listed shares	149 045 688	115 924 424	-	-
Transpaco Ltd 8,280,316 (2011: 8,280,316) ordinary shares are held in Transpaco Ltd held by Amalgum Invesmtents 36 (Pty) Ltd at R18.00 (2011: R14.00) per share.				
Unlisted shares	1 934 144 977	1 451 923 362	-	-
Aspen Preference Shares The preference shares comprise of 17,600,000 variable rate, convertible,cumulative shares,yielding dividends at a rate of Prime x (1-corporate tax rate).The shares are to be redeemed after 7 years and is held by Imithi Investments (Pty) Ltd.				
	3 539 100 665	**2 659 947 786**	**-**	**-**
Loans and receivables				
Letsema Investments (Pty) Ltd Contractual payments made in terms of their equity participation right.	45 378 903	45 378 903	45 378 903	45 378 903
Ceppwawu Union The above loan is unsecured, interest free and has no fixed terms of repayment.	2 445 574	2 436 894	2 445 574	2 436 894
Allegra Properties 3 (Pty) Ltd The above loan is unsecured, interest free and has no fixed terms of repayment.	80 461	70 725	80 461	70 725
	47 904 938	**47 886 522**	**47 904 938**	**47 886 522**
Total other financial assets	**3 812 370 149**	**2 872 735 196**	**47 904 938**	**47 886 522**

Non-current assets				
At fair value through profit or loss - designated	225 364 546	164 900 888	-	-
Available-for-sale	3 539 100 665	2 659 947 786	-	-
Loans and receivables	47 904 938	47 886 522	47 904 938	47 886 522
	3 812 370 149	**2 872 735 196**	**47 904 938**	**47 886 522**

Notes to the Consolidated Annual Financial Statements

8. Other financial assets (continued)

Fair value information

Financial assets at fair value through profit or loss are recognised at fair value, which is therefore equal to their carrying amounts.

Fair value hierarchy of financial assets at fair value through profit or loss

For financial assets recognised at fair value, disclosure is required of a fair value hierarchy which reflects the significance of the inputs used to make the measurements.

The group has not reclassified any financial assets from cost or amortised cost to fair value, or from fair value to cost or amortised cost during the current or prior year.

9. Deferred tax

Deferred tax asset

Accelerated capital allowances for tax purposes	(26 030 692)	(17 565 781)	-	-
Provision against equity	(404 133 685)	(285 689 258)	-	-
Revaluation, net of related depreciation	(15 510 687)	(10 873 711)	-	-
Tax losses available for set off against future taxable income	-	-	-	-
Other deferred tax	-	-	-	-
	(445 675 064)	**(314 128 750)**	**-**	**-**

Reconciliation of deferred tax asset (liability)

At beginning of the year	(314 128 750)	(269 202 757)	-	-
Originating temporary difference	(131 546 314)	(44 925 993)	-	-
	-	-	-	-
	(445 675 064)	**(314 128 750)**	**-**	**-**

10. Trade and other receivables

Trade receivables	712 890	677 802	-	-
Other receivables	17 643 892	19 648 218	20 983	-
	18 356 782	**20 326 020**	**20 983**	**-**

11. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	260 074 667	242 067 183	232 906 675	231 998 492

12. Share capital

Authorised				
1,000 Ordinary shares of R1 each	1 000	1 000	1 000	1 000
Issued				
100 Ordinary shares of R1 each	100	100	100	100

Notes to the Consolidated Annual Financial Statements

13. Preference share liability

Non-current liabilities	625 255 647	598 118 046	-	-
Current liabilities	37 395 750	36 736 478	-	-
	662 651 397	**634 854 524**	**-**	**-**

Convertible bond

13.4 million A-Class preference shares with a variable rate, redeemable, cumulative preference shares with a par value of R0.01 each having the terms and conditions set out in Annexure A to the empowerment acquisition agreement dated 16 March 2005: Par value R134,000 and a share premium of R134,160,599.

17.6million B-Class preference shares with a variable rate, redeemable, cumulative preference shares with a par value of R0.01 each having the terms and conditions set out in Annexure B to the empowerment acquisition agreement, dated 16 March 2005.

Par value R176,000.00 and a share premium of R376,640,000.

14. Other financial liabilities

Held at amortised cost				
Letsema Investments (Pty) Ltd Contractual amounts payable in terms of their equity participation right	18 106 935	18 106 935	18 106 935	18 106 935
Redeemable preference shares Other financial liabilities Consists of two categories of preference shares as follows in Amalgum Investments 36 (Pty) Ltd: 4,199,791 variable rate redeemable cumulative A preference shares. The rights, privileges and conditions attaching to these shares are set out in Annexure A to the BEECo subscription agreement. 3,312,126 variable rate redeemable cumulative B preference shares. The rights, privileges and conditions attaching to these shares are set out in Annexure B to the BEECo subscription agreement..	52 561 880	53 413 626	-	-
	70 668 815	**71 520 561**	**18 106 935**	**18 106 935**
Non-current liabilities				
At amortised cost	18 106 935	71 520 561	18 106 935	18 106 935
Current liabilities				
At amortised cost	52 561 880	-	-	-
	70 668 815	**71 520 561**	**18 106 935**	**18 106 935**

Notes to the Consolidated Annual Financial Statements

15. Trade and other payables

Trade payables	3 220 443	1 883 222	3 203 474	1 861 247
Other accrued expenses	1 600 000	-	1 600 000	-
Accrued expenses	201 664	497 355	-	-
Letsema Investments (Pty) Ltd	2 800 000	2 800 000	2 800 000	2 800 000
Accrued audit fees	124 100	122 101	87 100	87 100
	7 946 207	**5 302 678**	**7 690 574**	**4 748 347**

16. Investment revenue

Dividend revenue				
Listed financial assets - Local	46 627 441	44 097 306	-	-
Interest revenue				
Financial institutions	13 589 897	17 283 868	12 547 113	16 493 692
SARS	15 494	-	-	-
	13 605 391	**17 283 868**	**12 547 113**	**16 493 692**
	60 232 832	**61 381 174**	**12 547 113**	**16 493 692**

17. Fair value adjustments

Fair value through profit and loss	-	-	-	-
Other financial assets	60 463 659	17 630 913	-	-
	60 463 659	**17 630 913**	**-**	**-**

18. Finance costs

Non-current borrowings	-	-	-	-
Preference dividends	-	-	-	-
Available-for-sale debt instruments	4 735 549	5 436 473	-	-
Bank	139 578	8 679	139 578	8 679
Late payment of tax	-	121 471	-	121 471
Interest paid	54 239 856	58 132 246	-	-
Other interest paid	-	10 185	-	-
	59 114 983	**63 709 054**	**139 578**	**130 150**

19. Taxation

Major components of the tax expense

Current				
Local income tax - current period	2 526 822	1 472 067	2 526 822	1 472 067
Local income tax - recognised in current tax for prior periods	28 839	735 879	-	-
CGT	-	2 850 536	-	-
Current tax	190 065	277 449	-	-
	2 745 726	**5 335 931**	**2 526 822**	**1 472 067**
Deferred				
Originating and reversing temporary differences	8 464 912	310 566	-	-
Arising from prior period adjustments	-	2 333	-	-
	8 464 912	**312 899**	**-**	**-**
	11 210 638	**5 648 830**	**2 526 822**	**1 472 067**

Notes to the Consolidated Annual Financial Statements

	Group		Company	
Figures in Rand	2012	2011	2012	2011

20. Other comprehensive income

Components of other comprehensive income - Group - 2012

	Gross	Tax	Net
Available-for-sale financial assets adjustments			
Gains and losses arising during the year	407 683 148	(57 075 641)	350 607 507

Components of other comprehensive income - Group - 2011

	Gross	Tax	Net
Available-for-sale financial assets adjustments			
Gains and losses arising during the year	189 046 446	(26 466 503)	162 579 943

21. Cash generated from (used in) operations

	Group 2012	Group 2011	Company 2012	Company 2011
Profit before taxation	56 740 538	22 388 210	7 950 572	21 314 945
Adjustments for:				
Profit on sale of assets	-	(4 177 056)	-	-
Income from equity accounted investments	1 073 793	(3 972 555)	1 073 793	(3 972 555)
Dividends received	(46 627 441)	(44 097 306)	-	-
Interest received	(13 605 391)	(17 283 868)	(12 547 113)	(16 493 692)
Finance costs	59 114 983	63 709 054	139 578	130 150
Fair value adjustments	(60 463 659)	(17 630 913)	-	-
Other non-cash items	27 778 463	150 789 657	-	-
Changes in working capital:				
Trade and other receivables	1 969 238	(821 201)	(20 983)	-
Trade and other payables	2 643 529	(247 792)	2 942 227	(530 199)
	28 624 053	**148 656 230**	**(461 926)**	**448 649**

22. Tax (paid) refunded

	Group 2012	Group 2011	Company 2012	Company 2011
Balance at beginning of the year	(6 498 017)	(84 003 506)	(4 026 945)	(2 554 878)
Current tax for the year recognised in profit or loss	(2 745 726)	(5 335 931)	(2 526 822)	(1 472 067)
Adjustment in respect of businesses sold and acquired during the year including exchange rate movements	-	274 570	-	-
Balance at end of the year	(709 195)	6 498 017	482 631	4 026 945
	(9 952 938)	**(82 566 850)**	**(6 071 136)**	**-**

Notes to the Consolidated Annual Financial Statements

	Group		Company	
Figures in Rand	2012	2011	2012	2011

23. Related parties

Relationships	
Holding company	Ceppwawu Development Trust
Subsidiaries	Amalgum Investments 35 (Pty) Ltd
	Amalgum Investments 36 (Pty) Ltd
	Amalgum Investments 37 (Pty) Ltd
	Amalgum Investments 64 (Pty) Ltd
	Ceppwawu Pharmaceuticals Investments (Pty) Ltd
	Ceppwawu Pharmaceuticals Investments Two (Pty) Ltd
	Inyanga Trading 214 (Pty) Ltd
Associates	Allegra Properties 3 (Pty) Ltd
	Cirebelle Innovative Beauty Wax Solutions (Pty) Ltd
Members of key management	R.P Tsotetsi
	I.O Shongwe
	M.Nxumalo
	J.Mabena
	S.Mofokeng

Related party balances

Loan accounts - Owing to/(from) by related parties	Group 2012	Group 2011	Company 2012	Company 2011
Amalgum Investments 35 (Pty) Ltd	-	-	10 491 799	10 440 499
Amalgum Investments 36 (Pty) Ltd	-	-	1 446 638	1 446 763
Amalgum Investments 37 (Pty) Ltd	-	-	(14 671 601)	(15 731 614)
Amalgum Investments 64 (Pty) Ltd	-	-	52 976	44 426
Ceppwawu Pharmaceuticals Investments (Pty) Ltd	-	-	(212 371 212)	(212 381 612)
Ceppwawu Pharmaceuticals Investments Two (Pty) Ltd	-	-	(46 102 952)	(48 953 019)
Inyanga Trading 214 (Pty) Ltd	-	-	701 445	677 188
Allegra Properties 3 (Pty) Ltd	-	-	80 461	70 725
Tsela Industries (Pty) Ltd	-	-	-	-

Notes to the Consolidated Annual Financial Statements

	Group		Company	
Figures in Rand	2012	2011	2012	2011

24. 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 shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the group consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in notes 13, 6, 7, 14, cash and cash equivalents disclosed in note 11, and equity as disclosed in the statement of financial position.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholder, return capital to shareholder.

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, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Liquidity risk

The group's risk to liquidity is a result of the funds available to cover future commitments. The group manages liquidity risk through an ongoing review of future commitments and credit facilities.

Interest rate risk

The group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the group to fair value interest rate risk.

Credit risk

Credit risk is managed on a group basis.

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

Price risk

The group is exposed to equity securities price risk because of investments held by the group and classified on the consolidated statement of financial position either as available-for-sale or at fair value through profit or loss. The group is not exposed to commodity price risk.

Notes to the Consolidated Annual Financial Statements

	Group		Company	
Figures in Rand	2012	2011	2012	2011

25. Commitments and guarantees

Pledges of shares

The shareholders of Amalgum Investments 35 (Pty) Ltd have ceded and pledged to deliver to the IDC 999 ordinary shares held in Imithi Investments (Pty) Limited subject to clauses 1 and 2 of the "Pledge of shares" agreement, signed on 16 March 2005. The pledge shall lapse upon the shareholders extinguishing its total indebtedness to the IDC in respect of the said agreement, and thereupon the shareholders shall be entitled to the return of the shares hereby pledged and the IDC shall have no further claim against the shareholders with regard to the said agreement

Guarantees

The shareholders of Amalgum Investments 35 (Pty) Ltd have irrevocably guaranteed and undertaken as a principal and independent obligation in favour of the IDC that Imithi Investments (Proprietary) Limited ("the debtor") will fully, properly and punctually perform all of its obligations in terms of the Acquisition Agreement, whereof the IDC shall subscribe for 13.4 million redeemable, cumulative A preference shares and 17.6 million redeemable, cumulative B preference shares. The shareholders hereby irrevocably and unconditionally undertaken to perform on behalf of the debtor such obligations and indemnify and hold IDC harmless against any losses, damage, costs, expenses, or disbursements of whatsoever nature which the IDC may suffer as a result of such failure, refusal and/or negligence.

26. Contingent liability

The company is liable to pay Letsema Investments (Pty) Ltd a portion of the net realisable value gained in the group generated through Letsema's management of the various special purpose vehicles which is based on the management agreement entered into between the Ceppwawu Development Trust and Letsema Investments (Pty) Ltd.

This amount is payable when a dividend is declared by any of the subsidiaries in the group to Ceppwawu Investments (Pty Ltd. This value is based on 27,5% of the total dividend paid by the subsidiaries to its Holding company.

The amounts reflected below indicate the maximum amount payable, which have not been accrued for, by Ceppwawu to Letsema calculated on 27,5% of the net equity of that subsidiary:

Ceppwawu Pharmaceuticals Investment Two (Pty) Ltd	71 313 433	56 393 387
Amalgum Investments 35 (Pty) Ltd	331 699 264	230 855 046
Amalgum Investments 36 (Pty) Ltd	21 936 913	13 790 584
Inyanga Trading 214 (Pty) Ltd	140 584	137 388
Allegra Properties 3 (Pty) Ltd	1 644 620	1 925 394
Cirebelle Innovative Beauty Wax Solutions (Pty) Ltd	480 550	495 083
	427 215 364	**303 596 882**