

# STRATCORP

L I M I T E D



*(Registration number: 2000/031842/06)  
(Incorporated in the Republic of South Africa)  
JSE Code: STA • ISIN: ZAE 000 034 294  
("StratCorp" or "the Company")*



## 2011

**ABRIDGED  
AUDITED GROUP  
FINANCIAL RESULTS**

for the year ended 28 February 2011

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## CORPORATE INFORMATION

### **COUNTRY OF INCORPORATION**

South Africa

### **DIRECTORS**

PJ de Jongh (Chairman of the Board)\*  
DB Harington (Chief Executive Officer)  
JHP Engelbrecht (Group Financial Director)  
IM Wright (Chief Information Officer)  
MM Patel (Chairman of Audit Committee)+  
SR Firer+

\* Non-Executive Director  
+ Independent Non-Executive Director

### **SECRETARY**

JPJ Louw

### **COMPANY REGISTRATION NUMBER**

2000/031842/06

### **REGISTERED ADDRESS**

3<sup>rd</sup> Floor Lakeside Building A  
2004 Gordon Hood Drive  
Centurion  
0157

### **POSTAL ADDRESS**

PO Box 12022  
Centurion 0046

### **AUDITORS**

SAB&T Chartered Accountants Incorporated  
Registration number 1997/018869/21

### **TRANSFER SECRETARIES**

Computershare Investor Services (Proprietary) Limited

### **DESIGNATED ADVISER**

Vunani Corporate Finance

The full Annual Report is available on request and will also be published on the Company's website ([www.stratcorp.co.za](http://www.stratcorp.co.za)) on or about 7 June 2011.

StratCorp is an investment holding company, and through its subsidiaries, operates in market segments with high growth potential, especially in previously underserved areas.

The Company through its wholly owned subsidiaries, currently operates in four segments, namely Product Marketing and Distribution through ICI and I-Cura, Asset (Investment) Management through StratEquity, General Finance through StratFin and Property investments through StratCorp Property Holdings and its subsidiaries.

StratCorp was established in 2000 with its main focus then (through its StratEquity subsidiary) to provide expansion capital to developing companies and private equity through StratEquity's client base. Capital was raised from the client base who invested directly in these opportunities and StratCorp also took equity positions in some of these projects.

StratCorp furthermore invested in property development during 2006 in the form of the acquisition of Citadin Holdings Limited (whose name was subsequently changed to StratCorp Property Holdings Limited), at a time when the market was still buoyant. During 2008, the Company ceased all property developments because of the declining market which resulted from the global economic downturn, and no new property developments have been undertaken since then. StratCorp still has an investment in property assets, but these have been earmarked for disposal as soon as the market will allow for the profitable disposal thereof.

In 2007 the directors revisited the business models of StratCorp and its subsidiaries and decided to focus on its core business, being that of providing a distribution channel through a network of independent contractors to promote financial and consumer products, as well as providing these contractors the opportunity to establish and grow their own businesses with the support of these companies. The client network contributes a monthly subscription for a pre-selected product by way of debit order. The collected subscription is allocated between the products, life benefits, income sharing with the independent contractors and administration costs of the business.

The product range offered to the network was expanded in 2008 with the introduction of the I-Cura range of health and lifestyle products.

## *StratEquity and ICI Marketing*

StratEquity, as part of the focused approach decided on in 2007, changed its business model in April 2008 to no longer provide expansion capital to developing companies, but to manage investments on behalf of its clients. StratEquity is registered with the Financial Services Board as a Financial Services Provider in terms of the Financial Advisory and Intermediary Services Act.

The investment portion of the monthly subscription received from the client network is invested in (buying shares in) StratEquity Empowerment Investments 1 Limited and StratEquity Empowerment Investments 2 Limited, (two independent companies with their own Boards of Directors and Investment Committees). These two companies in turn invest in well established, JSE listed top 40 companies, high growth listed companies, Exchange Traded Funds, Money Market Investments and registered Collective Investment Schemes. Over the last 12 months, these companies earned returns of 14.7% and 8.2% respectively for its shareholders.

StratEquity has Management Agreements with these two independent companies and provide a range of administrative and investment services to them.

Through its ICI Marketing division, administration and infrastructural support is provided to its network of independent contractors. This includes:

- the promotion of the business opportunity and benefits to its network of independent contractors;
- marketing and training material to assist the contractors to grow their respective businesses; and
- administration and infrastructure support, assisting contractors with the collection of monthly subscriptions, payment of earnings etc, allowing the contractors to focus on their business.

ICI Marketing offers its member base the opportunity to own and grow their own businesses through the introduction of new members to the network, but at the same time also enjoy the financial benefits through the investment portion and membership benefits from the benefit portions of the monthly subscription. The target market for this business has predominantly been the LSM 4-7 group of income earners, with subscribers mainly

# COMMENTS ON RESULTS

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from the previously underserved population groups. StratEquity currently operates in South Africa and Swaziland.

The key drivers for StratEquity is to maintain and grow its client base, while at the same time offering value and services to the clients and network members by way of inter alia, the introduction of new products to the network, as well as managing its expenses tightly. StratEquity revised its product offering with effect from 1 May 2011 to provide clients with enhanced benefits, including inter alia, death, disability, retrenchment and hospital and other benefits through registered life benefit providers, in addition to the traditional investment portion.

**Revenue of the StratEquity group increased from R41.4 million for the 2010 year to R43.3 million in 2011 and from a loss after tax of R5.4 million for 2010 to a profit after tax of R3.9 million in 2011.**

## *I-Cura*

I-Cura operates on a similar basis as StratEquity, but provides its clients with health and lifestyle products. In addition, I-Cura opted to establish its footprint through a franchise type model on top of the network model, through the appointment of Master Distributors. The company currently has 93 distribution points.

This business grew by 223% in the past financial year as it established itself within its target market, which is similar to that of StratEquity. I-Cura currently operates in South Africa, Botswana and Kenya.

The key drivers for I-Cura is to maintain and grow its subscription client and network base, while at the same time offering excellent products at affordable prices, value and services to the network members by way of inter alia, the introduction of new products to the network, as well as managing its expenses tightly.

I-Cura's value proposition is unique and exciting. The technology developed and used by the Company together with the franchise style model creates the potential to operate globally.

**Revenue of the I-Cura group increased from R10.3 million for the 2010 year to R33.3 million in 2011, but the loss after tax increased from R0.8 million for 2010 to R1.1 million in 2011, mainly as a result of increased expenditure incurred by the Group to grow this business and to expand further into Africa. The major contributor to this loss for 2011 was the Kenyan operations which recorded a loss of R1.1 million after tax.**

## *StratFin*

StratFin provides asset backed finance of between R2 000 and R25 000 to clients, but higher amounts are considered from time to time. The focus of this business is on the quality of the lending book and a solid credit record before loans are advanced. The company constantly looks for new opportunities in the market to provide focused finance solutions to the consumer and business market in partnership with selected product providers.

**The total loan book of this subsidiary increased from R1.6 million in 2010 to R1.7 million in 2011. Total revenue (services rendered and interest income) increased from R0.2 million for 2010 to R0.4 million for 2011, but the loss after tax increased from R0.4 million in 2010 to R0.8 million for 2011. No provisions were required for bad debts for the year under review.**

## *Property Development*

The StratCorp property group was involved in residential property development and sales in the middle market segment (R300 000 to R500 000 price range), mainly in the Pretoria region. As part of its operations the Company acquired land and completed a number of developments. A decision was made in 2008 by the Board not to continue with any further property development projects and to sell off the land and residential units it owns. The residential units owned by this subsidiary have all been rented out to tenants, covering its costs until such time as they have been sold.

A dedicated sales team has been appointed to actively market the residential units, and the land is being offered to a number of developers. The objective is to sell off all the properties and land by end February 2012, settle all related debt and close this division.

**Revenue from this subsidiary, which consists of rental income on the residential units and proceeds on the disposal of residential units, decreased from R9.1 million in 2010 to R4.7 million in 2011, mainly as a result of the decrease in the number of residential units sold. The loss after tax decreased from R6.5 million in 2010 to R1.2 million in 2011.**

**Although it is management's intention to sell all property related assets the Company still owns, this will only be done if it is profitable to the Group.**

## OVERVIEW

During the year under review, trading conditions remained difficult. The operating profit before impairments, fair value adjustments and taxation ("net operating profit") of R0.5 million generated during the first 6 months increased to reflect a total net operating profit of R0.7 million for the full year, effectively resulting in a net operating profit of R0.2 million for the latter half of the financial year.

Revenue increased from R60.8 million in 2010 to R81.3 million in 2011, mainly due to the performance of the I-Cura division which increased revenue by 223% from R10.3 million in 2010 to R33.3 million in 2011. The net loss after tax decreased from R7.7 million in 2010 to R1.5 million in 2011.

## CASH FLOWS

The group's cash flow was still tightly managed in the period under review. Despite this, the Company spent money in support of immediate turnover wherever necessary as well as on identified future growth initiatives. Cash generated from operations increased from (R0.1 million) in 2010 to R4.9 million in 2011. This was mainly due to increased focus on cash flow. Infrastructural expenses (property, plant and equipment) decreased from R1.7 million to R1.3 million as a result of the prior year's spending to establish an infrastructure to cope with future growth. Although a net cash outflow of R3.3 million was recorded for the period, it is anticipated that a substantial portion of the cash with regards to the property operations will flow back to the Company in future.

Total borrowings at year end were R12.0 million (2010: R14.8 million).

## HUMAN RESOURCES

The company managed to fill a number of key positions in the past year and the current human resource infrastructure is adequate to ensure sustained operation and allow for future growth. The process is ongoing to find suitable candidates for some vacant key and other positions.

## CORPORATE GOVERNANCE, RISK AND COMPLIANCE

A detailed report on the past year's Corporate Governance compliance is included in the annual report. The Board fully supports the King Code and aims to ensure compliance therewith.

## CHANGES TO THE BOARD

Henk van der Merwe resigned as Financial Director at year end and Henk Engelbrecht was appointed as Financial Director in March 2011. There were no other changes to the Board during the financial year.

## SYSTEMS AND INFRASTRUCTURE

### Systems

The systems utilised by the Group are constantly evaluated and upgraded with the necessary safeguards in place to ensure that the operations of the Group are not hampered in any way.

# COMMENTS ON RESULTS

## Infrastructure

The control of the operations of the Group is centralised at its head office in Centurion. Limited decentralised management and marketing functions have taken effect as a result of the establishment of branch offices across the country and neighbouring countries.

## PROSPECTS

General market conditions are expected to remain sluggish for at least the first half of the new financial year. However, a number of exciting product changes and changes in the business offerings to the independent contractors in two of the subsidiaries, should result in a turnaround from the losses incurred in the past three years. In terms of the Listings Requirements of the JSE Limited, this statement constitutes a profit forecast and the Company accordingly advises that this statement has not been reviewed or reported on by the Company's auditors.

## Strategy

The Board has decided to concentrate most of its expansion and management efforts in the next financial year towards ensuring that the two main operating subsidiaries, StratEquity and I-Cura, become long term sustainable and profitable business units.

The property division's activities will be concentrated on the disposal of its assets, whereafter all property related business operations will cease.

There are long term plans to expand the business of the General Finance (StratFin) subsidiary, but with most of the focus being concentrated on StratEquity and I-Cura this year, limited expansion efforts will be given to StratFin.

## FINANCIAL REVIEW

The consolidated turnover of the Group increased by 34.0% to R81.3 million in 2011 (2010: R60.8 million).

For comparison purposes, the salient performance measures of the preceding five years are indicated in the table below:

	2007	2008	2009	2010	2011
Revenue - R'000	50 192	82 943	74 333	60 821	<b>81 270</b>
Net profit/(loss) after tax - R'000	17 532	7 944	(22 875)	(7 744)	<b>(1 488)</b>
EPS - cents	17.22	7.81	(22.60)	(4.89)	<b>(0.94)</b>
HEPS - cents	17.22	7.79	(20.39)	(5.03)	<b>(0.94)</b>
NAVPS - cents	33.9	41.1	29.1	24.2	<b>20.0</b>

## GENERAL

The Board of Directors have approved these audited consolidated results. On behalf of the Board, I wish to thank our management team, personnel, stakeholders and shareholders for their valuable input and support over the past year.

On behalf of the Board.

**D B Harington**  
**Chief Executive Officer**  
**19 May 2011**

## Directors' interest in shares

As at 28 February 2011 the direct and indirect beneficial interests of the directors in the Company's issued shares were as follows:

	<i>Beneficial - Direct</i>		<i>Beneficial - Indirect***</i>	
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
<b>Ordinary Shares</b>				
- PJ de Jongh	<b>1 000 000</b>	1 000 000	-	-
- DB Harington	<b>23 302 951</b>	21 751 274	<b>18 708 168</b>	18 708 168
- HJ van der Merwe*	<b>58 000</b>	58 000	<b>6 651 678</b>	5 100 000
- IM Wright	<b>6 430 845</b>	4 879 167	-	-
- MM Patel	-	-	-	-
- SR Firer	-	-	-	-
- JHP Engelbrecht**	-	-	-	-
<b>Total</b>	<b>30 791 796</b>	<b>27 688 441</b>	<b>25 359 846</b>	<b>23 808 168</b>

\* Resigned 28 February 2011

\*\* Appointed 14 March 2011

\*\*\* Shares held indirectly via the Sonwe Trust (18 687 547) and spouse (20 621) for DB Harington, and the Kingfisher Discretionary Trust (5 100 000) and spouse (1 551 678) for HJ van der Merwe.

There has been no change in the directors' interests in the Company in the period from 28 February 2011 to the date of this report, except for HJ van der Merwe who, subsequent to year-end, forfeited his shares to the StratCorp Share Incentive Trust in terms of the scheme when he resigned.

## Major Shareholders

According to the records of the Company, the only shareholder registered as holding five per cent or more of the Company's shares at 28 February 2011, other than the directors and their associates are the following:

	<i>% of total issued shares</i>		<i>Number of shares</i>	
	<i>2011</i>	<i>2010</i>	<i>2011</i>	<i>2010</i>
Kose-Kose Investments Limited	<b>34.98</b>	34.98	<b>63 072 840</b>	63 072 840

## Shareholder Analysis

	<i>Number of shareholders</i>	<i>Number of ordinary shares</i>	<i>Percentage of issued ordinary share capital</i>
Public Shareholders	13 629	49 065 775	27.21
Non Public Shareholders	12	131 230 555	72.79
- Directors and their associates	7	56 148 642	31.15
- Senior management	3	4 974 340	2.76
- Shareholders holding 10% or more	1	63 072 840	34.98
- StratCorp Share Incentive Trust	1	5 753 531	3.19
- Treasury shares	1	1 281 202	0.71
<b>Total</b>	<b>13 654</b>	<b>180 296 330</b>	<b>100.00</b>

# *DIRECTORS' RESPONSIBILITY STATEMENT*

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The directors are required by the Companies Act of South Africa, Act 71 of 2008, to maintain adequate accounting records and are responsible for the content and integrity of the annual company and group financial statements and related financial information included in this report. It is their responsibility to ensure that the annual company and group 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 annual company and group financial statements.

The annual company and group 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 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 annual company and group 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 2012 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.

***DB Harington***  
***Chief Executive Offer***  
***19 May 2011***

***JHP Engelbrecht***  
***Group Financial Director***  
***19 May 2011***

# CONSOLIDATED GROUP STATEMENT OF FINANCIAL POSITION

Figures in Rand	<b>2011</b>	<b>2010</b>
<b>Assets</b>		
<b>Non-Current Assets</b>		
Investment property	<b>394 737</b>	877 193
Property, plant and equipment	<b>5 687 844</b>	6 120 559
Goodwill	<b>1 317 953</b>	1 317 953
Intangible assets	<b>3 106 275</b>	1 938 015
Investments in associates	<b>1 793 659</b>	976 671
Other financial assets	<b>46 484</b>	5 824 572
Deferred tax	<b>11 587 732</b>	9 103 000
Finance lease receivables	<b>484 559</b>	478 113
	<b>24 419 243</b>	<b>26 636 076</b>
<b>Current Assets</b>		
Inventories	<b>37 525 524</b>	36 748 967
Loans to associates	-	162 567
Other financial assets	<b>1 032 574</b>	1 243 281
Finance lease receivables	<b>405 809</b>	282 478
Trade and other receivables	<b>6 566 429</b>	4 419 983
Cash and cash equivalents	<b>362 304</b>	196 270
	<b>45 892 640</b>	<b>43 053 546</b>
Assets of discontinued operations	<b>23 601</b>	-
<b>Total Assets</b>	<b>70 335 484</b>	<b>69 689 622</b>

# CONSOLIDATED GROUP STATEMENT OF FINANCIAL POSITION

Figures in Rand	2011	2010
<b>Equity and Liabilities</b>		
<b>Equity</b>		
Share capital	43 640 846	43 640 846
Reserves	(10 763)	-
Accumulated loss	(12 011 558)	(5 340 149)
	<b>31 618 525</b>	<b>38 300 697</b>
<b>Non-Current Liabilities</b>		
Other financial liabilities	10 632 595	-
Finance lease obligation	586 896	828 595
Deferred tax	2 392 226	843 877
	<b>13 611 717</b>	<b>1 672 472</b>
<b>Current Liabilities</b>		
Other financial liabilities	328 586	12 647 780
Current tax payable	23 223	458 214
Finance lease obligation	494 042	1 307 378
Operating lease liability	449 849	825 248
Trade and other payables	14 680 132	8 848 084
Bank overdraft	9 053 762	5 629 749
	<b>25 029 594</b>	<b>29 716 453</b>
Liabilities of discontinued operations	75 648	-
<b>Total Liabilities</b>	<b>38 716 959</b>	<b>31 388 925</b>
<b>Total Equity and Liabilities</b>	<b>70 335 484</b>	<b>69 689 622</b>

# CONSOLIDATED GROUP STATEMENT OF COMPREHENSIVE INCOME

Figures in Rands	2011	2010
<b>Continuing operations</b>		
Revenue	81 270 581	60 820 985
Cost of sales	(31 515 804)	(37 317 656)
<b>Gross profit</b>	<b>49 754 777</b>	<b>23 503 329</b>
Other income	924 480	359 696
Operating expenses	(50 402 920)	(35 667 296)
(Impairment) and reversal of impairment of loans receivable	378 002	(501 000)
<b>Operating profit (loss)</b>	<b>654 339</b>	<b>(12 305 271)</b>
Investment revenue	300 959	479 754
Fair value adjustments	(3 723)	550 815
Income from equity accounted investments	816 988	726 671
Finance costs	(3 168 825)	(689 609)
<b>Loss before taxation</b>	<b>(1 400 262)</b>	<b>(11 237 640)</b>
Taxation	147 873	3 493 769
<b>Loss from continuing operations</b>	<b>(1 252 389)</b>	<b>(7 743 871)</b>
<b>Discontinued operations</b>		
Loss from discontinued operations	(235 707)	-
<b>Loss for the year</b>	<b>(1 488 096)</b>	<b>(7 743 871)</b>
<b>Other comprehensive income:</b>		
Exchange differences on translating foreign operations	(15 194)	-
Net loss on financial assets designated as at fair value through other comprehensive income	(6 027 108)	-
Taxation related to components of other comprehensive income	848 226	-
<b>Other comprehensive loss for the year net of taxation</b>	<b>(5 194 076)</b>	<b>-</b>
<b>Total comprehensive loss</b>	<b>(6 682 172)</b>	<b>(7 743 871)</b>
<b>Net loss attributable to:</b>		
<b>Owners of the parent:</b>		
Loss for the year from continuing operations	(1 252 389)	(7 743 871)
Loss for the year from discontinuing operations	(235 707)	-
<b>Loss for the year attributable to owners of the parent</b>	<b>(1 488 096)</b>	<b>(7 743 871)</b>
<b>Total comprehensive loss attributable to owners of the parent</b>	<b>(6 682 172)</b>	<b>(7 743 871)</b>
<b>Earnings per share (cents)</b>		
<b>From continuing and discontinued operations</b>		
Basic loss per share	(0,94)	(4,89)
<b>From continuing operations</b>	<b>(0,80)</b>	(4,89)
<b>From discontinued operations</b>	<b>(0,14)</b>	-
<b>Headline loss per share</b>	<b>(0,94)</b>	(5,03)
<b>Reconciliation between earnings (loss) and headline earnings (loss)</b>		
Basic earnings (loss)	(1 488 096)	(7 743 871)
<b>Adjusted for:</b>		
Impairment or profit / loss on disposal of property plant and equipment	47 761	4 679
- Tax effect thereon	(6 687)	(1 311)
Fair value adjustments or profit / loss on disposal of investment properties	(43 940)	(257 433)
- Tax effect thereon	6 152	36 041
	<b>(1 484 810)</b>	<b>(7 961 895)</b>

# CONSOLIDATED GROUP STATEMENT OF CHANGES IN EQUITY

Figures in Rand	<i>Share capital</i>	<i>Foreign currency translation reserve</i>	<i>Financial assets fair value adjustments reserve</i>	<i>Total reserves</i>	<i>Accumulated loss</i>	<i>Total equity</i>
<b>Balance at 01 March 2009</b>	<b>43 642 232</b>	-	-	-	<b>2 403 722</b>	<b>46 045 954</b>
<i>Changes in equity</i>						
Total comprehensive income for the year	-	-	-	-	(7 743 871)	(7 743 871)
Purchase of treasury shares	(1 386)	-	-	-	-	(1 386)
Total changes	(1 386)	-	-	-	(7 743 871)	(7 745 257)
<b>Balance at 01 March 2010</b>	<b>43 640 846</b>	-	-	-	<b>(5 340 149)</b>	<b>38 300 697</b>
<i>Changes in equity</i>						
Total comprehensive income for the year	-	(10 763)	(5 183 313)	(5 194 076)	(1 488 096)	(6 682 172)
Transferred to accumulated loss	-	-	5 183 313	5 183 313	(5 183 313)	-
Total changes	-	(10 763)	-	(10 763)	(6 671 409)	(6 682 172)
<b>Balance at 28 February 2011</b>	<b>43 640 846</b>	<b>(10 763)</b>	-	<b>(10 763)</b>	<b>(12 011 558)</b>	<b>31 618 525</b>

# CONSOLIDATED GROUP STATEMENT OF CASH FLOW

Figures in Rand	<b>2011</b>	<b>2010</b>
<b><i>Cash flows from operating activities</i></b>		
Cash receipts from customers	<b>79 134 699</b>	60 103 766
Cash paid to suppliers and employees	<b>(74 270 533)</b>	(60 234 433)
Cash generated / (used) in operations	<b>4 864 166</b>	(130 667)
Interest income	<b>103 000</b>	365 927
Finance costs	<b>(3 014 275)</b>	(419 901)
Tax (paid) received	<b>(460 533)</b>	4 264 826
Cash flows from discontinued operations	<b>(113 719)</b>	-
<b><i>Net cash from operating activities</i></b>	<b>1 378 639</b>	<b>4 080 185</b>
<b><i>Cash flows from investing activities</i></b>		
Purchase of property, plant and equipment	<b>(1 347 640)</b>	(1 746 541)
Sale of property, plant and equipment	<b>293 701</b>	98 987
Purchase of investment property	-	(57 807)
Sale of investment property	<b>438 516</b>	-
Purchase of other intangible assets	<b>(1 691 726)</b>	(985 169)
Loans to group companies repaid	<b>162 567</b>	-
Loans advanced to group companies	-	(162 567)
Purchase of financial assets	-	(516 918)
Sale of financial assets	<b>335 966</b>	184 662
<b><i>Net cash from investing activities</i></b>	<b>(1 808 616)</b>	<b>(3 185 353)</b>
<b><i>Cash flows from financing activities</i></b>		
Reduction of share capital or buy back of shares	-	(1 386)
Repayment of other financial liabilities	<b>(1 686 599)</b>	(7 720 828)
Finance lease liability payments	<b>(1 209 585)</b>	(553 046)
Finance lease assets receipts / (payments)	<b>68 182</b>	(237 460)
<b><i>Net cash from financing activities</i></b>	<b>(2 828 002)</b>	<b>(8 512 720)</b>
Total cash movement for the year	<b>(3 257 979)</b>	(7 617 888)
Cash and cash equivalents at the beginning of the year	<b>(5 433 479)</b>	2 184 409
<b><i>Total cash and cash equivalents at end of the year</i></b>	<b>(8 691 458)</b>	<b>(5 433 479)</b>

# CONSOLIDATED GROUP SEGMENTAL ANALYSIS

Figures in Rand	2011	2010
<b>Revenue</b>		
StratEquity and ICI	43 333 896	41 358 708
I-Cura	33 312 013	10 302 596
StratFin	75 886	22 256
Property development	4 665 080	9 123 926
Other	432 897	375 099
	<b>81 819 772</b>	<b>61 182 585</b>
Inter segment eliminations	(549 191)	(361 600)
Continuing operations	81 270 581	60 820 985
Discontinued operations	1 092 382	-
	<b>82 362 963</b>	<b>60 820 985</b>
<b>Profit / (loss) after tax</b>		
StratEquity and ICI	3 911 146	(5 422 770)
I-Cura	(1 147 380)	(799 105)
StratFin	(799 288)	(432 583)
Property development	(1 238 664)	(6 456 064)
Corporate	(8 541 718)	3 580 715
Other	406 611	(2 493)
Inter segment eliminations	6 156 904	1 788 429
<b>Continuing Operations</b>	<b>(1 252 389)</b>	<b>(7 743 871)</b>
<b>Discontinued Operations</b>	<b>(235 707)</b>	<b>-</b>
	<b>(1 488 096)</b>	<b>(7 743 871)</b>
<b>Segment assets</b>		
StratEquity and ICI	3 700 554	5 488 115
I-Cura	6 015 338	1 442 381
StratFin	1 887 854	1 575 837
Property development	41 084 124	41 235 181
Corporate	17 646 468	19 806 004
Other	1 146	142 104
	<b>70 335 484</b>	<b>69 689 622</b>
<b>Segment liabilities</b>		
StratEquity and ICI	4 810 975	2 634 987
I-Cura	3 528 612	1 039 007
StratFin	89 815	107 381
Property Development	21 398 725	19 141 669
Corporate	8 888 813	8 465 881
Other	-	-
	<b>38 716 959</b>	<b>31 388 925</b>

## **BASIS OF PREPARATION OF THE AUDITED RESULTS**

### *Statement of compliance*

The abridged audited group financial results comprise a consolidated statement of financial position at 28 February 2011, a consolidated statement of comprehensive income, consolidated statement of changes in equity and summarised consolidated statement of cash flow for the year ended 28 February 2011. The audited group financial results have been prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS"), the AC500 standards as issued by the Accounting Practices Board, the presentation and disclosure requirements of IAS34 - Interim Financial reporting, the JSE Listings Requirements and the South African Companies Act 61 of 1973.

The accounting policies applied for the year are consistent with those of the prior year, except for the early adoption of IFRS 9 with regard to the classification and measurement of financial assets. The Annual Financial Statements of the company and group provides further detail of the financial effects of the above early adoption on the financial results of the company and group.

The financial statements have been prepared on the historical cost basis, except in the case of financial instruments which are measured using fair value and amortised cost models, and investment properties that are measured at fair value.

## **AUDIT OPINION**

The Annual Financial Statements of the company and group have been audited by SAB&T Chartered Accountants Inc. The Annual Financial Statements and the auditors' unqualified audit report in respect thereof are available for inspection at the company's registered office.

## **RECLASSIFICATION OF COMPARITIVE FIGURES**

The comparative figures for other financial assets have been reclassified between current and non-current assets as a result of the early adoption of IFRS 9. The effect of this reclassification on the Statement of Financial Position as at 28 February 2010 can be summarised as follows:

-Other financial assets - non-current (previous)	155 368
-Other financial assets - non-current (reclass)	5 824 572
-Other financial assets - current (previous)	6 924 485
-Other financial assets - current (reclass)	1 243 281

Deferred tax assets and liabilities are no longer netted of in the Statement of Financial Position as deferred tax assets and liabilities does not relate to the same entities in the group nor does it relate to the same asset and liability giving rise to the deferred tax balance. The effect of this reclassification on the Statement of Financial Position as at 28 February 2010 can be summarised as follows:

-Deferred tax assets (previous)	8 259 123
-Deferred tax assets (reclass)	9 103 000
-Deferred tax liabilities (previous)	-
-Deferred tax liabilities (reclass)	(843 877)

## **DIVIDENDS**

No dividends have been declared.

## **STATEMENT ON GOING CONCERN**

The annual group financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. The directors constantly review the business models of the group and its operating subsidiaries to ensure sustainability and the ability to operate profitably and generate positive cash flows. Funding facilities are also reviewed regularly to ensure that the group has sufficient facilities in place to finance its operations.

# NOTES TO ANNUAL RESULTS

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The directors have satisfied themselves that the Company and group is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements.

## **LITIGATION**

The directors are not aware of any legal or arbitral proceedings, pending or threatened against the group, which may have or have had, in the 12 months preceding the date of this report, a material effect on the group's financial position.

## **SHARE CAPITAL**

The authorised share capital of the Company comprises 400 000 000 no par value shares. The issued share capital comprises 180 296 330 no par value shares.

# NOTICE OF ANNUAL GENERAL MEETING

## **STRATCORP LIMITED**

(Incorporated in the Republic of South Africa)  
(Registration number 2000/031842/06)  
JSE code: STA  
ISIN: ZAE00034294  
("StratCorp" or "the Company")

## **ELEVENTH ANNUAL GENERAL MEETING**

If you are in any doubt as to what action to take in regard to this notice, please consult your Central Securities Depository Participant ("CSDP"), broker, banker, accountant, attorney or other professional adviser immediately and refer to the instructions set out at the conclusion of this notice.

### **NOTICE IS HEREBY GIVEN THAT THE ELEVENTH ANNUAL GENERAL MEETING OF SHAREHOLDERS OF STRATCORP LIMITED ("THE COMPANY") WILL BE HELD AT THE 3<sup>RD</sup> FLOOR, LAKESIDE BUILDING A, 2004 GORDON HOOD DRIVE, CENTURION ON FRIDAY, 8 JULY 2011 AT 10:00**

Shareholders are reminded that:

- a shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies to attend, participate in and vote at the meeting in the place of the shareholder, by making use of the proxy form attached to the notice;
- a proxy need not also be a shareholder of the Company;
- in terms of section 63(1) of the Companies Act 71 of 2008 as amended ("the Companies Act") any person attending or participating in a meeting of shareholders must present reasonably satisfactory identification and the person presiding at the meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as shareholder or as proxy for a shareholder) has been reasonably verified;
- In terms of the Listings Requirements of the JSE any shares held by the StratCorp Limited Share Incentive Scheme will not have their votes taken into account in determining the results of voting on Special Resolution 1 and Ordinary Resolution 9 tabled thereat; and
- Treasury shares will not have their votes taken into account in determining the results of voting on any of the resolutions set out in paragraphs 1.1 to 1.11 below.

The purpose of the meeting is to:

- present the directors' report and the audited annual financial statements of the Company and the Group for the year ended 28 February 2011;
- present the audit committee report;
- consider any matters raised by shareholders; and
- consider and if deemed fit to pass, with or without modification, the resolutions set out below:

### **1.1 Ordinary Resolution 1**

To receive and adopt the audited financial statements of the Company, including the report of the directors and the audit committee, and the external auditors, for the year ended 28 February 2011.

#### *Voting*

In order for this resolution to be adopted, the support of a majority of votes cast by shareholders present or represented by proxy at this meeting is required.

### **1.2 Ordinary Resolution 2**

To re-appoint SAB&T Chartered Accountants Inc as the independent registered auditors of the Company, such auditors having been nominated by the Company's audit committee in terms of section 94(7)(a) of the Companies Act, and to note Mr B Adam as the registered individual auditor who will undertake the audit of the Company for the ensuing year.

# NOTICE OF ANNUAL GENERAL MEETING

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## *Voting*

In order for this resolution to be adopted, the support of a majority of votes cast by shareholders present or represented by proxy at this meeting is required.

### **1.3 Ordinary Resolution 3**

To re-appoint Mitesh Mohanlal (Mitesh) Patel who, retiring as a non-executive director of the Company by rotation in accordance with the Company's articles of association, but being eligible, offers himself for re-appointment in this capacity.

#### **Mitesh Mohanlal Patel (37) (CA (SA)) – (Non-Executive)**

Mitesh qualified as a Chartered Accountant in 2002. He has been in the audit and advisory profession for the past 12 years. Mitesh is the chairperson for African Cellular Towers and the chairperson of the audit committees of PSV Holdings Limited, Wearne Limited and StratCorp Limited.

## *Voting*

In order for this resolution to be adopted, the support of a majority of votes cast by shareholders present or represented by proxy at this meeting is required.

### **1.4 Ordinary Resolution 4**

To re-appoint Petrus Johannes (Piet) De Jongh who, retiring as a non-executive director of the Company by rotation in accordance with the Company's articles of association, but being eligible, offers himself for re-appointment in this capacity.

#### **Petrus Johannes de Jongh (66) (MComm) - (Non-Executive - Chairman)**

After completing his studies, Piet was employed by Saambou Building Society. In 1970 he accepted a position as lecturer in economics at the University of Pretoria. In 1976 he was appointed by Finansbank and in 1978 by Volkskas Industrial Bank Limited, where he was appointed as assistant general manager and in 1989, he was promoted to managing director. As managing director he was responsible for the development of the bank with an asset value of R1 billion. He was also appointed as the president of the Association of General Banks during this period. He initiated the take over and establishment of MLS Bank and General Motors Acceptance Corporation into a new subsidiary, Transfin (Pty) Ltd. Piet negotiated the change of Volkskas Industrial Bank from an Industrial Finance Bank to a Wholesale Retail Motor Bank.

In 1990, Piet was appointed as general manager with Volkskas in the Local Treasury Department where he was responsible for the total financing of the Volkskas Group. In 1991 he accepted the challenge to establish Absa's Settlement House and in 1992, he was appointed as chief executive officer of the Eskom Pension Fund where he was responsible for the increase of funds from R4 billion to R8.5 billion.

Piet established his own company in 1995, namely Fernhout & De Jongh, which acted as portfolio managers. During this period he was also a founder, director and chairman of the PSG Group of Companies, from which he retired in 1998.

Piet has extensive knowledge in theory and practise over a broad economic spectrum, and has in-depth knowledge of equity and bond markets. As chairman of StratCorp, he advises the board on a wide range of matters.

## *Voting*

In order for this resolution to be adopted, the support of a majority of votes cast by shareholders present or represented by proxy at this meeting is required.

## 1.5 Ordinary Resolution 5

To ratify the appointment of Johannes Hendrik Petrus (Henk) Engelbrecht who joined the board of directors as group financial director on 14 March 2011.

### **Johannes Hendrik Petrus Engelbrecht (46) (CA (SA)) – (Executive)**

Henk qualified as a Chartered Accountant in 1988 and articulated at KPMG, where he was employed from 1983 to 1990, the latter years as group audit manager. He then joined the investment banking and corporate finance team of ABSA Merchant Bank until 1999, before accepting an opportunity at Grindrod Bank to establish a corporate finance team with an erstwhile colleague. In 2008 he was approached by Vunani Corporate Finance to join their team, where he remained until March 2011 when he was appointed as financial director of StratCorp.

During his years in corporate finance and investment banking, Henk gained experience in strategic management and corporate governance aspect of a spectrum of businesses, having inter alia attended strategy sessions, audit and risk committee, and board meetings of various clients.

#### *Voting*

In order for this resolution to be adopted, the support of a majority of votes cast by shareholders present or represented by proxy at this meeting is required.

## 1.6 Ordinary Resolution 6

To re-elect Mitesh Mohanlal (Mitesh) Patel as member of the Company's audit committee.

#### *Voting*

In order for this resolution to be adopted, the support of a majority of votes cast by shareholders present or represented by proxy at this meeting is required.

## 1.7 Ordinary Resolution 7

To re-elect Steven Ronald (Steven) Firer as member of the Company's audit committee.

### **Professor Steven Ronald Firer (52) (CA(SA)) – (Non-Executive)**

Steven holds the following degrees:

- Bachelor of Commerce – University of Natal (Durban): 1982
- Bachelor of Accounting Science Honours – University of South Africa: 1983
- Masters in Business Administration – Charles Sturt University (Australia): 2001
- Doctor of Business Administration – University of Natal (Durban): 2003
- IFRS Diploma (ACCA): 2007

Steven is a qualified Chartered Accountant (CA(SA)), registered with the JSE as an IFRS advisor and a financial accounting professor at Monash University.

#### *Voting*

In order for this resolution to be adopted, the support of a majority of votes cast by shareholders present or represented by proxy at this meeting is required.

# NOTICE OF ANNUAL GENERAL MEETING

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## 1.8 Ordinary Resolution 8

To authorise the directors to allot and issue at their discretion all the unissued but authorised ordinary shares in the share capital of the Company and/or grant options to subscribe for the unissued shares, for such purpose and on such terms and conditions as they may determine, provided that such transaction(s) are entered into subject to the JSE Listings Requirements.

### *Voting*

In order for this resolution to be adopted, the support of a majority of votes cast by shareholders present or represented by proxy at this meeting is required.

## 1.9 Ordinary Resolution 9

“Resolved that in terms of the Listings Requirements of the JSE, the mandate given to the directors of the company in terms of a general authority to issue shares for cash, as and when suitable opportunities arise be renewed subject to the following conditions:

- This general authority is valid until the Company’s next Annual General Meeting provided that it shall not extend beyond fifteen months from the date of the passing of this ordinary resolution;
- The securities issued for cash must be of a class already in issue, or where this is not the case, must be limited to such shares or rights that are convertible into a class already in issue;
- After the company has issued shares for cash which represent, on a cumulative basis within a financial year 5% or more of the number of shares of that class in issue prior to the issue, the company shall publish an announcement containing full details of the issue, including the number of shares issued, the average discount to the weighted average traded price of the shares over 30 business days prior to the date that the issue is agreed in writing between the issuer and the party subscribing for the shares, the effect of the issue on net asset value, net tangible asset value, earnings and headline earnings per share, and if applicable diluted earnings per share and diluted headline earnings per share, or any other announcement that may be required in such regard in terms of the Listings Requirements of the JSE which may be applicable from time to time;
- The number of shares issued for cash in aggregate in any one financial year shall not exceed 50% of the Company’s issued share capital of ordinary shares. The number of ordinary shares which may be issued shall be based on the number of ordinary shares in issue at the date of such application less any ordinary shares in issue during the current financial year, provided that any ordinary shares to be issued pursuant to a rights issue (announced, irrevocable and fully underwritten) or acquisition (concluded up to the date of application including announcement of the final terms) may be included as though they were shares in issue at the date of application;
- The maximum discount at which ordinary shares may be issued is 10% of the weighted average traded price of those shares over the 30 business days prior to the date that the price of the issue is agreed between the Company and the party subscribing for the shares or any other price agreed by the JSE;
- The allotment and issue of shares must be made to public shareholders as defined in the Listings Requirements of the JSE, and not to related parties.”

### *Voting*

In terms of the Listings Requirements of the JSE, a 75% majority of the votes cast in favour of such resolution by all equity shareholders present or represented by proxy at the Annual General Meeting, excluding the Designated Adviser and the controlling shareholders together with their associates, is required. Note that in terms of the JSE Listings Requirements, shares held in terms of the StratCorp Share Incentive Scheme may not vote on this resolution.

Shareholders are advised that section 41(3) of the Companies Act stipulates that if the voting power of the class of shares that are to be issued will be equal to or exceed 30% of the voting power of all the shares of that class held by shareholders immediately before the issue of those shares, the approval of the shareholders by special resolution is required.

## 1.10 Special Resolution 1

“To authorise the directors to acquire the Company’s own securities, upon such terms and conditions and in such amounts as the directors may from time to time decide, subject to the Listings Requirements of the JSE Limited (“the JSE”), subject to the following:

- this general authority shall be valid until the Company’s next Annual General Meeting, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this special resolution (whichever period is shorter);
- the repurchase being effected through the order book operated by the JSE trading system, without any prior understanding or arrangement between the Company and the counterparty;
- repurchases may not be made at a price greater than 10% (ten percent) above the weighted average of the market value of the ordinary shares for the 5 (five) business days immediately preceding the date on which the transaction was effected;
- an announcement being published as soon as the Company has repurchased ordinary shares constituting, on a cumulative basis, 3% (three percent) of the initial number of ordinary shares, and for each 3% (three percent) in aggregate of the initial number of ordinary shares repurchased thereafter, containing full details of such repurchases;
- the number of shares which may be acquired pursuant to this authority in any one financial year may not in the aggregate exceed 20% (twenty per cent) of the Company’s issued share capital as at the date of passing of this special resolution or 10% of the Company’s issued share capital in the case of an acquisition of shares in the Company by a subsidiary of the Company;
- the Company’s sponsor confirming the adequacy of the Company’s working capital for purposes of undertaking the repurchase of ordinary shares in writing to the JSE prior to the Company entering the market to proceed with the repurchase;
- the Company and/or its subsidiaries not repurchasing securities during a prohibited period as defined in the JSE Listings Requirements, unless it has in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed and full details of the programme have been disclosed in an announcement published on SENS prior to the commencement of the prohibited period;
- at any point in time the Company only appointing one agent to effect any repurchases on its behalf; and
- the board of directors must pass a resolution that they authorised the repurchase and that the Company passed the solvency and liquidity test set out in section 4 of the Companies Act and that since the test was done there have been no material changes to the financial position of the Group.

The directors, having considered the effects of the maximum repurchase permitted, are of the opinion that for a period of 12 (twelve) months after the date of the Notice of the Annual General Meeting and at the actual date of the repurchase:

- the Company and the Group will be able, in the ordinary course of business, to pay its debts;
- the working capital of the Company and the Group will be adequate for ordinary business purposes;
- the assets of the Company and the Group, fairly valued in accordance with International Financial Reporting Standards, will exceed the liabilities of the Company and the Group; and
- the Company’s and the Group’s ordinary share capital and reserves will be adequate for ordinary business purposes.

At present, the directors have no specific intention with regard to the utilisation of this authority, which will only be used if the circumstances are appropriate.”

### *Reason and Effect*

The reason for and effect of this special resolution is to grant the Company a general authority to facilitate the acquisition of the Company’s own shares, which general authority shall be valid until the earlier of the next Annual General Meeting of the Company or the variation or revocation of such general authority by special resolution by any subsequent general meeting of the Company, provided that this general authority shall not extend beyond 15 (fifteen) months from the date of adoption of this special resolution.

Such general authority will provide the directors with flexibility to effect a repurchase of the Company’s shares, should it be in the interest of the Company to do so at any time while the general authority is in force.

# NOTICE OF ANNUAL GENERAL MEETING

## *Voting*

In order for this special resolution to be adopted, the support of at least 75% (seventy-five per cent) of the total number of votes which the shareholders present or represented by proxy at this meeting are entitled to cast is required. Note that in terms of the JSE Listings Requirements, shares held in terms of the StratCorp Share Incentive Scheme may not vote on this resolution.

## **1.11 Special Resolution 2**

“To authorise the directors, in terms of and subject to the provisions of section 45 of the Companies Act, to cause the Company to provide any financial assistance to all related and inter-related companies within the StratCorp Group of Companies at such times and on such terms and conditions as the directors in their sole discretion deem fit and subject to all relevant statutory and regulatory requirements being met, such authority to remain in place until rescinded by way of special resolution passed at a duly constituted Annual General Meeting of the Company.”

## *Reason and effect*

The reason for and effect of this special resolution is to grant the directors of the Company the authority to provide financial assistance to all subsidiaries, related or inter-related companies within the StratCorp Group of Companies. It does not authorise the provision of financial assistance to a director or prescribed officer of the Company.

## *Voting*

In order for this special resolution to be adopted, the support of at least 75% (seventy-five per cent) of the total number of votes which the shareholders present or represented by proxy at this meeting are entitled to cast is required.

## **General information**

The following additional information, some of which may appear elsewhere in the Annual Report, is provided:

	<i>Page</i>
Directors of the Company	2
Major Shareholders	7
Directors interest in shares	7
Share capital of the Company	16

## *Directors' responsibility statement*

The directors whose names appear in the Annual Report collectively and individually accept full responsibility for the accuracy of the information given in Ordinary Resolutions 1 to 9 and Special Resolutions 1 and 2 and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and Ordinary Resolutions 1 to 9 and Special Resolutions 1 and 2 contain all information required by the JSE Listings Requirements.

## *Material change*

Other than the facts and developments reported on in this Annual Report, there have been no material changes in the financial or trading position of the company or its subsidiaries since the Company's financial year end and the signature of this report.

## *Litigation statement*

There is no legal or arbitration proceedings which may have, or have had, during the 12 (twelve) month period preceding the date of this notice, a material effect on the financial position of the Company and its subsidiaries and the Company is not aware of any such pending or threatened proceedings.

# NOTICE OF ANNUAL GENERAL MEETING

## 2. Proxies and Voting

### *Proxies*

A shareholder of the Company entitled to attend, speak, and vote at the Annual General Meeting is entitled to appoint a proxy or proxies to attend, speak and on a poll vote in his stead. The proxy need not be a shareholder of the Company. A form of proxy is attached for the convenience of any certificated shareholder and own name registered dematerialised shareholder who cannot attend the Annual General Meeting, but who wishes to be represented.

Additional forms of proxy may also be obtained on request from the Company's registered office. The completed forms of proxy must be deposited at, posted or faxed to the registered office of the Company or the transfer secretaries at the address set out on the inside of the back cover, to be received by no later than 10:00 on Wednesday, 6 July 2011. Any member who completes and lodges a form of proxy will nevertheless be entitled to attend and vote in person at the Annual General Meeting should the member subsequently decide to do so.

Shareholders who have dematerialised their ordinary shares through a CSDP or broker, other than own name registered dematerialised shareholders, and who wish to attend the Annual General Meeting must request their CSDP or broker to issue them with a Letter of Representation. Alternatively dematerialised shareholders other than own name registered dematerialised shareholders, who wish to be represented, must provide their CSDP or broker with their voting instructions in terms of the custody agreement between them and their CSDP or broker in the manner and by time-frame stipulated.

Shareholders and proxies of shareholders are advised that they will be required to present reasonably satisfactory identification in order to attend or participate in the Annual General Meeting as is required in terms of section 63(1) of the Companies Act.

### *Voting*

On a show of hands, every shareholder of the Company present in person or by proxy shall have 1 (one) vote only, irrespective of the number of shares he holds or represents, provided that a proxy shall, irrespective of the number of members he represents have only 1 (one) vote. On a poll, every shareholder of the Company who is present in person or represented by proxy, shall have one vote for every share held in the Company by such shareholder.

In terms of the Listings Requirements of the JSE any shares held by the StratCorp Limited Share Incentive Scheme will not have their votes taken into account in determining the results of voting on Special Resolution 1 and Ordinary Resolution 9 tabled thereat, and treasury shares will not have their votes taken into account in determining the results of voting on any of the resolutions set out in paragraphs 1.1 to 1.11 above.

**By order of the Board**

***JPJ Louw***

***Company Secretary***

***Centurion***

***19 May 2011***

**Registered Address:**

3<sup>rd</sup> Floor, Lakeside Building A, 2004 Gordon Hood Drive, Centurion, South Africa  
(PO Box 12022 Centurion 0046 South Africa)

**Secretary:**

JPJ Louw, 3<sup>rd</sup> Floor, Lakeside Building A, 2004 Gordon Hood Drive, Centurion,  
South Africa (PO Box 12022 Centurion 0046 South Africa)

**Transfer Secretaries:**

Computershare Investor Services (Pty) Limited, Ground Floor, 70 Marshall Street,  
Johannesburg, 2001, (PO Box 61051, Marshalltown, 2107).



STRATCORP LIMITED  
 (Incorporated in the Republic of South Africa)  
 (Registration number 2000/031842/06)  
 JSE code: STA  
 ISIN: ZAE 000034294  
 ("StratCorp Limited" or "the Company")

For use by the holders of the Company's certificated ordinary shares ("certificated shareholders") and/or dematerialised ordinary shareholders whose shares are held through a CSDP or broker and who have selected own name registration ("own name dematerialised shareholders") at the Annual General Meeting of the Company to be held at the 3rd Floor, Lakeside Building A, 2004 Gordon Hood Drive, Centurion on Friday, 8 July 2011 at 10:00 am and at any adjournment thereof.

Not for the use by holders of the Company's dematerialised ordinary shares who are not own name dematerialised shareholders. Such shareholders must contact their CSDP or broker timeously if they wish to attend and vote at the Annual General Meeting and request that they be issued with the necessary Letter of Representation to do so, or provide the CSDP or broker timeously with their voting instructions should they not wish to attend the Annual General Meeting in order for the CSDP or broker to vote thereat in accordance with their instructions.

I/We (block letters) \_\_\_\_\_ of  
 address \_\_\_\_\_  
 (telephone (work) \_\_\_\_\_ telephone (home) \_\_\_\_\_)  
 being the holder(s) of \_\_\_\_\_ shares in the Company

Hereby appoint \_\_\_\_\_ or failing him/her, \_\_\_\_\_ or  
 failing him/her, \_\_\_\_\_, or failing him/her the Chairman of the General Meeting  
 as my/our proxy to act on my/our behalf at the Annual General Meeting of the shareholders of the Company to be held on  
 Friday, 8 July 2011 and at each adjournment thereof and, on a poll, to vote for or against the resolutions or to abstain from voting in respect  
 of the shares registered in my/our name/s, in accordance with the following instructions (see note 2):

		<i>For</i>	<i>Against</i>	<i>Abstain</i>
1.	Ordinary Resolution 1 - to adopt the Company's audited annual financial statements for the year ended 28 February 2011.			
2.	Ordinary Resolution 2 - to re-appoint SAB&T Chartered Accountants Inc as auditors of the Company.			
3.	Ordinary Resolution 3 - to re-appoint MM Patel as a director of the Company.			
4.	Ordinary Resolution 4 - to re-appoint PJ de Jongh as a director of the Company.			
5.	Ordinary Resolution 5 – to appoint JHP Engelbrecht as a director of the Company.			
6.	Ordinary Resolution 6 – to re-appoint MM Patel as a member of the Audit Committee.			
7.	Ordinary Resolution 7 – to re-appoint SR Firer as a member of the Audit Committee.			
8.	Ordinary Resolution 8 – to place the unissued ordinary shares under the control of the directors.			
9.	Ordinary Resolution 9 – general authority to issue shares for cash.			
10.	Special Resolution 1 – general authority to repurchase shares.			
11.	Special Resolution 2 – financial assistance to related or inter-related companies within the StratCorp Group of Companies.			

Insert an "X", or insert relevant number of votes, whichever is applicable in the relevant spaces above according to how your votes should be cast.

Signed at \_\_\_\_\_ on \_\_\_\_\_ 2011

Signature(s) \_\_\_\_\_

Capacity \_\_\_\_\_

# FORM OF PROXY

Please read the notes below.

## Notes to form of proxy

1. This form of proxy is to be completed only by those members who are:
  - a) holding shares in certificated form; or
  - b) recorded in the sub register in electronic form in their "own name".
2. A shareholder may insert the name or names of two alternative proxies of his/her choice in the space provided, with or without deleting "the chairman of the meeting". The person whose name appears first on the form of proxy and who is present at the Annual General Meeting will be entitled to act as proxy to the exclusion of those whose names follow. Any such proxy, who need not be a shareholder of the Company, is entitled to attend, speak and vote on behalf of the shareholder.
3. A proxy is entitled to one vote on a show of hands and, on a poll, one vote for each share held. A shareholder's instructions to the proxy must be indicated in the appropriate spaces.
4. If a shareholder does not indicate on this instrument that the proxy is to vote in favour of or against any resolution or to abstain from voting or gives contradictory instructions, or should any further resolution/s or any amendment/s which may be properly put before the Annual General Meeting be proposed, the proxy shall be entitled to vote as he thinks fit.

Forms of proxy must be lodged at, posted to or faxed to the registered office of the Company at 3<sup>rd</sup> Floor, Lakeside Building A, 2004 Gordon Hood Drive, Centurion (PO Box 12022, Centurion, 0046) to reach the Company by no later than 10:00 on Wednesday, 6 July 2011.

5. Documentary evidence establishing the authority of the person signing the proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the Company's transfer secretaries or waived by the chairperson of the Annual General Meeting.
6. The completion and lodging of this form of proxy does not preclude the relevant shareholder from attending the Annual General Meeting and speaking and voting in person to the exclusion of any proxy appointed in terms of this proxy form.
7. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
8. The chairman of the meeting may accept or reject any form of proxy, which is completed and/or received other than in accordance with these notes, provided that he shall not accept a proxy unless he is satisfied as to the manner in which a member wishes to vote.
9. Shareholders who have dematerialised their shares must inform their Central Securities Depository Participant ("CSDP") or broker of their intention to attend the Annual General Meeting and request their CSDP or broker to issue them with the necessary Letter of Representation to attend the Annual General Meeting or provide their CSDP or broker with their voting instructions should they not wish to attend the Annual General Meeting in person but wish to be represented thereat. This must be done in terms of the agreement entered into between the members and their CSDP or broker.

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