

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
ANNUAL REPORT

TABLE OF CONTENTS

| | |
|---|----|
| CORPORATE INFORMATION | 2 |
| BUSINESS OVERVIEW | 4 |
| REPORT BY THE CHIEF EXECUTIVE OFFICER | 6 |
| SUSTAINABILITY REVIEW | 8 |
| REPORT OF THE AUDIT COMMITTEE | 12 |
| REMUNERATION REPORT | 13 |
| RISK MANAGEMENT | 15 |
| SOCIAL PERFORMANCE | 17 |
| ANNUAL FINANCIAL STATEMENTS | |
| DIRECTORS' RESPONSIBILITIES AND APPROVAL | 21 |
| UNQUALIFIED REPORT OF THE INDEPENDENT AUDITORS | 22 |
| DIRECTORS REPORT | 23 |
| STATEMENT OF FINANCIAL POSITION | 25 |
| STATEMENT OF COMPREHENSIVE INCOME | 26 |
| STATEMENT OF CHANGES IN EQUITY | 27 |
| STATEMENT OF CASH FLOWS | 28 |
| ACCOUNTING POLICIES | 29 |
| SEGMENTAL ANALYSIS | 40 |
| NOTES TO THE COMPANY AND GROUP FINANCIAL STATEMENTS | 42 |
| NOTICE OF ANNUAL GENERAL MEETING | 81 |

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

3rd Floor Lakeside Building A
2004 Gordon Hood Drive
Centurion
0157

POSTAL ADDRESS

PO Box 12022
Centurion 0046

BANKERS

ABSA Bank Limited
First National Bank Limited

AUDITORS

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

SUBSIDIARIES

StratEquity (Proprietary) Limited and subsidiaries - 100%
I-Cura (Proprietary) Limited and subsidiaries - 100%
StratCorp Property Holdings Limited and subsidiaries - 100%
StratCorp Solutions (Proprietary) Limited - 100%
StratFin (Proprietary) Limited - 100%

TRANSFER SECRETARIES

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

DESIGNATED ADVISER

Vunani Corporate Finance
Vunani House, Block C
Athol Ridge Office Park
151 Katherine Street
Sandown, Sandton 2196 (PO Box 413972, Craighall, 2024)



PJ de Jongh (66) *, + (c)

(MComm)

Non-Executive Chairman

Piet's career started in the late 1960's when he started as a banker at Saambou. He enjoyed a successful career in banking at Volkskas until 1991, when he joined Eskom Pension Fund as CEO. Since then he built a successful portfolio management business, Noble Capital.

Appointed to the Board in 2001.



DB Harington (49)

Chief Executive Officer

David was the founder of StratCorp in 2000 and the Group CEO since 2001.

Appointed to the Board in 2001.



JHP Engelbrecht (46)

(CA (SA))

Group Financial Director

Henk qualified as a Chartered Accountant in 1988 and did his articles at KPMG, for whom he worked 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 start a corporate finance team. 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.

Appointed to the Board in 2011.



IM Wright (38)

Chief Information Officer

Ian has more than 16 years experience in computer hardware, software development and network services.

Appointed to the Board in 2007.



MM Patel (36) = (c),*(c),+

(CA (SA))

Non-Executive Independent Director

Mitesh is an audit partner of Nkonki Inc. 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.

Appointed to the Board in 2007.



SR Firer (53) =

(DBA, CA (SA), IFRS CERT (ACCA) RA)

Non-Executive Independent Director

Steven is a qualified Chartered Accountant (CA(SA)), registered with the JSE as an IFRS advisor and technical partner of Nkonki Inc. He also serves as financial accounting professor at Monash University.

Appointed to the Board in 2009.

= Member of the Risk, Audit and Compliance Committee
 * Member of the Remuneration Committee
 + Member of the Nomination Committee
 (c) Chairman of relevant sub-committee

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 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.

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 the 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 | 81 270 |
| Net profit /(loss) after tax - R'000 | 17 532 | 7 944 | (22 875) | (7 744) | (1 488) |
| EPS - cents | 17.22 | 7.81 | (22.60) | (4.89) | (0.94) |
| HEPS - cents | 17.22 | 7.79 | (20.39) | (5.03) | (0.94) |
| NAVPS - cents | 33.9 | 41.1 | 29.1 | 24.2 | 20.0 |

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

STRATEGY AND PROFILE

Statement by Group Chief Executive Officer

StratCorp's annual sustainability review forms part of the annual report, in line with the revised King Code and report on Governance for South Africa ("King III"), which calls for greater integration of environment, social and governance (ESG) considerations into financial management and reporting.

The sustainability review covers StratCorp's policies, practices and performance relating to its activities in these areas for the financial year ending 28 February 2011 and covers all group company activities. Group activities and strategy are discussed in full in the Business Overview and Report by the Group Chief Executive Officer.

The report has drawn on guidelines and criteria developed by the various agencies which set the standard for corporate sustainability (and in particular the Global Reporting Initiatives' G3 guidelines), but has also been adapted to address issues specific to the business and industry.

The information in the review covers topics and indicators that reflect StratCorp's significant economic, environmental and social impacts or that which would substantively influence the assessment and decisions of stakeholders. The review is focused at the Company's major stakeholders being shareholders, employees, agents, financiers and clients. As this is the maiden sustainability review by the Group, stakeholder requirements will be expanded on in future reviews. The services of an independent verification agency have not been used for this report.

CORPORATE GOVERNANCE REVIEW

The Board of Directors is committed to the implementation of good corporate governance within the Group and endorses the principles of openness, integrity, accountability and transparency. The Board has adopted and applied the Code of Corporate Practices and Conduct as set out in the King III Report. The Board is of the opinion that the Group currently complies with the specific requirements set out in the JSE Listings Requirements and, except where indicated otherwise in the sections below, with the requirements as set out in the King III report.

In doing so, the directors recognise the need to manage the business with integrity in accordance with generally acceptable corporate policies. This includes timely, relevant and meaningful reporting to its shareholders and other stakeholders; and providing a proper and objective perspective of StratCorp.

The directors have accordingly established mechanisms and policies appropriate to the Group's business in keeping with its commitment to the best practices in corporate governance in order to ensure compliance with the King III Report. The directors review these from time to time.

Board of Directors

The StratCorp Board comprised six directors at 28 February 2011. Of this compliment, three are non-executive of which two are considered independent. Details of the directors are set out on page 3 of this report.

The role of the Board is regulated in a formal board charter which defines matters reserved for Board approval. The responsibilities of the Board are set out in the charter and the Board is required to review its operations annually against this framework.

The quorum for Board meetings is three directors, but full attendance is expected because the meetings have been planned well in advance. The Board meets at least four times per year and additional meetings are held when necessary. In assuming ultimate responsibility for effective control and leadership of the Group, the Board takes responsibility for the following:

- compliance with all relevant laws, regulations and codes of business practice;
- definitions of levels of materiality, reserving specific powers to itself and delegating other matters to executive management in terms of a limits of authority framework;
- giving direction on all strategic matters and annually approving the Group business plan and budgets;
- monitoring the implementation of the business plan by management;
- reviewing performance of the various Board Committees established to assist in the discharge of its duties;
- monitoring key risk and performance areas of the Group and identifying non-financial issues relevant to the Group;
- determining the policy and models applied to ensuring the integrity of:
 - o risk management and internal controls;
 - o director selection, orientation and evaluation;
 - o executive and general remuneration;
 - o external and internal communications; and
 - o ensuring there is appropriate succession planning at senior management level.

All new appointments to the Board will be made on a consensus basis between Board members and are subject to shareholder approval. The company currently has a formal policy detailing the procedures for Board appointments which are dealt with by a Nomination Committee. The Nomination Committee consist only of Non-Executive Directors.

The role and function of Chairman and Chief Executive Officer are separate in the StratCorp group. The Chairman, Mr Piet de Jongh is a Non-Executive Director, but is not considered independent due to his participation in the Company's share incentive scheme for shares awarded to him in 2007. The Board is of the view that his experience and business skills outweigh his perceived lack of independence and therefore the Board has not formally appointed a lead independent director.

The Board is supplied with all relevant information and has unrestricted access to all group information, records, documents and property, which enables directors to adequately discharge their responsibilities. Information needs are well defined and directors have full access to management and the Company Secretary.

Directors of companies listed on the Alternative Exchange of the Johannesburg Stock Exchange are required to attend the Directors' Induction Programme managed on behalf of the JSE when appointed, and all directors as at 28 February 2011 have attended the programme.

At each Annual General Meeting at least one third of the directors retire by rotation from the Board. These retiring directors may offer themselves for re-election.

The executive committee is responsible for the operational and strategic management of the Group. This team is lead by the Chief Executive Officer.

Board attendance

| Board of Directors | Board meetings 4# | Audit Committee meetings 4# | | Remuneration Committee meetings 2# | | Nomination Committee meeting 1# | |
|--------------------|----------------------|--------------------------------|------------|---------------------------------------|------------|------------------------------------|------------|
| | | Composition | Attendance | Composition | Attendance | Composition | Attendance |
| P J de Jongh* | 4 | - | - | Member | 2 | Chairman | 1 |
| D B Harington | 4 | Invitee | 4 | Invitee | 2 | Invitee | 1 |
| H J van der Merwe | 4 | Invitee | 4 | Invitee | 2 | Invitee | 1 |
| I M Wright | 4 | - | - | - | - | - | - |
| M M Patel+ | 4 | Chairman | 4 | Chairman | 2 | Member | 1 |
| S R Firer+ | 3 | Member | 4 | - | - | - | - |

Number of meetings held during the year.

* Non-Executive director.

+ Independent Non-Executive director.

The Designated adviser, Vunani Corporate Finance attended all the Board and audit committee meetings as an invitee.

Insider trading

In line with best practice and the JSE Listings Requirements, no group director or employee who has price sensitive inside information on the Group may deal directly or indirectly in StratCorp securities. Directors and all group employees are not permitted to deal directly or indirectly in the shares of the Company during a closed or prohibited period as defined in the JSE Listings Requirements, and are required to obtain prior approval from the Chairman. Similarly, the Chairman is required to obtain prior approval from the Chief Executive Officer. The Company Secretary communicates on a regular basis with the Board on the status of dealing in the Company's shares.

Directors are required to notify the Company Secretary in writing immediately following any transaction involving the Company's shares. The trades are timeously disclosed to the JSE and are tabled at the following Board meeting.

Director's independence

The Board reviews the independence of its directors on an annual basis. Although the Board has three Non-Executive Directors, only two of these directors are seen as independent as contemplated in sub-section 2.4.3 of the King Code of Corporate Practices and Conduct and paragraph 3.84(f) of the JSE Listings Requirements.

Board committees

The Board has the following committees to assist it in the performance of its duties:

- Audit Committee;
- Remuneration Committee; and
- Nomination Committee.

The Audit Committee

The Audit Committee comprise two independent Non-Executive directors, and operate in accordance with the terms of reference confirmed by the Board, which provides assistance to the Board with regard to:

- ensuring compliance with applicable legislation and the requirements of regulatory authorities;
- matters relating to financial and internal control, accounting policies, financial and integrated reporting and disclosure;
- external audit policy;
- review, and approval of external audit plans, findings, problems, reports and fees;
- the setting of principles for recommending the use of external auditors for non-audit services;
- compliance with the Code of Corporate Practices and Conduct;
- compliance with the Group's Code of Conduct;
- review of the risk profile and management of the Group; and
- compliance with the Group's Code of Ethics.

A third independent Non-Executive Director will be appointed in compliance with King III and the Companies Act 71 of 2008 as soon as a suitable candidate has been identified.

The Audit Committee met four times during the period under review and met periodically with the Group's internal financial management, external auditors and executive directors to discuss issues of accounting, auditing, internal controls and financial reporting. The executive management assesses risk on an ongoing basis at all operational units and reports periodically to the Board.

The Audit Committee has considered and satisfied itself of the appropriateness of the expertise and experience of the Financial Director.

The report of the Audit Committee is set out on page 12.

The Audit Committee is also responsible for the assessment of the Group's risk and reporting back to the Board.

StratCorp does not have a separate internal audit function at the moment, but it is part of the medium term strategy of the Company to establish this function.

The objective of risk management is to identify, assess, manage and monitor the risks to which the business is exposed. This includes examining and evaluating the Group's activities and resultant business risks and assisting executive management in the effective discharge of their responsibilities. The scope of the risk management function includes reviews of the reliability and integrity of financial and operating information, the systems of internal control, the means of safeguarding assets, the efficient management of the Group's resources and the effective conduct of its operations.

StratCorp pursues active management policies designed to minimise the impact of risk. With the assistance of expert risk consultants, risks have been assessed and appropriate insurance cover provided for all material risks above predetermined, self-insured limits. Levels of cover are re-assessed annually.

The Remuneration Committee

The Remuneration Committee has formal terms of reference approved by the Board and is tasked with the assessment and approval of a remuneration strategy for the Group, the determination of short and long term incentive remuneration structures for company executives and the positioning of senior executive remuneration levels relative to industry standard benchmarks. In order to promote an identity of interests with shareholders, as well as to provide a longer term balance and commitment in the mix of incentive remuneration, share incentives are considered to be critical elements of management incentive remuneration, in addition to annual incentive awards which are determined against achievement of preset value-driven goals. A management and personnel incentive trust has been set up for this purpose.

The remuneration and share incentive report for the directors and senior management are set out on pages 13 to 14 of this report.

The Committee comprises the Non-Executive Chairman of the Board of Directors and an independent Non-Executive director. The Committee met twice during the year.

On 1 March 2010 an 8.47% general annual increase for all personnel of the Group as well as performance increases for selected personnel was approved. Details of the directors' remuneration are set out in the Remuneration Report.

The Nomination Committee

The Nomination Committee is tasked with the nomination and recommendation to the Board of Directors regarding the appointment of new directors. The Committee meet on an ad hoc basis and met once during the period under review. The company currently has a formal policy detailing the procedures for Board appointments which are dealt with by the Nomination Committee. The policy details, inter alia, the identification of Board members, the nomination process and the process of appointment.

The Nomination Committee consists only of Non-Executive directors.

Company Secretary and Professional Advice

The Board considers the Company Secretary to be qualified to perform his duties in accordance with applicable legislation and to be fit and proper for the position. All directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that Board procedures are followed. All directors are entitled to seek independent professional advice about the affairs of the Group and at the Group's expense.

Management reporting

The performance of the Group is monitored by regular management meetings and is supported by management reporting disciplines, which include preparation of the annual budget and monthly results reported against budget, forecasts and the prior year. Working capital is monitored on an ongoing basis. Management provides assurance to the Board that financial systems and reported financial information can be relied on.

Going concern

The directors are responsible for overseeing the preparation and the final approval of the Group interim and annual financial statements. The auditors are responsible for auditing the financial statements and providing their opinion thereon. The directors believe that suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of the financial statements, which fairly present the state of the Group. Appropriate accounting standards have been applied and adequate accounting records maintained. The going concern basis was adopted in preparing the annual financial statements. The directors have no reason to believe that the Group will not continue to be a going concern.

Internal controls

The Board is responsible for the Group's internal financial and operational control systems. The internal control systems are designed to provide reasonable assurance against material losses and misstatement of financial results and are intended to manage all significant risks. The safeguarding and prevention of misuse of assets is another important aspect of internal control.

Principal features of the Group's internal financial controls are:

- an organisational structure comprising clearly defined reporting lines, responsibilities and levels of authority;
- policies, procedures and guidelines to ensure that best practice standards are achieved; and
- a system of financial planning, budgeting and reporting which enables performance to be monitored against predetermined objectives.

In line with King III recommendations, the internal financial control framework is being developed further to improve the identification of financial reporting risks and to provide additional assurance that controls are adequate to address the risk of material misstatements of financial results.

Strategy planning

As a key performance area of the Board, group strategy is mapped by the Board. The Board appreciates the fact that strategy, risk, performance and sustainability are inseparable and annually reviews the strategy and finalises the Group business plan for the next year. The executive directors meet annually to determine strategic direction and present this to the Board for their consideration and approval.

Information technology governance

As a result of adopting King III guidelines of governance and compliance, an IT charter is being prepared for approval by the Board, which the Chief Information Officer of the Group will be responsible for, together with the IT steering committee.

The IT charter will ensure:

- the establishment of a sound and secure framework, taking into account internal policies, industry standards and external laws and regulations, within which all IT activities are executed;
- that the business and IT strategies are aligned and value is achieved from IT investments;
- IT services and processes are always available and agile to changing business needs; and
- IT risk is identified and managed.

The IT steering committee to be established will comprise the executive and senior management of each of the major operating entities. The committee will initially meet monthly and provide the Board with feedback on IT governance and strategy.

Compliance

In establishing an effective compliance framework, the Group has a comprehensive set of policies, regularly updated in line with changes in legislation and business governance requirements, with which all group companies and employees are obliged to comply.

Ethics

The group is committed to providing excellent services to customers and considers a high standard of ethical behaviour to be paramount in achieving this objective.

The group's core values include respect for company assets and the environment, operating with integrity, acting with professionalism in our service delivery to customers, being fair in the way we treat people and accountability, which requires employees to take full ownership of actions taken.

The statutory responsibilities of the StratCorp group's Audit Committee are set out in section 94(7) of the Companies Act 71 of 2008 (as amended) ("The Companies Act"). These responsibilities, together with compliance with the relevant requirements of the JSE and the King Code on Corporate Governance for South Africa, as amended from time to time, are incorporated in the committee's terms of reference which was approved by the Board during 2009 and reviewed for relevance by the committee during the year ended 28 February 2011 review. A summary of the committee's terms of reference is provided in the Corporate Governance section of this annual report.

The committee has conducted its affairs in compliance with its terms of reference, and has discharged all of the responsibilities set out therein as follows:

- Details of the committee members are set out on page 3 of this annual report and the fees payable to them are included in the directors' remuneration set out on page 14 of this annual report.
- The Committee:
 - o met on four separate occasions during the financial year under review to consider, inter alia, the interim and year-end results of the Group, as well as to consider regulatory and accounting standard compliance by the Group;
 - o reviewed the effectiveness of the Company's system of internal financial controls, including receiving assurance from management and the external auditors;
 - o reviewed policies and procedures for detecting and preventing fraud;
 - o met with the designated auditor to consider matters of importance and relevant to the finalisation of the Group's financial statements and to the affairs of the Company generally;
 - o recommended the re-appointment of SAB&T Chartered Accountants Incorporated (SAB&T) as the registered independent auditor after satisfying itself through enquiry that SAB&T is independent as defined in terms of section 94(8) of the Companies Act and approved Mr B Adam as the designated auditor in terms of the provisions of the section 90 of the Companies Act;
 - o determined the fees to be paid to SAB&T, and their terms of engagement;
 - o ensured that the appointment of SAB&T complies with the provisions of the Companies Act and any other legislation relating to the appointment of auditors;
 - o approved a non-audit services policy, which complies with the provisions of the Companies Act pertaining to the nature and extent of any non-audit services to the Company during the financial year under review and therefore it was not necessary for the Audit Committee to pre-approve any contracts for such services by the auditors;
 - o considered, and satisfied itself of the appropriateness of the expertise and experience of the Group's Financial Director.

To the best of its knowledge and based on the information and explanations provided by management, as well as discussions with the independent external auditors on the results of their audit, the Audit Committee is satisfied that there was no material breakdown in internal accounting controls during the financial year under review. The Audit Committee has evaluated the financial statements of the Group for the year ended 28 February 2011 and, to the best of its knowledge and belief, considers that the Group complies, in all material respects, with the requirements of the Companies Act 61 of 1973, International Financial Reporting Standards and the Listings Requirements of the JSE. The Audit Committee accordingly recommended the financial statements to the Board for approval.

MM Patel
Chairman of the Audit Committee
19 May 2011

The Board recognises the importance of people to the continued sustainability and growth of the Group. Oversight is therefore maintained over the remuneration policy and the implementation thereof to ensure rewards are competitive and proportionate with the contribution to the Group's performance. The executive and key managers' remuneration is therefore structured to ensure that a portion of their package is linked to performance and achievement of sustainability targets through short-term and long-term incentives.

The Remuneration and Nomination Committees are composed of Non-Executive Directors tasked with operating on behalf of the Board to ensure the alignment of remuneration with realising shareholder value.

Share incentive schemes

StratCorp Share Incentive Trust

The StratCorp Share Incentive Trust was established in 2001 as a share purchase scheme for the benefit of the Group's personnel and senior management, including directors. The Trust started with 5 000 000 ordinary shares of which 2 700 000 shares were allocated and taken up by participants by 28 February 2007, resulting in a balance of 2 300 000 shares available for allocation. At the Annual General Meeting of the Company held on 21 June 2007, shareholders approved the issue of an additional 18 403 531 shares to the Trust, resulting in a total of 20 703 531 shares being available for issue in terms of the scheme.

The Trust issued 14 950 000 shares to participants in terms of the scheme on 21 June 2007, against an interest free loan and payable within five years from the date of acceptance of the offer. These shares were issued to the participants in terms of the scheme, but were pledged to the Trust as security until such time that the loans have been settled by the participants. Should the purchase consideration for the shares not be settled by the end of the five years, the offer lapses and is of no further force and effect, and the shares issued to the participants are forfeited back to the Trust. No further issues were made in terms of the scheme since then.

Shares offered and accepted in terms of the scheme will vest in five equal tranches of 20% commencing on the third anniversary of the offer, irrespective of whether the purchase consideration for the shares have been paid in full within the five year period.

At the Annual General Meeting of the Company held on 2 July 2010, shareholders approved the issue of an additional 8 000 000 shares to the share trust. The total number of shares that may be issued in terms of the share incentive scheme amounts to 28 703 531 shares, equal to 15.92% of the current issued shares of the Company. These shares have not been issued to the Trust yet.

To 28 February 2011, 20 703 531 shares have been issued to the Trust, and 14 950 000 of these shares have been allocated to participants, with 5 753 531 shares available for further allocation.

No shares were issued or taken up by participants in the past financial year.

Details of the shares allocated in terms of the scheme:

| Date of issue | Expiry date | Number of shares | Subscription price (cents) |
|---------------|--------------|------------------|----------------------------|
| 21 June 2007 | 21 June 2012 | 14 950 000 | 65.2 |

Details of shares issued to directors in terms of the share incentive scheme and not exercised are set out below:

| Director | Shares at 1/3/2010 | Shares exercised (lapsed) during the year | Price at which shares were exercised (cents) | Shares at 28/2/2011 | Exercise price (cents) |
|-------------------|--------------------|---|--|---------------------|------------------------|
| PJ de Jongh | 1 000 000 | - | - | 1 000 000 | 65.2 |
| DB Harington | - | - | - | - | - |
| HJ van der Merwe* | 5 100 000 | - | - | 5 100 000 | 65.2 |
| IM Wright | 4 400 000 | - | - | 4 400 000 | 65.2 |
| MM Patel | - | - | - | - | - |
| SR Firer | - | - | - | - | - |
| JHP Engelbrecht** | - | - | - | - | - |

* Resigned on 28 February 2011. Subsequent to year end, these shares were forfeited back to the trust.

** Appointed on 14 March 2011

REMUNERATION REPORT

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:

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

* 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.

Non-Executive Directors' remuneration

The level of fees paid to Non-Executive Directors is reviewed by the Remuneration Committee on an annual basis. The recommendations are submitted to the Board for consideration and the fees are approved by shareholders at the Annual General Meeting. Various market surveys are utilised to determine the remuneration levels and reference is made to the fees paid by comparable listed companies.

The non-executive directors do not participate in the Group's share incentive scheme, however PJ de Jongh, continues to hold the 1 000 000 shares in terms of the share incentive scheme in 2007.

The remuneration paid to non-executive directors of the Company during the year ended 28 February 2011 is as follows:

| Amount in Rand | 2011 | 2010 |
|----------------|----------------|----------------|
| PJ de Jongh | 156 000 | 96 300 |
| MM Patel | 156 000 | 96 300 |
| SR Firer | 78 000 | 70 807 |
| Total | 390 000 | 263 407 |

Directors' emoluments

The remuneration paid to the executive directors of the Company, whilst in office, during the year ended 28 February 2011, are as follows:

| 2011 | | | | | |
|-------------------|------------------|-------------------|----------------|----------------|------------------|
| Amount in Rand | Salary | Expense Allowance | Bonus Paid | Directors Fees | Total |
| DB Harington | 2 131 168 | 206 490 | 97 402 | 117 000** | 2 552 060 |
| HJ van der Merwe* | 1 354 173 | 163 750 | 63 065 | - | 1 580 988 |
| IM Wright | 1 360 000 | - | 56 667 | - | 1 416 667 |
| Total | 4 845 341 | 370 640 | 217 134 | 117 000 | 5 549 715 |

| 2010 | | | | | |
|-------------------|------------------|-------------------|------------|----------------|------------------|
| Amount in Rand | Salary | Expense Allowance | Bonus Paid | Directors Fees | Total |
| DB Harington | 1 972 645 | 206 490 | - | 84 000** | 2 263 134 |
| HJ van der Merwe* | 1 250 360 | 163 750 | - | - | 1 414 110 |
| IM Wright | 920 405 | 105 600 | - | - | 1 026 005 |
| Total | 4 143 410 | 475 840 | - | 84 000 | 4 703 249 |

* Resigned 28 February 2011

** Directors fees earned from StratCol Limited (Associate)

Save for related party transactions in note 36 if applicable, no other management, consulting, technical or other fees, directly or indirectly, including payments to management companies have been paid to any directors of the Company. No other material benefits or expense allowances were received by the directors. There is no commission, gain or profit sharing arrangement payable to any of the directors. The directors' remuneration, except for the director's fee from StratCol, were paid by StratCorp Limited.

StratCorp's risk philosophy recognises that effective risk management is central to maintaining and improving a competitive advantage while adapting to changes in the business environment. StratCorp adopts a holistic approach to managing uncertainty, representing both risk and opportunity. The aim is to establish an acceptable level of risk in each area of business, which should be as low as reasonably practical, while taking full advantage of the highest returns possible to maximise shareholder wealth.

The Board approves the Group risk strategy policies in consultation with the Audit and Risk Committee, the executive directors and the senior management and decides the Group's appetite or tolerance for the risks StratCorp will or will not take in the pursuit of its goals and objectives.

The Board is responsible for risk management and for implementing an effective process to identify risk, measure its potential impact and initiate whatever is necessary to proactively manage such risks. The Audit and Risk Committee of the Board focuses on the review of the Group risk management process and quarterly risk management updates are tabled at committee as well as board meetings.

Executive and operational management are accountable to the Board for designing, implementing and monitoring the process of risk management and integrating it into the day-to-day activities of the Group. Group risk management facilitates risk review at all subsidiary companies. These include reviews of all risk areas, legal compliance, contracts and insurance policies.

Matrices are compiled setting out the risks identified at the risk review and grading these risks into high, medium and low risks. The controls are in place that are required to manage these risks and are detailed in this document.

The following risks have been identified as significant to the Group:

| Risk type | Management of risk |
|---|---|
| STRATEGIC RISK | understanding the markets the Group operates in – sectorally, geographically and in global or regional business culture terms; obtaining adequate information about the market situation and the market cycle; combined experience base of StratCorp's executive and management team; using an established supporting expertise base including financiers, insurers, agents, designated advisors and legal advisors; and operating within set financial limits, approval frameworks and board review. |
| MARKET RISK <i>Counterparty/credit risk</i> | management regularly monitors all counterparties in order to assess their ability to perform on contracts; internal controls include a thorough credit approval process with regular management review; debtors are reviewed monthly by management; operating within set financial limits; significant exposures require Board approval; and the effectiveness of controls is assessed through the Group's risk management process, as determined by the Audit and Risk Committee. |
| Economic risk | regularly monitoring the market conditions and the impact thereof on the ability of the clients to continue subscribing to the Group's products and services; regular review of the value added to clients by the Group through its product and service offerings; and operating within set financial limits. |
| FINANCIAL RISK <i>Exchange/interest rate risk</i> | the Group's exchange and interest rate policy is approved by senior management; a detailed review of the Group's foreign exchange and interest rate exposure is reviewed quarterly by senior management; and management performs an ongoing review of the Group's exchange and interest rate exposure. |
| Risk of non-compliance with loan covenants | loan covenants are continually reviewed to ensure that current loans are well within loan covenant ratios. |
| Fraud risk | fraud risk factors and internal controls are regularly reviewed and assessed through the Group's risk management process; the fraud risk management strategy is continuously reviewed and updated; and a whistleblower policy is in place. |
| Funding risk | the Group has a detailed cash flow and funding plan and liquidity gap analysis in order to facilitate adequate funding for its operations and to ensure that the Group's funding is at levels that result in an efficient cost of capital, while maintaining an acceptable level of risk. |

continued...

| | |
|---|--|
| <p>OPERATIONAL RISK <i>Loss or breakdown of key assets</i></p> | <p>management plays a key role in ensuring that adequate insurance cover is held for all key assets; where necessary, such insurance has been extended to business interruption cover; and management also ensures that strategic spare parts for equipment are held in storage and that high maintenance standards are upheld.</p> |
| <p><i>Financial claims from contractual exposures</i></p> | <p>internal controls are in place to minimise claims for damages in respect of contractual exposures; and insurance cover in place in the event that such claims arise.</p> |
| <p>LEGAL RISK</p> | <p>operating companies rely on service providers such as auditors, designated advisors and attorneys as well as trade associations such as the Direct Selling Association to keep them abreast of any significant changes in legislation; and tax legislation and the numerous changes are regularly reviewed to ensure the Group is in compliance with all relevant tax legislation. In addition, a detailed tax compliance review is carried out on a regular basis.</p> |
| <p>ORGANISATIONAL RISK <i>Loss of key staff</i></p> | <p>this risk is managed by ensuring competitive remuneration packages and long-term incentives, a progressive work environment, career growth opportunities and succession planning.</p> |
| <p><i>IT system failure</i></p> | <p>centralised IT systems are backed up with a limited disaster recovery plan; the Group invests in appropriate computer technology to ensure that business units improve efficiencies and remain globally competitive.</p> |
| <p>RISKS RELATING TO FINANCIAL SERVICES</p> | <p>StratFin has a separate credit risk committee which has the responsibility to manage the risks facing StratFin; and A risk committee charter is in place which defines the role, objectives, responsibilities, duties and authority of the risk committee of StratFin.</p> |

Empowerment and Social Responsibility

StratCorp is committed to the establishing of a social upliftment programme whereby the Company, through its subsidiaries, are actively involved in providing management skills, education, training, systems and agencies, which will facilitate the establishment of numerous distribution outlets within the previously disadvantaged communities. This programme continued during the past financial year. The rollout plan is administered in such a manner to ensure that the outlets add tangible value to the surrounding community, provide exciting employment opportunities, enhance career development and ultimately meet the needs of the community at large.

Workforce profile

The resilience and success of StratCorp and its subsidiaries is underpinned by committed, competent and value orientated people that drive businesses from the front line to the boardroom. Living the following values and core beliefs are the key ingredients for the culture that supports achievement of the Group's strategy:

- professionalism and brand ambassadors in working together to add value to clients and stakeholders;
- together to add value to clients and stakeholders;
- respect for one another, all stakeholders and the environment;
- integrity and honesty in managing relationships and partnerships;
- establish and promote a non-discriminatory environment that supports people's rights and obligations;
- accountable for complying with laws, regulations, policies and StratCorp's code of ethics; and
- commitment to add value and support development of South Africa and the other countries in which we operate.

The workforce complement increased over the last year from 86 at 28 February 2010 to 134 at 28 February 2011.

The table below reflects the total workforce for StratCorp, as at 28 February 2011, including permanent and temporary employees in subsidiary, joint venture and associated companies.

| Country | 2011 | 2010 |
|--------------|------------|-----------|
| South Africa | 124 | 79 |
| Botswana | 3 | 0 |
| Namibia | 0 | 2 |
| Lesotho | 0 | 3 |
| Swaziland | 2 | 2 |
| Kenya | 5 | 0 |
| Total | 134 | 86 |

Human Capital Initiatives

StratCorp is launching projects informed by good industry practice to support the rapid growth and expansion plans. To support and enhance strategic governance and compliance with King III across the Group, a corporate exercise of streaming and aligning policies has been launched and rolled out during the second quarter of the financial year.

Performance management is a critical business requirement as this helps align, manage and calibrate the contributions of each person in the organisation in line with the strategic goals

Recruitment

The group has replaced its Human Resource Manager during the past year. The group recruits its employees by way of advertising in national print or in online media. Interviews are conducted with input from appropriate directors and senior management. In certain instances, the Group may head hunt pre-determined and appropriate personnel, and in instances where appropriate senior personnel cannot be sourced, the Group might utilise the services of employment agencies. Interview procedures are conducted in line with the guidelines of the Labour Relations Act (Act No. 127 of 1998).

Training

In addition to the requirements of the appropriate acts, appropriate training of all personnel including in-house training, external training and planned training are done on an ongoing basis. The Board of Directors recognises and is committed to the principles of openness, integrity and accountability applicable for appropriate grants in terms of the Skills Development Levies Act (Act No. 9 of 1999) and ensure that training reflects the adopted policy of continuous improvement to enhance employee skills and efficiency.

Talent Management

In the area of talent management, specifically processes for attracting and developing, retaining and performance managing, our people resources have undergone significant improvements. A revised group induction programme has been developed to improve effectiveness of a new employee from day one, to embed our culture and support the potential for long-term career growth.

The group promotes an environment in which all employees are afforded equal developmental and promotional opportunities and to this end has supported initiatives aimed at promoting training, education and development. The principle of learning through experience, as well as formal training, is adhered to throughout the Group. In addition, employees with professional qualifications are encouraged to keep abreast of developments in particular fields by attending seminars, conferences and training courses. Financial assistance is also given to employees to encourage further

tertiary education and to update the professional skills quotient in the organisation.

The group is committed to ensuring equal opportunities for people from historically disadvantaged groups (comprising African, Asian and Coloured persons, women and the disabled). Employment equity reports are submitted in accordance with the Employment Equity Act, No. 55 of 1998. Goals have been established for business transformation and are incorporated into various talent processes such as acquisition, development and progression. Succession and progression processes have further been improved to build a sustainable pipeline of leadership talent from the frontline to directors.

Labour Relations

The group follows the principle of consultation for the benefit of management and employees. Freedom of association and dissociation is acknowledged.

Disciplinary and Grievance Procedures

Behavioural standards are documented as conduct, performance or disciplinary codes and these are communicated to all employees. The group prefers measures that are progressive in correction rather than punitive. To this end, in minor cases of misconduct, a written warning is given, subject to an investigation of the facts, and the outcome is based on a balance of probabilities. For more serious offences which may warrant dismissal, a fair and unbiased disciplinary hearing is conducted. All employees involved in a disciplinary procedure are permitted representation by another employee of his/her choice. There is an appeal procedure for all forms of disciplinary action.

A formal grievance procedure exists to enable employees to communicate grievances to management and to obtain the earliest possible resolution.

Broad-Based Black Economic Empowerment (B-BBEE) and Employment Equity

B-BBEE is an integral component of South African business and the Group is committed to aligning its businesses with the national legislation in the area of sustainable business transformation and to the creation and development of an enabling environment, for effective implementation within the organisation.

The group ensures each business retains business focus, values, performance, customer satisfaction and increases shareholder value. StratCorp has adopted a long-term developmental approach to B-BBEE which is aligned with the codes of Good Practice issued by the Department of Trade and Industry. Performance against the various elements of B-BBEE is measured by the generic balanced scorecard and/or specific industry scorecards.

B-BBEE Ownership

Kose-Kose Investments Limited, a B-BBEE company, owns 34.98% of StratCorp.

Employment Equity

The group continually considers governmental policies and informs itself about proposed legislation and regulations, the most significant being the Employment Equity Act. As such, it is essential that the cornerstones of the Group continue to encompass integrity, exemplary business practice, and respect for the individual, irrespective of colour, race or creed. The group provides an opportunity to increase previously disadvantaged equity participation.

The official policy of the Group is to approach affirmative action from the perspective of making a substantive difference to people's lives, balanced with good business practice. This includes implementing affirmative action policies at all levels in the organisation. Certain positions have already been filled over the past year to give effect to this policy. All group companies have adopted an employment equity policy promoting equal opportunity and fair treatment in employment through the elimination of any discriminatory practices and prejudices. An environment has been created in which every employee has the opportunity for advancement. Employment equity consultation committees consisting of individuals from different races, genders and occupational levels have been established and meet on a regular basis. A developmental approach is being taken to affirmative action with the focus on promoting education and training to assist persons from designated groups to occupy more skilled and responsible positions within the Group. Employment equity reports have been submitted in accordance with the Employment Equity Act, No. 55 of 1998. Goals have been established for business transformation and are incorporated into various talent processes such as attraction, development and progression.

Succession and progression processes have further been improved to build a sustainable pipeline of leadership talent from the frontline to directors as referenced above.

In 2011, 73% (2010: 71%) of the workforce was composed of persons from designated groups.

The group's current demographic profile of permanent employees in South African companies per occupational level is tabled below:

- top management;
- senior management;
- middle management (professional qualified and experienced specialists and mid-management);
- skilled (skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents);
- semi-skilled (semi-skilled and discretionary decision maker); and
- unskilled (unskilled and defined decision making).

| Occupational levels | Male | | | Female | | | | Non-Designated | | | Total |
|--|---------|----------|--------|---------|----------|--------|-------|----------------|-------------------|--------|-------|
| | African | Coloured | Indian | African | Coloured | Indian | White | Male | Foreign Nationals | | |
| | | | | | | | | White | Male | Female | |
| Top Management | | | 1 | | | | | 5 | | | 6 |
| Senior Management | | | | | | | | 4 | 1 | | 5 |
| Professionally qualified and/or experienced specialists and mid-management | | 1 | 1 | | | | 4 | 9 | | 1 | 16 |
| Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents | 1 | | | | | 1 | 11 | 6 | 1 | | 20 |
| Semi-skilled and discretionary decision making | 19 | | | 34 | | | 15 | 1 | 3 | 4 | 76 |
| Unskilled and defined decision making | 5 | | | 6 | | | | | | | 11 |
| Total Permanent | 25 | 1 | 2 | 40 | 0 | 1 | 30 | 25 | 5 | 5 | 134 |
| Percentage | 19% | 1% | 1% | 30% | 0% | 1% | 22% | 18% | 4% | 4% | 100% |
| 2010 | | | | | | | | | | | |
| Total Permanent | 10 | 1 | 2 | 28 | 0 | 0 | 19 | 19 | 2 | 5 | 86 |
| Percentage | 12% | 1% | 2% | 33% | 0% | 0% | 22% | 22% | 2% | 6% | 100% |

Skills Development

The group is committed to the development of all its employees and to this end supports initiatives aimed at promoting training, education and development. This is done through continuous, internal training programmes aimed at improving service delivery to clients and external training programmes. The group, through its subsidiaries also provide the independent contractors which are members of its network, with regular training in all aspects required to enable them to own and manage successful businesses.

The principle of learning through experience, as well as formal training, is adhered to throughout the Group. Training needs are identified and documented in the form of work place skills plans. These plans and implementation reports are submitted to the relevant Sector Education and Training Authorities (SETAs). Grants have been received from the various SETA chambers for training completed. The group spent R78 644 on training and development of its employees in 2011.

Human Rights

StratCorp continued to uphold and respect employee human rights through its operations. Basic human rights are enshrined in company policy and in employment contracts. There is no child labour and forced labour within the Group. There were no incidents of human rights violations during the year under review.

HIV/AIDS

The group is committed to reducing the spread and minimising the impact of HIV/AIDS on our employees and our stakeholders. Across our companies, we promote non-discriminatory behaviour through our shared code of ethics and provide education to support safe and responsible decisions.

Occupational Health and Safety

StratCorp's health and safety objectives and targets remain simple. Full compliance with applicable legislation with a target of zero incidents, within a culture of continual improvement.

Occupational health and safety is managed in terms of an integrated safety health and environment (SHE) or SHE and quality (SHEQ) management system. Senior employees in the Company are required to ensure that all legal requirements are complied with and this forms part of their personal assessment. All serious incidents are reported to the Board and dealt with in the most serious light, with full investigations conducted and appropriate remedial action taken, in all cases.

CORPORATE SOCIAL INVESTMENT

StratCorp's business model is focused on providing members of the public who subscribe to its ICI or I-Cura membership, with the opportunity to start their own businesses. This is done by way of a franchise type and network marketing where the public is invited to presentations by ICI Marketing and I-Cura on a weekly basis, and acquires the business rights of the respective business opportunities.

For a monthly subscription thereafter, StratEquity on its own accord and as agent provide members with an investment plan, death, disability, retrenchment, hospitalisation and funeral benefits and administrative support to the Master Distributors and Network members to build their own businesses and introducing other members to the business opportunity. StratEquity and I-Cura provide frequent training sessions for its Master Distributors and Network members as part of its service to assist them in growing their businesses.

StratEquity currently has 33 255 clients and Network members which contribute on a monthly basis by way of debit orders, the majority of which are within the LSM 4-7 band and from the previously disadvantaged group in South Africa. In the past financial year, R16.5 million has been paid out to the Network members as their portion of the income earned on their business networks.

I-Cura provides similar services to its members, with the exception that it provides health and lifestyle products to its members instead of the investment plan and the death and other benefits offered by StratEquity. I-Cura currently has 93 Master Distributors and 8 852 clients and Network members which uses its products and services on a monthly basis. The target market for the I-Cura business is similar to that of StratEquity and in the past financial year, R6.4 million has been paid out to the Master Distributor and Network members as their portion of the income earned on their business networks.

STAKEHOLDER ENGAGEMENT

StratCorp recognises that its operations and/or activities have an impact on various stakeholders ranging from communities to investors. StratCorp is committed to building and maintaining open, sustainable relationships with a range of stakeholder groups.

The group's engagement with its respective stakeholders are summarised below:

Investors

- Interim and annual results released within three months from the period end to provide investors with current information on the Company and its activities.
- Up to date/real time information is provided through SENS and share price feeds.
- Engaging with investors on a regular basis.
- Progress towards meeting King III requirements and other international reporting standards as well as improved disclosure in the annual and interim reports.

Customers

- Monthly interaction with the members with regard to expanding their businesses, provision of training and presentation facilities.
- Regular show cases to introduce new products and services to members and to recognise outstanding performers.

Government authorities

- Continual engagement with government departments such as the Financial Services Board, Medical Counsel and South African Revenue Services relating to matters and/or legislation that would impact the Group's business.
- Continual review of changes in legislation to ensure ongoing compliance with the relevant legislation.

Directors' responsibility

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 Officer
19 May 2011

JHP Engelbrecht
Group Financial Director
19 May 2011

COMPANY SECRETARY'S CERTIFICATION

Compliance with Companies Act 61 of 1973

In terms of Section 268G (d) of the Companies Act 61 of 1973 (the Act), and for the year ended 28 February 2011, I certify that StratCorp Limited has lodged all returns required by the Act with the Registrar of Companies and that all such returns are true, correct and up to date.

JPJ Louw
Company Secretary
19 May 2011

To the shareholders of StratCorp Limited

We have audited the annual financial statements and group annual financial statements of StratCorp Limited, which comprise the directors' report, the audit committee report, the statement of financial position and consolidated statement of financial position as at 28 February 2011, the statement of comprehensive income and consolidated statement of comprehensive income, the statement of changes in equity and consolidated statement of changes in equity, the statement of cash flow and consolidated statement of cash flow for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on page 12-14 and 23 - 78.

Directors' Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 28 February 2011 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

SAB&T Chartered Accountants Incorporated
Registration number 1997/018869/21
Director: B Adam

***Pretoria
19 May 2011***

The directors submit their report for the year ended 28 February 2011.

1. Review of activities

Main business and operations

The group is engaged through its subsidiaries in General Financing, Asset Management, Marketing and Distribution and Property Development and operates principally in South Africa and neighbouring countries.

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

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

Net loss of the Group was R1 488 096 (2010: loss R7 743 871) after taxation of (R135 073) (2010: (R3 493 769)).

2. Going concern

The annual company and 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.

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.

3. Events after the reporting period

Subsequent to year end the Company secured a loan of R2 500 000 from Kose-Kose Investments Limited. The loan bears interest at 15% per annum payable monthly in arrears. The loan is repayable in 10 monthly instalments of R250 000 from 31 March 2011, of which the first two instalments have already been paid. Other than these events, the directors are not aware of any matter or circumstance arising since the end of the financial year that could have a material effect on the Group's consolidated annual financial statements.

4. Authorised and issued share capital

There were no changes in the authorised and issued share capital of the Company during the year under review. The total issued capital of the Company is 180 296 330 at 28 February 2011.

5. Borrowing limitations

In terms of the Articles of Association of the Company, the directors may exercise all the powers of the Company to borrow money, as they consider appropriate. The Articles of Association do not limit either the Company or any of the Group companies' borrowing powers. The borrowing authority is limited by the directors to the amount authorised by the directors. The group's borrowings as set out in the financial statements increased to finance its property development activities. The group's borrowings which currently is at a level of 40%, is expected to decrease as the property exposure is decreased over time as well as from positive cash flows as a result of future profitability.

6. Non-current assets

Property, Plant and Equipment to the value of R1.3 million were acquired, and R1.7 million were spent on internally developed computer software during the year to increase the Company's operating capacity.

7. Dividends

No dividends were declared or paid to shareholders during the year.

8. Directors

Details of the directors of the Company are given on page 3. Details of directors' remuneration and interest in the Company Share Incentive Scheme appear on pages 13-14 of the Remuneration Report.

HJ van der Merwe resigned as financial director of the Company on 28 February 2011 and JHP Engelbrecht was appointed as Financial Director with effect from 14 March 2011. The appointment of JHP Engelbrecht will be confirmed at the Annual General Meeting.

According to the Company's Articles of Association, PJ de Jongh and MM Patel retire by rotation and being eligible, have offered themselves for re-election.

DIRECTORS' REPORT

for the year ended 28 February 2011

1. Interest in subsidiaries

Information on subsidiary and associated companies is contained in notes 8 to 9 and the Segmental Reporting section of the Annual Financial Statements.

2. 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:

| | % of total issued shares | | Number of shares | |
|-------------------------------|--------------------------|-------|------------------|------------|
| | 2011 | 2010 | 2011 | 2010 |
| Kose-Kose Investments Limited | 34.98 | 34.98 | 63 072 840 | 63 072 840 |

3. Shareholder Analysis

| | Number of shareholders | Number of ordinary shares | Percentage of issued ordinary share capital |
|------------------------------------|------------------------|---------------------------|---|
| 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 |
| Total | 13 654 | 180 296 330 | 100.00 |

4. Special resolutions

At the Annual General Meeting of the Company held on 2 July 2010 shareholders approved the special resolution authorising the directors to repurchase the ordinary shares of the Company by way of a general authority, subject to the rules and requirements of the Companies Act and the Listings Requirements of the JSE.

5. Number of employees

The average number of employees during the year was 110 (2010: 92).

6. Secretary

Mr JPJ Louw is the Company Secretary of StratCorp and his address and that of the registered office are:

| | | | |
|--------------------------|---|------------------------|--------------|
| Business address: | 3 rd Floor Lakeside Building A | Postal address: | PO Box 12022 |
| | 2004 Gordon Hood Drive | | Centurion |
| | Centurion | | 0046 |
| | 0157 | | |

7. Auditors

During the year under review, SAB&T Chartered Accountants Incorporated, continued as auditors, and will continue in office, subject to shareholders approval, in accordance with section 90(6) of the Companies Act. The designated auditor is Mr B Adam.

8. Litigation

The directors are not aware of any legal or arbitration 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.

STATEMENT OF FINANCIAL POSITION

| Figures in Rand | Note(s) | Group | | Company | |
|---|---------|-------------------|-------------------|-------------------|-------------------|
| | | 2011 | 2010 | 2011 | 2010 |
| Assets | | | | | |
| Non-Current Assets | | | | | |
| Investment property | 4 | 394 737 | 877 193 | - | - |
| Property, plant and equipment | 5 | 5 687 844 | 6 120 559 | 5 340 715 | 6 072 621 |
| Goodwill | 6 | 1 317 953 | 1 317 953 | - | - |
| Intangible assets | 7 | 3 106 275 | 1 938 015 | 3 094 406 | 1 926 811 |
| Investments in subsidiaries | 8 | - | - | 2 000 400 | 2 000 600 |
| Investments in associates | 9 | 1 793 659 | 976 671 | 1 793 659 | 976 671 |
| Other financial assets | 11 | 46 484 | 5 824 572 | - | 5 063 898 |
| Deferred tax | 13 | 11 587 732 | 9 103 000 | 5 301 284 | 2 935 791 |
| Finance lease receivables | 14 | 484 559 | 478 113 | - | - |
| | | 24 419 243 | 26 636 076 | 17 530 464 | 18 976 392 |
| Current Assets | | | | | |
| Inventories | 16 | 37 525 524 | 36 748 967 | - | - |
| Loans to group companies and associates | 10 | - | 162 567 | 24 656 567 | 30 354 016 |
| Other financial assets | 11 | 1 032 574 | 1 243 281 | 13 117 379 | 13 336 182 |
| Finance lease receivables | 14 | 405 809 | 282 478 | - | - |
| Trade and other receivables | 17 | 6 566 429 | 4 419 983 | 119 670 | 279 984 |
| Cash and cash equivalents | 18 | 362 304 | 196 270 | 5 229 | 1 807 |
| | | 45 892 640 | 43 053 546 | 37 898 845 | 43 971 989 |
| Assets of discontinued operations | 19 | 23 601 | - | - | - |
| Total Assets | | 70 335 484 | 69 689 622 | 55 429 309 | 62 948 381 |
| Equity and Liabilities | | | | | |
| Equity | | | | | |
| Share capital | 20 | 43 640 846 | 43 640 846 | 57 259 945 | 57 259 945 |
| Reserves | | (10 763) | - | - | - |
| Accumulated loss | | (12 011 558) | (5 340 149) | (10 700 356) | (3 495 888) |
| | | 31 618 525 | 38 300 697 | 46 559 589 | 53 764 057 |
| Liabilities | | | | | |
| Non-Current Liabilities | | | | | |
| Other financial liabilities | 23 | 10 632 595 | - | - | - |
| Finance lease obligation | 24 | 586 896 | 828 595 | 586 896 | 828 595 |
| Deferred tax | 13 | 2 392 226 | 843 877 | - | - |
| | | 13 611 717 | 1 672 472 | 586 896 | 828 595 |
| Current Liabilities | | | | | |
| Loans from group companies and associates | 10 | - | - | 1 212 369 | 669 740 |
| Other financial liabilities | 23 | 328 586 | 12 647 780 | - | 320 863 |
| Current tax payable | | 23 223 | 458 214 | - | - |
| Finance lease obligation | 24 | 494 042 | 1 307 378 | 494 042 | 1 307 378 |
| Operating lease liability | 15 | 449 849 | 825 248 | 362 543 | 731 300 |
| Trade and other payables | 25 | 14 680 132 | 8 848 084 | 1 136 290 | 925 669 |
| Bank overdraft | 18 | 9 053 762 | 5 629 749 | 5 077 580 | 4 400 779 |
| | | 25 029 594 | 29 716 453 | 8 282 824 | 8 355 729 |
| Liabilities of discontinued operations | 19 | 75 648 | - | - | - |
| Total Liabilities | | 38 716 959 | 31 388 925 | 8 869 720 | 9 184 324 |
| Total Equity and Liabilities | | 70 335 484 | 69 689 622 | 55 429 309 | 62 948 381 |

STATEMENT OF COMPREHENSIVE INCOME

| Figures in Rand | Note(s) | Group | | Company | |
|---|---------|--------------------|---------------------|---------------------|-------------------|
| | | 2011 | 2010 | 2011 | 2010 |
| Continuing operations | | | | | |
| Revenue | 27 | 81 270 581 | 60 820 985 | 16 101 949 | 25 453 519 |
| Cost of sales | 28 | (31 515 804) | (37 317 656) | - | - |
| Gross profit | | 49 754 777 | 23 503 329 | 16 101 949 | 25 453 519 |
| Other income | | 924 480 | 359 696 | 111 546 | 105 103 |
| Operating expenses | | (50 402 920) | (35 667 296) | (20 142 486) | (21 163 332) |
| (Impairment) and reversal of impairment of loans receivable | | 378 002 | (501 000) | 378 002 | (501 000) |
| Impairment of loans to subsidiaries | | - | - | (7 160 698) | - |
| Operating profit (loss) | 29 | 654 339 | (12 305 271) | (10 711 687) | 3 894 290 |
| Investment revenue | 30 | 300 959 | 479 754 | 6 528 293 | 263 351 |
| Fair value adjustments | 31 | (3 723) | 550 815 | - | 416 201 |
| Income from equity accounted investments | 9 | 816 988 | 726 671 | 816 988 | 726 671 |
| Finance costs | 32 | (3 168 825) | (689 609) | (781 751) | (458 066) |
| (Loss) profit before taxation | | (1 400 262) | (11 237 640) | (4 148 157) | 4 842 447 |
| Taxation | 33 | 147 873 | 3 493 769 | 1 606 439 | (1 261 732) |
| (Loss) profit from continuing operations | | (1 252 389) | (7 743 871) | (2 541 718) | 3 580 715 |
| Discontinued operations | | | | | |
| Loss from discontinued operations | 19 | (235 707) | - | - | - |
| (Loss) profit for the year | | (1 488 096) | (7 743 871) | (2 541 718) | 3 580 715 |
| Other comprehensive income: | | | | | |
| Exchange differences on translating foreign operations | | (15 194) | - | - | - |
| Net loss on financial assets at fair value through other comprehensive income | | (6 027 108) | - | (5 421 802) | - |
| Taxation related to components of other comprehensive income | | 848 226 | - | 759 052 | - |
| Other comprehensive loss for the year net of taxation | 36 | (5 194 076) | - | (4 662 750) | - |
| Total comprehensive (loss) income | | (6 682 172) | (7 743 871) | (7 204 468) | 3 580 715 |
| Net (loss) profit attributable to: | | | | | |
| Owners of the parent: | | | | | |
| (Loss) profit for the year from continuing operations | | (1 252 389) | (7 743 871) | (2 541 718) | 3 580 715 |
| Loss for the year from discontinuing operations | | (235 707) | - | - | - |
| (Loss) profit for the year attributable to owners of the parent | | (1 488 096) | (7 743 871) | (2 541 718) | 3 580 715 |
| Total comprehensive (loss) income attributable to: | | | | | |
| Owners of the parent | | (6 682 172) | (7 743 871) | (7 204 468) | 3 580 715 |
| Earnings per share | | | | | |
| From continuing and discontinued operations | | | | | |
| Basic loss per share (c) | 37 | (0,94) | (4,89) | | |
| From continuing operations | | | | | |
| Basic loss per share (c) | 37 | (0,80) | (4,89) | | |
| From discontinued operations | | | | | |
| Basic loss per share (c) | 37 | (0,14) | - | | |

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> |
|---|----------------------|---|--|-----------------------|-------------------------|---------------------|
| Group | | | | | | |
| Balance at 01 March 2009 | 43 642 232 | - | - | - | 2 403 722 | 46 045 954 |
| Changes in equity | | | | | | |
| Total comprehensive income for the year | - | - | - | - | (7 743 871) | (7 743 871) |
| Purchase of treasury shares | (1 386) | - | - | - | - | (1 386) |
| <i>Total changes</i> | <i>(1 386)</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>(7 743 871)</i> | <i>(7 745 257)</i> |
| Balance at 01 March 2010 | 43 640 846 | - | - | - | (5 340 149) | 38 300 697 |
| Changes in equity | | | | | | |
| 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) | - |
| <i>Total changes</i> | <i>-</i> | <i>(10 763)</i> | <i>-</i> | <i>(10 763)</i> | <i>(6 671 409)</i> | <i>(6 682 172)</i> |
| Balance at 28 February 2011 | 43 640 846 | (10 763) | - | (10 763) | (12 011 558) | 31 618 525 |
| Note(s) | 20 | 21&36 | 22&36 | | 36 | |
| Company | | | | | | |
| Balance at 01 March 2009 | 57 259 945 | - | - | - | (7 076 603) | 50 183 342 |
| Changes in equity | | | | | | |
| Total comprehensive income for the year | - | - | - | - | 3 580 715 | 3 580 715 |
| <i>Total changes</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>3 580 715</i> | <i>3 580 715</i> |
| Balance at 01 March 2010 | 57 259 945 | - | - | - | (3 495 888) | 53 764 057 |
| Changes in equity | | | | | | |
| Total comprehensive income for the year | - | - | (4 662 750) | (4 662 750) | (2 541 718) | (7 204 468) |
| Transferred to accumulated loss | - | - | 4 662 750 | 4 662 750 | (4 662 750) | - |
| <i>Total changes</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>-</i> | <i>(7 204 468)</i> | <i>(7 204 468)</i> |
| Balance at 28 February 2011 | 57 259 945 | - | - | - | (10 700 356) | 46 559 589 |
| Note(s) | 20 | 21&36 | 22&36 | | 36 | |

STATEMENT OF CASH FLOWS

| Figures in Rand | Note(s) | Group | | Company | |
|---|---------|--------------------|--------------------|--------------------|---------------------|
| | | 2011 | 2010 | 2011 | 2010 |
| Cash flows from operating activities | | | | | |
| Cash receipts from customers | | 79 134 699 | 60 103 766 | 18 535 436 | 12 151 274 |
| Cash paid to suppliers and employees | | (74 270 533) | (60 234 433) | (20 535 199) | (5 411 290) |
| Cash generated / (used) in operations | 38 | 4 864 166 | (130 667) | (1 999 763) | 6 739 984 |
| Interest income | | 103 000 | 365 927 | 528 293 | 263 351 |
| Dividends received | | - | - | 6 000 000 | - |
| Finance costs | | (3 014 275) | (419 901) | (627 201) | (188 358) |
| Tax (paid) received | 39 | (460 533) | 4 264 826 | - | - |
| Cash flows from discontinued operations | 40 | (113 719) | - | - | - |
| Net cash from operating activities | | 1 378 639 | 4 080 185 | 3 901 329 | 6 814 977 |
| Cash flows from investing activities | | | | | |
| Purchase of property, plant and equipment | 5 | (1 347 640) | (1 746 541) | (917 443) | (1 681 035) |
| Sale of property, plant and equipment | 5 | 293 701 | 98 987 | 245 763 | - |
| Purchase of investment property | 4 | - | (57 807) | - | - |
| Sale of investment property | 4 | 438 516 | - | - | - |
| Purchase of other intangible assets | 7 | (1 691 726) | (985 169) | (1 691 061) | (973 965) |
| Loans to group companies and associates repaid | | 162 567 | - | 1 953 589 | 586 023 |
| Loans advanced to group companies and associates | | - | (162 567) | (3 416 638) | (8 360 591) |
| Proceeds from loans from group companies | | - | - | 1 212 369 | 669 740 |
| Repayment of loans from group companies | | - | - | (669 740) | (5 936 827) |
| Purchase of financial assets | | - | (516 918) | - | (79 073) |
| Sale of financial assets | | 335 966 | 184 662 | 238 901 | - |
| Net cash from investing activities | | (1 808 616) | (3 185 353) | (3 044 260) | (15 775 728) |
| Cash flows from financing activities | | | | | |
| Reduction of share capital or buy back of shares | 20 | - | (1 386) | - | - |
| Repayment of other financial liabilities | | (1 686 599) | (7 720 828) | (320 863) | (313 301) |
| Finance lease liability payments | | (1 209 585) | (553 046) | (1 209 585) | (553 046) |
| Finance lease assets receipts / (payments) | | 68 182 | (237 460) | - | - |
| Net cash from financing activities | | (2 828 002) | (8 512 720) | (1 530 448) | (866 347) |
| Total cash movement for the year | | (3 257 979) | (7 617 888) | (673 379) | (9 827 098) |
| Cash and cash equivalents at the beginning of the year | | (5 433 479) | 2 184 409 | (4 398 972) | 5 428 126 |
| Total cash and cash equivalents at end of the year | 18 | (8 691 458) | (5 433 479) | (5 072 351) | (4 398 972) |

1. Presentation of Company and Group Financial Statements

The annual group financial statements have been prepared in accordance with International Financial Reporting Standards, IFRIC Interpretations and the Companies Act of South Africa, 1973. 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, and incorporate the principal accounting policies set out below.

These accounting policies are consistent with the previous period, except for the changes set out in note 2 Changes in accounting policy.

All figures in the annual financial statements and in the notes are presented in Rand.

1.1 Consolidation

Basis of consolidation

The consolidated company and group financial statements incorporate the company and group 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 company and group financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the company and group 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 transaction 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.

Business combinations

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

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

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

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

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

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

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

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

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

Goodwill arising on acquisition of foreign entities is considered an asset of the foreign entity. In such cases the goodwill is translated to the functional currency of the Group at the end of each reporting period with the adjustment recognised in equity through to other comprehensive income.

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.

Losses in an associate in excess of the Group's interest in that associate are recognised only to the extent that the Group has incurred a legal or constructive obligation to make payments on behalf of the associate.

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.

1.2 Significant judgements and sources of estimation uncertainty

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

Trade receivables, Investments at fair value through profit and loss / other comprehensive income and Loans and receivables

The group assesses its Trade receivables, Investments at fair value through profit and loss or other comprehensive income 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, Investments at fair value through profit and loss or other comprehensive income 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.

Equity investments at fair value through other comprehensive income

The group follows the guidance of IFRS 9 to determine when an at fair value through other comprehensive income equity investment 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.

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operating profit note.

Fair value estimation

The fair value of financial instruments traded in active markets 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 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.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

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. They are significantly affected by a number of factors such as client and customer retentions and growth, together with economic factors such as exchange rates, inflation and interest rates.

Expected manner of realisation for deferred tax

Deferred tax is provided for on the fair value adjustments of investment properties based on the expected manner of recovery, i.e. sale or use. This manner of recovery affects the rate used to determine the deferred tax liability. Refer note 13 – Deferred tax.

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.

1.3 Investment property

Investment property is recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise, and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Fair value

Subsequent to initial measurement investment property is measured at fair value.

A gain or loss arising from a change in fair value is included in net profit or loss for the period in which it arises.

There are no property interests held under operating leases which are recognised as investment property.

1.4 Property, plant and equipment

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

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

Property, plant and equipment is initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Property, plant and equipment are depreciated on the diminishing balance method over their expected useful lives to their estimated residual value.

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

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

| Item | Average useful life |
|------------------------|----------------------------|
| Plant and machinery | 5 to 10 years |
| Furniture and fixtures | 2 to 6 years |
| Motor vehicles | 5 years |
| Office equipment | 2 to 5 years |
| IT equipment | 2 to 3 years |
| Computer software | 2 to 3 years |
| Leasehold improvements | period of lease |
| Paintings | indefinite |

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

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

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

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.5 Intangible assets

An intangible asset is recognised when:

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

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

Patent, trademarks and other rights

Separately acquired trademarks and licences are shown at historical cost. Trademarks and licences acquired in a business combination are recognised at fair value at the acquisition date. Trademarks and licences have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and licences over their estimated useful lives of 15 to 20 years. Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of three to five years.

Computer software, internally generated and websites

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortized over their estimated useful lives, which does not exceed 5 years.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period-end.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

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

| <i>Item</i> | <i>Useful life</i> |
|---|--------------------|
| Patents, trademarks and other rights | indefinite |
| Computer software, internally generated | 5 years |
| Websites | 5 years |

1.6 Investments in subsidiaries

Company and group financial statements

In the company's separate company and group 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.

1.7 Investments in associates

Company and the Group financial statements

An investment in an associate is carried at fair value and classified as fair value through profit or loss.

1.8 Financial instruments

Classification

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

- Financial assets at fair value
- Financial assets at amortized cost
- Financial liabilities measured at amortised cost

As from 1 March 2010 the Group classifies Financial assets into two categories: fair value or amortized cost. Classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. When, and only when, an entity changes its business model for managing financial assets it shall reclassify all affected financial assets.

Financial assets at amortised cost:

An investment is classified as 'amortised cost' only if both of the following criteria are met: the objective of the Group's business model is to hold the asset to collect the contractual cash flows; and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Financial assets at fair value:

If either of the two criteria above are not met, the financial instrument is classified as 'fair value through profit or loss'.

The group has not designated any debt investment as measured at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch.

All equity investments are measured at fair value. Equity investments that are held for trading are measured at fair value through profit or loss. For all other equity investments, the Group can make an irrevocable election at initial recognition to recognise changes in fair value through other comprehensive income rather than profit or loss.

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.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the income statement.

A gain or loss on a debt investment that is subsequently measured at fair value and is not part of a hedging relationship is recognised in profit or loss and presented in the income statement within 'other (losses)/gains — net' in the period in which they arise.

A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the financial asset is derecognised or impaired and through the amortisation process using the effective interest rate method.

Regular purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

The group subsequently measures all equity investments at fair value. Where the Group's management has elected to present unrealised and realised fair value gains and losses on equity investments in other comprehensive income, there is no subsequent recycling of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in profit or loss as long as they represent a return on investment.

The group is required to reclassify all affected debt investments when and only when its business model for managing those assets changes.

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 include 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.

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

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

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.

Impairment of financial assets

At each reporting date the Group assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the Group, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in profit or loss.

Impairment losses are reversed when an increase in the financial asset'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 financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss except for equity investments classified at fair value through other comprehensive income.

Where financial assets are impaired through use of an allowance account, the amount of the loss is recognised in profit or loss within operating expenses. When such assets are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.

Loans to (from) group companies

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

Loans to group companies are classified as loans and receivables.

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

Loans to shareholders, directors, managers and employees

These financial assets are classified as loans and receivables.

Trade and other receivables

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

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

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

Cash and cash equivalents

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

Bank overdraft and borrowings

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

1.9 Tax

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.

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, 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.

1.10 Leases

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

Finance leases - lessor

The group recognises finance lease receivables in the statement of financial position.

Finance income is recognised based on a pattern reflecting a constant periodic rate of return on the Group's net investment in the finance lease.

Finance leases – lessee

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

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

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

Operating leases - lessor

Operating lease income is recognised as an income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in profit or loss.

Operating leases – lessee

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

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

1.11 Inventories

Inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.12 Non-current assets held for sale (and) (disposal groups)

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets held for sale (or disposal group) are measured at the lower of its carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in profit or loss.

1.13 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.

1.14 Share capital and equity

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

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

If the Group reacquires its own equity instruments, the consideration paid, including any directly attributable incremental costs (net of income taxes) on those instruments are deducted from equity until the shares are cancelled or reissued. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Consideration paid or received shall be recognised directly in equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

1.15 Share based payments

Goods or services received or acquired in a share-based payment transaction are recognised when the goods or as the services are received. A corresponding increase in equity is recognised if the goods or services were received in an equity-settled share-based payment transaction or a liability if the goods or services were acquired in a cash-settled share-based payment transaction.

When the goods or services received or acquired in a share-based payment transaction do not qualify for recognition as assets, they are recognised as expenses.

For equity-settled share-based payment transactions the goods or services received and the corresponding increase in equity are measured, directly, at the fair value of the goods or services received provided that the fair value cannot be estimated reliably.

If the fair value of the goods or services received cannot be estimated reliably, their value and the corresponding increase in equity, indirectly, are measured by reference to the fair value of the equity instruments granted.

For cash-settled share-based payment transactions, the goods or services acquired and the liability incurred are measured at the fair value of the liability. Until the liability is settled, the fair value of the liability is re-measured at each reporting date and at the date of settlement, with any changes in fair value recognised in profit or loss for the period.

If the share based payments granted do not vest until the counterparty completes a specified period of service, group accounts for those services as they are rendered by the counterparty during the vesting period, (or on a straight line basis over the vesting period).

If the share based payments vest immediately the services received are recognised in full.

For share-based payment transactions in which the terms of the arrangement provide either the entity or the counterparty with the choice of whether the entity settles the transaction in cash (or other assets) or by issuing equity instruments, the components of that transaction are recorded, as a cash-settled share-based payment transaction if, and to the extent that, a liability to settle in cash or other assets has been incurred, or as an equity-settled share-based payment transaction if, and to the extent that, no such liability has been incurred.

1.16 Employee benefits

Short-term employee benefits

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

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

The group recognises a liability and an expense for bonuses and profit-sharing. The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

1.17 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 42.

1.18 Revenue

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

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

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

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

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

Service revenue is recognised by reference to the stage of completion of the transaction at the end of the reporting period. Stage of completion is determined by the proportion of costs incurred to date bear to the total estimated costs of the transaction.

Contract revenue comprises:

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

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

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

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

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

1.19 Turnover

Turnover comprises of sales to customers and service rendered to customers. Turnover is stated at the invoice amount and is exclusive of value added taxation.

1.20 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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

Contract costs comprise:

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

1.21 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

1.22 Translation of foreign currencies

Functional and presentation currency

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

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

Foreign currency transactions

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

At the end of the reporting period:

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

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

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

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

Investments in subsidiaries, joint ventures and associates

The results and financial position of a foreign operation are translated into the functional currency using the following procedures:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- income and expenses for each item of profit or loss are translated at the average exchange rates for the year; and
- all resulting exchange differences are recognised to other comprehensive income and accumulated as a separate component of equity.

Exchange differences arising on a monetary item that forms part of a net investment in a foreign operation are recognised initially to other comprehensive income and accumulated in the translation reserve. They are recognised in profit or loss as a reclassification adjustment through to other comprehensive income on disposal of net investment.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of that foreign operation are treated as assets and liabilities of the foreign operation.

The cash flows of a foreign subsidiary are translated at the exchange rates between the functional currency and the foreign currency at the dates of the cash flows.

SEGMENTAL ANALYSIS

for the year ended 28 February 2011

The group has identified the following five main segments namely I-Cura, StratEquity and ICI, StratFin, Property Development and Corporate Services. These divisions are the basis on which the Group reports its primary segment information.

| Business Segments | I-Cura | | StratEquity | | StratFin | |
|---|--------------------|-------------|-------------------|-------------|--------------------|-----------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Revenue - external - continuing operations | 33 312 013 | 10 302 596 | 43 333 896 | 41 358 708 | 75 886 | 22 256 |
| Revenue - external - discontinued operations | - | - | 1 022 352 | - | - | - |
| Revenue - internal | - | - | - | - | - | - |
| Trading profit / (loss) | (1 256 929) | (1 212 310) | 5 387 284 | (6 907 438) | (1 180 883) | (664 849) |
| Depreciation and amortisation | 74 726 | - | 8 341 | 38 293 | - | - |
| Operating profit / (loss) | (1 182 203) | (1 212 310) | 5 395 625 | (6 869 145) | (1 180 883) | (664 849) |
| Non trading items | - | - | (3 723) | (569 575) | - | - |
| Share of associate company's profit | - | - | - | - | - | - |
| Segment results excluding net interest and taxation | (1 182 203) | (1 212 310) | 5 391 902 | (7 438 720) | (1 180 883) | (664 849) |
| Interest received - external | 2 503 | 114 322 | 593 | 7 501 | 277 805 | 148 616 |
| Interest received - internal | - | - | 135 787 | - | - | - |
| Interest (paid) - external | (12) | (783) | (28 475) | (8 729) | (1 719) | - |
| Interest (paid) - internal | (313 408) | - | - | - | (205 325) | (84 979) |
| Profit/(Loss) before income tax - continuing operations | (1 493 120) | (1 098 771) | 5 499 807 | (7 439 948) | (1 110 122) | (601 212) |
| Profit/(Loss) before income tax - discontinued operations | - | - | 42 273 | - | - | - |
| Taxation - continuing operations | (345 740) | (299 666) | 1 588 661 | (2 017 178) | (310 834) | (168 629) |
| Taxation - discontinued operations | - | - | 16 848 | - | - | - |
| Profit for the year attributable to ordinary shareholders | (1 147 380) | (799 105) | 3 936 571 | (5 422 770) | (799 288) | (432 583) |
| Non-current assets | 1 070 722 | 368 508 | 1 058 096 | 3 204 526 | 1 136 862 | 952 971 |
| - Non-current assets from other segments in group | - | - | 140 932 | 605 306 | - | - |
| Current assets | 4 944 616 | 1 743 510 | 3 995 340 | 2 888 895 | 750 992 | 622 866 |
| - Current assets from other segments in group | - | 669 637 | 1 211 950 | - | - | - |
| Capital expenditure | 430 197 | - | - | 65 003 | - | - |
| Investments in associates | - | - | - | - | - | - |
| Non-current liabilities | 22 707 | - | - | - | 67 949 | 92 454 |
| Current liabilities | 6 078 266 | 1 039 007 | 4 810 975 | 3 256 660 | 3 202 903 | 2 067 093 |
| - Current liabilities from other segments in group | 2 572 361 | - | - | 621 673 | 3 181 037 | 2 052 166 |

The group's five divisions operate in three principle geographical areas - Southern Africa (South Africa, Swaziland, Namibia), Botswana and Kenya.

| Geographical Segments | Southern Africa | | Botswana | | Kenya | |
|-----------------------|-------------------|------------|------------------|------|------------------|------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Revenue - external | 78 209 078 | 60 820 985 | 1 505 629 | - | 1 555 874 | - |
| Capital expenditure | 1 140 446 | 1 746 541 | 61 705 | - | 145 489 | - |
| Segment assets | 68 500 205 | 69 689 622 | 606 726 | - | 1 228 553 | - |

| Property Development | | Corporate Services | | Other | | Intersegment eliminations | | StratCorp Group | |
|----------------------|-------------|---------------------|------------|------------------|---------|---------------------------|--------------|--------------------|--------------|
| 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| 4 665 080 | 9 123 926 | 26 286 | 360 | (142 580) | 13 139 | - | - | 81 270 581 | 60 820 985 |
| - | - | - | - | 70 030 | - | - | - | 1 092 382 | - |
| - | - | 16 075 663 | 25 453 159 | 549 191 | 361 600 | (16 624 854) | (25 814 759) | - | - |
| 767 474 | (9 083 141) | (12 686 502) | 2 049 143 | 406 611 | (3 095) | 7 159 402 | 1 632 979 | (1 403 543) | (14 188 711) |
| - | - | 1 974 815 | 1 845 147 | - | - | - | - | 2 057 882 | 1 883 440 |
| 767 474 | (9 083 141) | (10 711 687) | 3 894 290 | 406 611 | (3 095) | 7 159 402 | 1 632 979 | 654 339 | (12 305 271) |
| - | 257 433 | - | 416 201 | - | - | - | 446 756 | (3 723) | 550 815 |
| - | - | 816 988 | 726 671 | - | - | - | - | 816 988 | 726 671 |
| 767 474 | (8 825 708) | (9 894 699) | 5 037 162 | 406 611 | (3 095) | 7 159 402 | 2 079 735 | 1 467 604 | (11 027 785) |
| 10 818 | 30 942 | 9 240 | 178 372 | - | 1 | - | - | 300 959 | 479 754 |
| 46 549 | - | 519 053 | 84 979 | - | - | - | - | 701 389 | 84 979 |
| (2 539 524) | (222 007) | (599 095) | (458 066) | - | (24) | - | - | (3 168 825) | (689 609) |
| - | - | (182 656) | - | - | - | - | - | (701 389) | (84 979) |
| (1 714 683) | (9 016 773) | (10 148 157) | 4 842 447 | 406 611 | (3 118) | 7 159 402 | 2 079 735 | (1 400 262) | (11 237 640) |
| - | - | - | - | (198 327) | - | - | - | (156 054) | - |
| (476 019) | (2 560 709) | (1 606 439) | 1 261 732 | - | (625) | 1 002 498 | 291 306 | (147 873) | (3 493 769) |
| - | - | - | - | 62 805 | - | - | - | 79 653 | - |
| (1 238 664) | (6 456 064) | (8 541 718) | 3 580 715 | 145 479 | (2 493) | 6 156 904 | 1 788 429 | (1 488 096) | (7 743 871) |
| 4 510 784 | 3 969 572 | 17 530 464 | 18 976 392 | - | 62 804 | (887 685) | (898 697) | 24 419 243 | 26 636 076 |
| - | - | 2 000 400 | 2 000 600 | - | - | - | - | - | - |
| 36 573 340 | 37 265 609 | 37 898 845 | 43 971 989 | 1 146 | 79 300 | (38 248 038) | (43 518 623) | 45 916 241 | 43 053 546 |
| - | - | 37 035 669 | 42 570 551 | - | - | - | - | - | - |
| - | - | 917 443 | 1 681 538 | - | - | - | - | 1 347 640 | 1 746 541 |
| - | - | 1 793 659 | 976 671 | - | - | - | - | 1 793 659 | 976 671 |
| 11 702 906 | 522 662 | 586 896 | 828 595 | - | - | 1 231 259 | 228 761 | 13 611 717 | 1 672 472 |
| 35 740 678 | 45 833 315 | 8 282 824 | 8 355 729 | 10 944 | 303 502 | (33 021 348) | (31 138 853) | 25 105 242 | 29 716 453 |
| 26 044 859 | 27 214 308 | 1 212 369 | 669 740 | 10 925 | 303 502 | - | - | - | - |

2. Changes in accounting policy

The company and group financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year except for the adoption of the following new or revised standards.

IFRS 9 Financial instruments: Classification and measurement

IFRS 9, 'Financial instruments: Classification and measurement', effective 1 January 2013. IFRS 9 was issued in November 2009. It replaces the parts of IAS 39 that relate to the classification and measurement of financial assets. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

The group has adopted IFRS 9 from 1 March 2010, as well as the related consequential amendments to other IFRSs, because this new accounting policy provides reliable and more relevant information for users to assess the amounts, timing and uncertainty of future cash flows. In accordance with the transition provisions of the standard, comparative figures have not been restated.

The group's management has assessed the financial assets held by the Group at the date of initial application of IFRS 9 (1 March 2010). The main effects resulting from this assessment were:- Equity investments held for trading that were previously measured at fair value and classified as at fair value through profit and loss have been designated as at fair value through other comprehensive income. The effect of this change in accounting policy on earnings per share is shown below.

The aggregate effect of the changes in accounting policy on the company and group financial statements for the year ended 28 February 2010 is as follows:

| Figures in Rand | Group | | Company | |
|--|-------------|-------------|-------------|-------------|
| | 2011 | 2010 | 2011 | 2010 |
| Statement of Financial Position | | | | |
| Non-current assets - Old policy | 24 419 193 | 20 966 872 | 17 530 464 | 13 912 494 |
| Non-current assets - New policy | 24 419 193 | 26 636 076 | 17 530 464 | 18 976 392 |
| Current assets - Old policy | 45 892 640 | 48 724 073 | 37 898 845 | 49 035 887 |
| Current assets - New policy | 45 892 640 | 43 054 546 | 37 898 845 | 43 971 989 |
| Profit or Loss | | | | |
| Fair value adjustments - Old policy | (6 030 831) | 550 815 | (5 421 802) | 416 201 |
| Taxation - Old policy | 978 868 | 3 493 769 | 2 365 491 | (1 261 732) |
| Profit / (loss) for the year - Old policy | (6 667 176) | (7 743 871) | (7 204 468) | 3 580 715 |
| Fair value adjustments through other comprehensive income - Old policy | - | - | - | - |
| Total comprehensive income / (loss) - Old policy | (6 682 222) | (7 743 871) | (7 204 468) | 3 580 715 |
| Fair value adjustments - New policy | (3 723) | 550 815 | - | 416 201 |
| Taxation - New policy | 135 073 | 3 493 769 | 1 606 439 | (1 261 732) |
| Profit / (loss) for the year - New policy | (1 488 096) | (7 743 871) | (2 541 718) | 3 580 715 |
| Fair value adjustments through other comprehensive income - New policy | (5 183 313) | - | (4 662 750) | - |
| Total comprehensive income / (loss) - New policy | (6 682 172) | (7 743 871) | (7 204 468) | 3 580 715 |
| Earnings per share | | | | |
| Basic - Old policy | (4,21) | (4,89) | | |
| Basic - New policy | (0,94) | (4,89) | | |

3. New Standards and Interpretations

3.1 Standards and interpretations effective and adopted in the current year

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

IFRS 3 (Revised) Business Combinations

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

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

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

The group has adopted the standard for the first time in the 2011 company and group financial statements.

The impact of the standard is not material.

IAS 27 (Amended) Consolidated and Separate Financial Statements

The revisions require:

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

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

The group has adopted the amendment for the first time in the 2011 company and group financial statements.

The impact of the amendment is not material.

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

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

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

The group has adopted the amendment for the first time in the 2011 company and group financial statements.

The impact of the amendment is not material.

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

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

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

The group has adopted the amendment for the first time in the 2011 company and group financial statements.

The impact of the amendment is not material.

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

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

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

The group has adopted the amendment for the first time in the 2011 company and group financial statements.

The impact of the amendment is not material.

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

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

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

The group has adopted the amendment for the first time in the 2011 company and group financial statements.

The impact of the amendment is not material.

2009 Annual Improvements Project: Amendments to IFRS 2 Share-based payment

The amendment excludes common control transactions and the formation of joint ventures from the scope of IFRS 2 (AC 139) Share-based Payment.

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

The group has adopted the amendment for the first time in the 2011 company and group financial statements.

The impact of the amendment is not material.

2009 Annual Improvements Project: Amendments to IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

The amendment specifies that disclosures of other Standards do not apply to non-current assets (or disposal groups) held for sale or discontinued operations, unless specifically required by other Standards or for measurement disclosures of assets and liabilities in a disposal group which are outside the measurement requirements of IFRS 5 (AC 142) Non-current Assets Held for Sale and Discontinued Operations.

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

The group has adopted the amendment for the first time in the 2011 company and group financial statements.

The impact of the amendment is not material.

2009 Annual Improvements Project: Amendments to IFRS 8 Operating Segments

Entities are only required to report segment assets if they are regularly reported to the chief operating decision maker.

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

The group has adopted the amendment for the first time in the 2011 company and group financial statements.

The impact of the amendment is not material.

2009 Annual Improvements Project: Amendments to IAS 1 Presentation of Financial Statements

The amendment clarifies that a liability which could, at the option of the counterparty, result in its settlement by the issue equity instruments, does not affect its classification as current or non-current.

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

The group has adopted the amendment for the first time in the 2011 company and group financial statements.

The impact of the amendment is not material.

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

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

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

The group has adopted the amendment for the first time in the 2011 company and group financial statements.

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

2009 Annual Improvements Project: Amendments to IAS 17 Leases

The amendment removes the guidance that leases of land, where title does not transfer, are operating leases. The amendment therefore requires that lease classification for land be assessed in the same manner as for all leases. The amendment is to be applied retrospectively, unless the information is not available. In these cases, existing leases shall be reconsidered based on facts and circumstances existing at the date of adoption of the amendment. The lease asset and lease liability shall, in these cases be recognised at their fair values on that date, with any difference in those fair values recognised in retained earnings.

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

The group has adopted the amendment for the first time in the 2011 company and group financial statements.

The impact of the amendment is not material.

2009 Annual Improvements Project: Amendments to IAS 18 Revenue

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

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

The group has adopted the amendment for the first time in the 2011 company and group financial statements.

The impact of the amendment is not material.

2009 Annual Improvements Project: Amendments to IAS 36 Impairment of Assets

The amendment now requires that, for the purpose of goodwill testing, each group of units to which goodwill is allocated shall not be larger than an operating segment as defined in paragraph 5 of IFRS 8 (AC 145) Operating Segments. Thus the determination is now required to be made before operating segments are aggregated.

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

The group has adopted the amendment for the first time in the 2011 company and group financial statements.

The impact of the amendment is not material.

2009 Annual Improvements Project: Amendments to IAS 38 Intangible Assets

The amendment provides guidance on the measurement of intangible assets acquired in a business combination.

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

The group has adopted the amendment for the first time in the 2011 company and group financial statements.

The impact of the amendment is not material.

2009 Annual Improvements Project: Amendments to IFRIC 16 Hedges of a Net Investment in a Foreign Operation

The amendment now provides that the hedging instrument in a hedge of a net investment in a foreign operation may be held by the entity which is being hedged.

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

The group has adopted the amendment for the first time in the 2011 company and group financial statements.

The impact of the amendment is not material.

Amendment to IFRS 2 – Group Cash-settled Share-based Payment Transactions

The amendment incorporates the principles of IFRIC 8 (AC 441) Scope of IFRS 2 and IFRIC 11 (AC 444) IFRS 2 Group and Treasury Share Transactions, which have consequentially been removed. In addition, the amendment provides that for Share based payment transactions among group entities, the entity receiving the goods or services shall recognise the transaction as an equity settled share based payment transaction if either the awards granted are its own equity instruments or the entity has no obligation to settle the transaction. In all other circumstances, such transactions shall be accounted for as cash settled share based payment transactions.

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

The group has adopted the amendment for the first time in the 2011 company and group financial statements.

The impact of the amendment is not material.

3.2 Standards and Interpretations early adopted

The group has chosen to early adopt the following standards and interpretations:

IFRS 9 Financial Instruments

This new standard is the first phase of a three phase project to replace IAS 39 Financial Instruments: Recognition and Measurement. Phase one deals with the classification and measurement of financial assets. The following are changes from the classification and measurement rules of IAS 39:

- Financial assets will be categorised as those subsequently measured at fair value or at amortised cost.
- Financial assets at amortised cost are those financial assets where the business model for managing the assets is to hold the assets to collect contractual cash flows (where the contractual cash flows represent payments of principal and interest only). All other financial assets are to be subsequently measured at fair value.
- Under certain circumstances, financial assets may be designated as at fair value
- For hybrid contracts, where the host contract is within the scope of IFRS 9, then the whole instrument is classified in accordance with IFRS 9, without separation of the embedded derivative. In other circumstances, the provisions of IAS 39 still apply.
- Voluntary reclassification of financial assets is prohibited. Financial assets shall be reclassified if the entity changes its business model for the management of financial assets. In such circumstances, reclassification takes place prospectively from the beginning of the first reporting period after the date of change of the business model.
- Investments in equity instruments may be measured at fair value through other comprehensive income. When such an election is made, it may not subsequently be revoked, and gains or losses accumulated in equity are not recycled to profit or loss on derecognition of the investment. The election may be made per individual investment.
- IFRS 9 does not allow for investments in equity instruments to be measured at cost under any circumstances.

The effective date of the standard is for years beginning on or after 01 January 2013.

The group has early adopted the standard for the first time in the 2011 company and group financial statements.

The impact of the standard is that the company re-assessed all of its financial assets and classified them in terms of the new standard. The investments in Supertow International Ltd and Global Jewel Ltd were classified as available for sale as the company has no history nor does it not intend in trading in these investments. Any changes in fair value and or impairments are adjusted to other comprehensive income and is not recycled to profit and loss on derecognition. The adoption of this standard has been applied prospectively by management as a result of the early adoption.

IAS 24 Related Party Disclosures (Revised)

The revisions to IAS 24 include a clarification of the definition of a related party as well as providing a partial exemption for related party disclosures between government-related entities.

In terms of the definition, the revision clarifies that joint ventures or associates of the same third party are related parties of each other. To this end, an associate includes its subsidiaries and a joint venture includes its subsidiaries.

The partial exemption applies to related party transactions and outstanding balances with a government which controls, jointly controls or significantly influences the reporting entity as well as to transactions or outstanding balances with another entity which is controlled, jointly controlled or significantly influenced by the same government. In such circumstances, the entity is exempt from the disclosure requirements of paragraph 18 of IAS 24 and is required only to disclose:

- The name of the government and nature of the relationship
- Information about the nature and amount of each individually significant transaction and a quantitative or qualitative indication of the extent of collectively significant transactions. Such information is required in sufficient detail to allow users to understand the effect.

The effective date of the amendment is for years beginning on or after 01 January 2011.

The group has early adopted the amendment for the first time in the 2011 company and group financial statements.

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

2010 Annual Improvements Project: Amendments to IFRS 7 Financial Instruments: Disclosures

Additional clarification is provided on the requirements for risk disclosures

The effective date of the amendment is for years beginning on or after 01 January 2011.

The group has early adopted the amendment for the first time in the 2011 company and group financial statements.

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

2010 Annual Improvements Project: Amendments to IAS 1 Presentation of Financial Statements

The amendment now requires that an entity must present, either in the statement of changes in equity or in the notes, an analysis of other comprehensive income by item.

The effective date of the amendment is for years beginning on or after 01 January 2011.

The group has early adopted the amendment for the first time in the 2011 company and group financial statements.

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

3.3 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 2011 or later periods:

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

IFRIC 19 applies to debt for equity swaps in circumstances where a debtor and creditor renegotiate the terms of a financial liability such that the debtor extinguishes part or all of the financial liability by issuing equity instruments to the creditor. Where the debt for equity swap is within the scope of IFRIC 19, the issue of equity instruments by the debtor shall be consideration paid to extinguish the liability and shall be measured at the fair value of the equity instrument, unless fair value cannot be determined. If the fair value of the equity instruments cannot be measured reliably, the issue shall be measured at the fair value of the financial liability extinguished. If the issue also relates to a modification of any remaining liability, then the issue shall be allocated to the liability which was extinguished and which remains. The difference between the carrying amount of the liability which was extinguished and the consideration paid shall be recognised in profit or loss.

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

The group expects to adopt the amendment for the first time in the 2012 company and group financial statements.

It is unlikely that the amendment will have a material impact on the company's company and group financial statements.

2010 Annual Improvements Project: Amendments to IFRS 3 Business Combinations

The amendment clarifies the initial measurement of non-controlling interests. Only those interests which represent a present ownership interest shall be measured at either fair value or the present ownership's proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interest shall be measured at their acquisition date fair values, unless otherwise required by IFRS.

It further provides transitional provisions for dealing with contingent consideration arrangements in a business combination that occurred before the effective date of the revised IFRS 3.

For equity settled share based payment transactions of the acquiree that the acquirer does not exchange for its share based payment transactions, vested transactions shall be measured as part of non-controlling interest at market based measure. Unvested transactions shall be measured at market based measure as if acquisition date were grant date. This measure is then allocated to non-controlling interest based on the ratio of vesting period completed to greater of total vesting period or original vesting period.

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

The group expects to adopt the amendment for the first time in the 2012 company and group financial statements.

It is unlikely that the amendment will have a material impact on the company's company and group financial statements.

2010 Annual Improvements Project: Amendments to IAS 21 The Effects of Changes in Foreign Exchange rates

The amendment provides transitional provisions as a result of changes to IAS 27 (AC 132) Consolidated and Separate Financial Statements.

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

The group expects to adopt the amendment for the first time in the 2012 company and group financial statements.

It is unlikely that the amendment will have a material impact on the company's company and group financial statements.

2010 Annual Improvements Project: Amendments to IAS 28 Investments in Associates

The amendment provides transitional provisions as a result of changes to IAS 27 (AC 132) Consolidated and Separate Financial Statements.

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

The group expects to adopt the amendment for the first time in the 2012 company and group financial statements.

It is unlikely that the amendment will have a material impact on the company's company and group financial statements.

2010 Annual Improvements Project: Amendments to IAS 34 Interim Financial Reporting

The amendment provides additional examples of events and transactions which would be considered significant and therefore required to be disclosed in the interim financial report. In addition, the amendment removes references to only reporting certain items when they are material. Therefore, the list of items to be presented in addition to significant transactions and events are required irrespective of whether they are material.

The effective date of the amendment is for years beginning on or after 01 January 2011.

The group expects to adopt the amendment for the first time in the 2012 company and group financial statements.

It is unlikely that the amendment will have a material impact on the company's company and group financial statements.

4. Investment property

| Group | 2011 | | | 2010 | | |
|---------------------|-----------|--------------------------|----------------|-----------|--------------------------|----------------|
| | Valuation | Accumulated depreciation | Carrying value | Valuation | Accumulated depreciation | Carrying value |
| Investment property | 394 737 | - | 394 737 | 877 193 | - | 877 193 |

Reconciliation of investment property - Group - 2011

| | Opening balance | Disposals | Fair Value Adjustments | Total |
|---------------------|-----------------|-----------|------------------------|---------|
| Investment property | 877 193 | (482 456) | - | 394 737 |

Reconciliation of investment property - Group - 2010

| | Opening balance | Additions | Fair value adjustments | Total |
|---------------------|-----------------|-----------|------------------------|---------|
| Investment property | 561 953 | 57 807 | 257 433 | 877 193 |

Borrowing costs capitalised

| | Group | | Company | |
|---|-------|--------|---------|------|
| | 2011 | 2010 | 2011 | 2010 |
| Borrowing costs capitalised to qualifying assets | - | 57 807 | - | - |
| Capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation | - % | 10,29% | - % | - % |

Details of property
Rental units in The Orchards Extension 33

| | 2011 | 2010 | 2011 | 2010 |
|---------------------------|----------------|----------------|------|------|
| - Opening balance | 877 193 | 561 953 | - | - |
| - Fair value adjustments | - | 257 433 | - | - |
| - Capitalised expenditure | - | 57 807 | - | - |
| - Unit sold | (482 456) | - | - | - |
| | 394 737 | 877 193 | - | - |

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

Details of valuation

The effective date of the revaluations was 28 February 2011. Revaluations were performed by DDP Valuers (Pty) Ltd independent valuers. DDP Valuers (Pty) Ltd are not connected to the company and have recent experience in location and category of the investment property being valued. Their valuation report is available for inspection at the Company's registered office.

The valuation was based on open market value for existing and future use.

All assumptions used were based on current market conditions. Amounts recognised in profit and loss for the year.

Amounts recognised in profit and loss for the year

| | 2011 | 2010 | 2011 | 2010 |
|---|--------------|---------------|------|------|
| Rental income from investment property | 63 906 | 74 953 | - | - |
| Direct operating expenses from rental generating property | (17 413) | (17 008) | - | - |
| Loss on disposal of investment property | (43 940) | - | - | - |
| | 2 553 | 57 945 | - | - |

5. Property, plant and equipment

| Group | 2011 | | | 2010 | | |
|------------------------|-------------------|--------------------------|------------------|-------------------|--------------------------|------------------|
| | Cost | Accumulated depreciation | Carrying value | Cost | Accumulated depreciation | Carrying value |
| Plant and machinery | 24 066 | (10 473) | 13 593 | 24 066 | (5 993) | 18 073 |
| Furniture and fixtures | 2 609 262 | (1 323 406) | 1 285 856 | 2 620 869 | (1 075 407) | 1 545 462 |
| Motor vehicles | 1 735 505 | (450 203) | 1 285 302 | 1 401 858 | (246 623) | 1 155 235 |
| Office equipment | 681 852 | (311 065) | 370 787 | 561 138 | (241 381) | 319 757 |
| IT equipment | 1 844 576 | (1 237 649) | 606 927 | 1 588 132 | (1 026 098) | 562 034 |
| Computer software | 1 762 429 | (1 176 476) | 585 953 | 1 736 328 | (911 879) | 824 449 |
| Leasehold improvements | 3 210 022 | (1 823 396) | 1 386 626 | 2 988 006 | (1 445 257) | 1 542 749 |
| Paintings | 152 800 | - | 152 800 | 152 800 | - | 152 800 |
| Total | 12 020 512 | (6 332 668) | 5 687 844 | 11 073 197 | (4 952 638) | 6 120 559 |

| Company | 2011 | | | 2010 | | |
|------------------------|-------------------|--------------------------|------------------|-------------------|--------------------------|------------------|
| | Cost | Accumulated depreciation | Carrying value | Cost | Accumulated depreciation | Carrying value |
| Plant and machinery | 24 066 | (10 473) | 13 593 | 24 066 | (5 993) | 18 073 |
| Furniture and fixtures | 2 609 262 | (1 323 406) | 1 285 856 | 2 620 869 | (1 075 407) | 1 545 462 |
| Motor vehicles | 1 644 371 | (435 014) | 1 209 357 | 1 401 858 | (246 623) | 1 155 235 |
| Office equipment | 650 987 | (306 371) | 344 616 | 554 742 | (240 102) | 314 640 |
| IT equipment | 1 759 955 | (1 216 360) | 543 595 | 1 588 132 | (1 026 098) | 562 034 |
| Computer software | 1 761 854 | (1 176 348) | 585 506 | 1 736 328 | (911 879) | 824 449 |
| Leasehold improvements | 2 995 425 | (1 790 033) | 1 205 392 | 2 908 171 | (1 408 243) | 1 499 928 |
| Paintings | 152 800 | - | 152 800 | 152 800 | - | 152 800 |
| Total | 11 598 720 | (6 258 005) | 5 340 715 | 10 986 966 | (4 914 345) | 6 072 621 |

Reconciliation of property, plant and equipment - Group - 2011

| | Opening balance | Additions | Disposals | Depreciation | Impairment loss | Total |
|------------------------|------------------|------------------|------------------|--------------------|-----------------|------------------|
| Plant and machinery | 18 073 | - | - | (4 480) | - | 13 593 |
| Furniture and fixtures | 1 545 462 | 13 696 | (6 708) | (266 594) | - | 1 285 856 |
| Motor vehicles | 1 155 235 | 475 322 | (99 299) | (245 956) | - | 1 285 302 |
| Office equipment | 319 757 | 146 084 | (14 286) | (80 768) | - | 370 787 |
| IT equipment | 562 034 | 342 281 | (64 604) | (232 784) | - | 606 927 |
| Computer software | 824 449 | 60 001 | (18 222) | (280 275) | - | 585 953 |
| Leasehold improvements | 1 542 749 | 310 256 | (42 821) | (423 558) | - | 1 386 626 |
| Paintings | 152 800 | - | - | - | - | 152 800 |
| | - | - | - | - | - | - |
| | 6 120 559 | 1 347 640 | (245 940) | (1 534 415) | - | 5 687 844 |

5. Property, plant and equipment (continued)

| Reconciliation of property, plant and equipment - Group - 2010 | | | | | | |
|--|------------------|------------------|-----------------|--------------------|-----------------|------------------|
| | Opening balance | Additions | Disposals | Depreciation | Impairment loss | Total |
| Plant and machinery | 22 057 | 179 | - | (3 496) | (667) | 18 073 |
| Furniture and fixtures | 1 629 140 | 209 956 | - | (293 564) | (70) | 1 545 462 |
| Motor vehicles | 484 403 | 850 289 | - | (179 457) | - | 1 155 235 |
| Office equipment | 349 471 | 47 472 | - | (73 846) | (3 340) | 319 757 |
| IT equipment | 625 944 | 176 367 | - | (239 186) | (1 091) | 562 034 |
| Computer software | 1 009 935 | 209 892 | - | (395 368) | (10) | 824 449 |
| Leasehold improvements | 1 757 598 | 252 386 | - | (467 233) | (2) | 1 542 749 |
| Paintings | 152 800 | - | - | - | - | 152 800 |
| Vehicle tracking systems | 98 987 | - | (98 987) | - | - | - |
| | 6 130 335 | 1 746 541 | (98 987) | (1 652 150) | (5 180) | 6 120 559 |

| Reconciliation of property, plant and equipment - Company - 2011 | | | | | | |
|--|------------------|----------------|------------------|--------------------|-----------------|------------------|
| | Opening balance | Additions | Disposals | Depreciation | Impairment loss | Total |
| Plant and machinery | 18 073 | - | - | (4 480) | - | 13 593 |
| Furniture and fixtures | 1 545 462 | 13 696 | (6 708) | (266 594) | - | 1 285 856 |
| Motor vehicles | 1 155 235 | 384 188 | (99 299) | (230 767) | - | 1 209 357 |
| Office equipment | 314 640 | 115 219 | (9 169) | (76 074) | - | 344 616 |
| IT equipment | 562 034 | 257 660 | (64 604) | (211 495) | - | 543 595 |
| Computer software | 824 449 | 59 426 | (18 222) | (280 147) | - | 585 506 |
| Leasehold improvements | 1 499 928 | 87 254 | - | (381 790) | - | 1 205 392 |
| Vehicle tracking systems | 152 800 | - | - | - | - | 152 800 |
| | 6 072 621 | 917 443 | (198 002) | (1 451 347) | - | 5 340 715 |

| Reconciliation of property, plant and equipment - Company - 2010 | | | | | | |
|--|------------------|------------------|-----------|--------------------|-----------------|------------------|
| | Opening balance | Additions | Disposals | Depreciation | Impairment loss | Total |
| Plant and machinery | 22 057 | - | - | (3 496) | (488) | 18 073 |
| Furniture and fixtures | 1 629 140 | 209 956 | - | (293 564) | (70) | 1 545 462 |
| Motor vehicles | 484 403 | 850 289 | - | (179 457) | - | 1 155 235 |
| Office equipment | 349 471 | 41 076 | - | (72 567) | (3 340) | 314 640 |
| IT equipment | 625 944 | 176 367 | - | (239 186) | (1 091) | 562 034 |
| Computer software | 1 009 935 | 209 892 | - | (395 368) | (10) | 824 449 |
| Leasehold improvements | 1 736 191 | 193 958 | - | (430 219) | (2) | 1 499 928 |
| Vehicle tracking systems | 152 800 | - | - | - | - | 152 800 |
| | 6 009 941 | 1 681 538 | - | (1 613 857) | (5 001) | 6 072 621 |

| Assets subject to finance lease (Net carrying amount) | Group | | Company | |
|---|------------------|------------------|------------------|------------------|
| | 2011 | 2010 | 2011 | 2010 |
| Furniture and fixtures | 1 285 856 | 1 412 208 | 1 285 856 | 1 412 208 |
| Motor vehicles | 1 209 357 | 1 155 235 | 1 209 357 | 1 155 235 |
| | 2 495 213 | 2 567 443 | 2 495 213 | 2 567 443 |

The remaining useful lives and residual values of property, plant and equipment have not significantly changed from the previous year.

6. Goodwill

| Group | 2011 | | | 2010 | | |
|----------|------------------|------------------------|------------------|-----------|------------------------|----------------|
| | Cost | Accumulated impairment | Carrying value | Cost | Accumulated impairment | Carrying value |
| Goodwill | 1 317 953 | - | 1 317 953 | 1 317 953 | - | 1 317 953 |

The goodwill relates to the initial excess of the purchase price over the net assets value of StratEquity (Pty) Ltd. Goodwill relating to StratEquity (Pty) Ltd was tested for impairment at year end. The carrying amount of the investment in StratEquity (Pty) Ltd of R2 000 000 exceeds the fair value of the investment. StratEquity (Pty) Ltd made an after tax profit of R4 428 978 for the current financial year. Based on the results of the company, the goodwill relating to StratEquity (Pty) Ltd was not impaired.

7. Intangible assets

| Group | 2011 | | | 2010 | | |
|---|------------------|--------------------------|------------------|------------------|--------------------------|------------------|
| | Cost | Accumulated amortisation | Carrying value | Cost | Accumulated amortisation | Carrying value |
| Patents, trademarks and other rights | 58 646 | - | 58 646 | 40 882 | - | 40 882 |
| Computer software, internally generated | 5 316 152 | (2 433 948) | 2 882 204 | 3 642 190 | (1 951 813) | 1 690 377 |
| Websites | 335 034 | (169 609) | 165 425 | 335 034 | (128 278) | 206 756 |
| Total | 5 709 832 | (2 603 557) | 3 106 275 | 4 018 106 | (2 080 091) | 1 938 015 |

| Company | 2011 | | | 2010 | | |
|---|------------------|--------------------------|------------------|------------------|--------------------------|------------------|
| | Cost | Accumulated amortisation | Carrying value | Cost | Accumulated amortisation | Carrying value |
| Patents, trademarks and other rights | 46 777 | - | 46 777 | 29 678 | - | 29 678 |
| Computer software, internally generated | 5 316 152 | (2 433 948) | 2 882 204 | 3 642 190 | (1 951 813) | 1 690 377 |
| Websites | 335 034 | (169 609) | 165 425 | 335 034 | (128 278) | 206 756 |
| Total | 5 697 963 | (2 603 557) | 3 094 406 | 4 006 902 | (2 080 091) | 1 926 811 |

Reconciliation of intangible assets - Group - 2011

| | Opening balance | Additions | Amortisation | Total |
|---|------------------|------------------|------------------|------------------|
| Patents, trademarks and other rights | 40 882 | 17 764 | - | 58 646 |
| Computer software, internally generated | 1 690 377 | 1 673 962 | (482 135) | 2 882 204 |
| Websites | 206 756 | - | (41 331) | 165 425 |
| | 1 938 015 | 1 691 726 | (523 466) | 3 106 275 |

Reconciliation of intangible assets - Group - 2010

| | Opening balance | Additions | Amortisation | Total |
|---|------------------|----------------|------------------|------------------|
| Patents, trademarks and other rights | 27 692 | 13 190 | - | 40 882 |
| Computer software, internally generated | 897 998 | 971 979 | (179 600) | 1 690 377 |
| Websites | 258 445 | - | (51 689) | 206 756 |
| | 1 184 135 | 985 169 | (231 289) | 1 938 015 |

Reconciliation of intangible assets - Company - 2011

| | Opening balance | Additions | Amortisation | Total |
|---|------------------|------------------|------------------|------------------|
| Patents, trademarks and other rights | 29 678 | 17 099 | - | 46 777 |
| Computer software, internally generated | 1 690 377 | 1 673 962 | (482 135) | 2 882 204 |
| Websites | 206 756 | - | (41 331) | 165 425 |
| | 1 926 811 | 1 691 061 | (523 466) | 3 094 406 |

Reconciliation of intangible assets - Company - 2010

| | Opening balance | Additions | Amortisation | Total |
|---|------------------|----------------|------------------|------------------|
| Patents, trademarks and other rights | 27 692 | 1 986 | - | 29 678 |
| Computer software, internally generated | 897 998 | 971 979 | (179 600) | 1 690 377 |
| Websites | 258 445 | - | (51 689) | 206 756 |
| | 1 184 135 | 973 965 | (231 289) | 1 926 811 |

7. Intangible assets (continued)

| | Group | | Company | |
|---|------------------|------------------|------------------|------------------|
| | 2011 | 2010 | 2011 | 2010 |
| Individually material intangible assets | | | | |
| Computer software, internally generated - Investments and independent contractor management system This system was specifically developed for use by StratEquity (Pty) Ltd. StratEquity is charged a monthly management fee for usage of the system. The system manages the investments and subscriptions of all the StratEquity clients and also administers all the earnings of all the independent contractors of the company. | 994 401 | 574 989 | 994 401 | 574 989 |
| Computer software, internally generated - Product distribution and independent contractor management system This system was specifically developed in house for use by I-Cura (Pty) Ltd. A monthly management fee is charged to I-Cura (Pty) Ltd for usage of the system. The system manages all the subscriptions of all the subscription customer base of I-Cura (Pty) Ltd as well as the distribution of products to its customer base. | 1 523 484 | 652 483 | 1 523 484 | 652 483 |
| | 2 517 885 | 1 227 472 | 2 517 885 | 1 227 472 |

The company depreciates the cost of these systems over a useful life of five years.

Operating costs capitalised

| | | | | |
|-------------------|------------------|---------|------------------|---------|
| Development costs | 1 673 962 | 971 979 | 1 673 962 | 971 979 |
|-------------------|------------------|---------|------------------|---------|

Other information

Intangible assets with indefinite lives:

| | | | | |
|------------|---------------|--------|---------------|--------|
| Trademarks | 58 646 | 40 882 | 46 777 | 29 678 |
|------------|---------------|--------|---------------|--------|

The useful life of the Group's trademarks are considered indefinite. It is not bound by any expiry period as there is no foreseeable limit to the period over which the asset is expected to generate net cash flows for the Group.

8. Investments in subsidiaries

| Name of company | Status | % holding and voting power 2011 | % holding and voting power 2010 | Carrying amount 2011 | Carrying amount 2010 |
|--|---------|---------------------------------|---------------------------------|--|---------------------------------|
| StratEquity (Pty) Ltd | Active | 100,00% | 100,00% | 2 000 000 | 2 000 000 |
| StratFin (Pty) Ltd | Active | 100,00% | 100,00% | 100 | 100 |
| StratCorp Solutions (Pty) Ltd | Active | 100,00% | 100,00% | 100 | 100 |
| I-Cura (Pty) Ltd | Active | 100,00% | 100,00% | 100 | 100 |
| StratCorp Property Holdings Ltd | Active | 100,00% | 100,00% | 1 634 010 | 1 634 010 |
| PoolCop Marketing (Pty) Ltd | Dormant | 100,00% | 100,00% | 100 | 100 |
| Silver Meadow Trading 263 (Pty) Ltd | Dormant | 100,00% | 100,00% | 100 | 100 |
| Menlyn Taxi Association Finance Administration (Pty) Ltd | Dormant | 100,00% | 100,00% | 100 | 100 |
| <i>Impairment of investment in subsidiaries</i> | | 100,00% | 100,00% | 3 634 610 (1 634 210) | 3 634 610 (1 634 010) |
| | | | | 2 000 400 | 2 000 600 |

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

9. Investments in associates

| Name of company | Listed / Unlisted | % holding 2011 | % holding 2010 | Carrying amount 2011 | Carrying amount 2010 | Fair value 2011 | Fair value 2010 |
|-----------------|-------------------|----------------|----------------|----------------------|----------------------|------------------|-----------------|
| StratCol Ltd | Unlisted | 31,11% | 31,11% | 1 793 659 | 976 671 | 1 793 659 | 976 671 |

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

All equity adjustments to the investment in StratCol Ltd are based on the unaudited financial results of the company. Any changes in the results between the unaudited and audited results which is only approved after the financial results of StratCorp Ltd are approved are adjusted in the following year. There were no material adjustments between the amounts disclosed in 2010 versus the final audited results of the company for the 2010 financial year.

9. Investments in associates (continued)

| | Group | | Company | |
|--|-------|------|---------|------|
| | 2011 | 2010 | 2011 | 2010 |

Summary of group's and company's interest in associate

| | | | | |
|-------------------|-----------|-----------|-----------|-----------|
| Total assets | 2 753 596 | 1 093 731 | 2 753 596 | 1 093 731 |
| Total liabilities | (959 937) | (117 060) | (959 937) | (117 060) |
| Revenue | 5 727 872 | 2 837 335 | 5 727 872 | 2 837 335 |
| Profit after tax | 816 988 | 726 671 | 816 988 | 726 671 |

10. Loans to (from) group companies and associates

Subsidiaries

| | | | | |
|--|---|---|-------------|------------|
| StratCorp Solutions (Pty) Ltd | - | - | 10 925 | 303 502 |
| StratEquity (Pty) Ltd | - | - | (1 212 369) | 621 673 |
| StratCorp Property Holdings Ltd | - | - | 26 044 643 | 27 213 992 |
| I-Cura (Pty) Ltd | - | - | 2 572 361 | (669 637) |
| PoolCop Marketing (Pty) Ltd | - | - | 6 903 | (103) |
| StratFin (Pty) Ltd | - | - | 3 181 037 | 2 052 166 |
| Silver Meadow Trading 263 (Pty) Ltd | - | - | 590 | - |
| Menlyn Taxi Association Finance Administration (Pty) Ltd | - | - | 606 | 116 |
| | | | 30 604 696 | 29 521 709 |
| Impairment of loans to subsidiaries | - | - | (7 160 498) | - |
| | - | - | 23 444 198 | 29 521 709 |

Loans to and (from) subsidiaries are unsecured and have no repayment arrangements and are subordinated in favour of the Group's liabilities. Interest was charged to and from all advances and receipts from 1 March 2010 on loans to and (from) subsidiaries at prime plus two percent for loans receivable and prime less two percent for loans payable.

Associates

| | | | | |
|--------------|---|---------|---|---------|
| StratCol Ltd | - | 162 567 | - | 162 567 |
|--------------|---|---------|---|---------|

The loan was unsecured, carried interest at prime rate per annum and was repayable on demand. The loan has been settled in full during the year.

| | | | | |
|---------------------|---|---------|-------------|------------|
| Current assets | - | 162 567 | 24 656 567 | 30 354 016 |
| Current liabilities | - | - | (1 212 369) | (669 740) |
| | - | 162 567 | 23 444 198 | 29 684 276 |

Fair value of loans to and from group companies and associate

The carrying amount of loans to and from group companies and associate less impairment, approximates the fair value of the loans. The loans are tested for impairment annually. All loans are denominated in Rand.

Loans to group companies impaired

As of 28 February 2011, loans to group companies of R7 160 498 (2010: R -) were impaired and provided for.

The amount of the provision was R7 160 498 as of 28 February 2011 (2010: R -). The impairment was done on the separate financial statements of the company and was eliminated upon consolidation.

Reconciliation of provision for impairment of loans to group companies

| | | | | |
|--------------------------|---|---|-----------|---|
| Provision for impairment | - | - | 7 160 498 | - |
|--------------------------|---|---|-----------|---|

The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above. The group does not hold any collateral as security for loans to group companies and associate.

**10. Loans to (from) group companies and associates
(continued)**

| | Group | | Company | |
|--|-------|------|------------------|-----------|
| | 2011 | 2010 | 2011 | 2010 |
| Loans to group companies pledged as collateral | | | | |
| Total financial assets pledged as collateral for overdraft and loan facilities | - | - | 9 500 000 | 9 500 000 |

11. Other financial assets
At fair value through profit or loss

| | | | | |
|---------------|---|-------|---|---|
| Listed shares | - | 3 723 | - | - |
|---------------|---|-------|---|---|

At fair value through other comprehensive income (2010: At fair value through profit and loss)

| | | | | |
|-----------------|--------------------|------------------|--------------------|------------------|
| Unlisted shares | 8 845 663 | 9 093 064 | 8 845 663 | 8 487 758 |
| | 8 845 663 | 9 093 064 | 8 845 663 | 8 487 758 |
| Impairments | (8 845 663) | (3 423 860) | (8 845 663) | (3 423 860) |
| | - | 5 669 204 | - | 5 063 898 |

Loans and receivables - at amortized cost
The StratCorp Personnel Incentive Trust

The loan is secured by 20 703 531 StratCorp Limited ordinary shares held by the Trust, is interest free and have no repayment terms. The loan is eliminated upon consolidation as the Trust is consolidated into the Group. Details of share issues are contained in the remuneration report.

APMI Holdings Ltd

The loan bears interest at 15.48% per annum, is payable on demand from March 2010 and is secured by a cession of trading stock. The net realisable value of the stock approximates the fair value of the loan.

StratFin Micro Loans

These micro loans carries interest between prime and prime plus 18% per annum and are repayable between 12 and 36 months.

| | | | | |
|-------------------------------------|------------------|------------------|-------------------|-------------------|
| | - | - | 12 379 102 | 12 379 102 |
| | 738 277 | 957 080 | 738 277 | 957 080 |
| | 340 781 | 437 846 | - | - |
| | 1 079 058 | 1 394 926 | 13 117 379 | 13 336 182 |
| Total other financial assets | 1 079 058 | 7 067 853 | 13 117 379 | 18 400 080 |

Non-current assets

At fair value through other comprehensive income (2010: At fair value through profit and loss)

| | | | | |
|-----------------------|---------------|------------------|---|------------------|
| Loans and receivables | - | 5 669 204 | - | 5 063 898 |
| | 46 484 | 155 368 | - | - |
| | 46 484 | 5 824 572 | - | 5 063 898 |

Current assets

At fair value through profit or loss

| | | | | |
|-----------------------|------------------|------------------|-------------------|-------------------|
| Loans and receivables | - | 3 723 | - | - |
| | 1 032 574 | 1 239 558 | 13 117 379 | 13 336 182 |
| | 1 032 574 | 1 243 281 | 13 117 379 | 13 336 182 |
| | 1 079 058 | 7 067 853 | 13 117 379 | 18 400 080 |

11. 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.

The following classes of financial assets at fair value through profit or loss are measured to fair value using quoted market prices:

- Class 1 - Listed shares

The carrying amount of loans and receivables less provision for impairments approximate their fair value.

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.

Level 1 represents those assets which are measured using unadjusted quoted prices for identical assets.

Level 2 applies inputs other than quoted prices that are observable for the assets either directly (as prices) or indirectly (derived from prices).

Level 3 applies inputs which are not based on observable market data.

Level 1

| | Group | | Company | |
|---|-------|-------|---------|------|
| | 2011 | 2010 | 2011 | 2010 |
| Class 1 - Beget Holdings Ltd - 186 150 (2010:186 150) ordinary shares | - | 3 723 | - | - |

The investment in Beget Holdings was fully impaired as the company has been liquidated.

Fair value information

At fair value through other comprehensive income financial assets are recognised at fair value.

The following classes of at fair value through other comprehensive income financial assets are measured to fair value using quoted market prices:

- Class 1 - Listed shares
- Class 2 - Unlisted shares

Where quoted market prices are not available, discounted cashflow analysis are used to determine fair value.

Fair value hierarchy of at fair value through other comprehensive income financial assets

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.

Level 1 represents those assets which are measured using unadjusted quoted prices for identical assets.

Level 2 applies inputs other than quoted prices that are observable for the assets either directly (as prices) or indirectly (derived from prices).

Level 3 applies inputs which are not based on observable market data.

Level 3

| | | | | |
|--|---|------------------|---|------------------|
| Class 2 - Global Jewel Ltd - 13% (2010: 13%) | - | 2 576 140 | - | 2 576 140 |
| Class 2 - Supertow International Ltd - 13% (2010: 13%) | - | 3 093 064 | - | 2 487 758 |
| | - | 5 669 204 | - | 5 063 898 |

11. Other financial assets (continued)

| Reconciliation of at fair value through other comprehensive income financial assets measured at level 3 | | | | |
|---|------------------------|--|------------------|------------------|
| Group - 2011 | Opening balance | Gains or losses in other comprehensive income | Purchases | Total |
| Class 2 - Global Jewel Ltd - 13% | 2 576 140 | (2 576 140) | - | - |
| Class 2 - Supertow International Ltd - 13% | 3 093 064 | (3 093 064) | - | - |
| Class 2 - Escalator Capital Ltd - 3.4% | - | (357 904) | 357 904 | - |
| | 5 669 204 | (6 027 108) | 357 904 | - |
| Group - 2010 | Opening balance | Gains or losses in profit or loss | Purchases | Total |
| Class 2 - Global Jewel Ltd - 13% | 1 832 421 | 743 719 | - | 2 576 140 |
| Class 2 - Supertow International Ltd - 13% | 3 093 064 | - | - | 3 093 064 |
| | 4 925 485 | 743 719 | - | 5 669 204 |
| Company - 2011 | Opening balance | Gains or losses in other comprehensive income | Purchases | Total |
| Class 2 - Global Jewel Ltd - 13% | 2 576 140 | (2 576 140) | - | - |
| Class 2 - Supertow International Ltd - 13% | 2 487 758 | (2 487 758) | - | - |
| Class 2 - Escalator Capital Ltd - 3.4% | - | (357 904) | 357 904 | - |
| | 5 063 898 | (5 421 802) | 357 904 | - |
| Company - 2010 | Opening balance | Gains or losses in profit or loss | Purchases | Total |
| Class 2 - Global Jewel Ltd (13%) | 1 832 421 | 743 719 | - | 2 576 140 |
| Class 2 - Supertow International Ltd (13%) | 2 487 758 | - | - | 2 487 758 |
| | 4 320 179 | 743 719 | - | 5 063 898 |
| Total gains or losses for the year included in profit or loss for assets held at the end of the reporting year | | | | |
| | Group | | Company | |
| | 2011 | 2010 | 2011 | 2010 |
| Class 1 - Listed shares | - | (450 336) | - | (327 518) |
| Class 2 - Unlisted shares | - | 743 719 | - | 743 719 |
| | - | 293 383 | - | 416 201 |

11. Other financial assets (continued)

| | Group | | Company | |
|--|--------------------|--------------------|--------------------|--------------------|
| | 2011 | 2010 | 2011 | 2010 |
| Reconciliation of provision for impairment of at fair value through other comprehensive income financial assets | | | | |
| Class 1 - Listed shares | | | | |
| Opening balance | (450 336) | - | (327 518) | - |
| Provision for impairment | - | (450 336) | - | (327 518) |
| | (450 336) | (450 336) | (327 518) | (327 518) |
| Class 2 - Unlisted shares | | | | |
| Opening balance | (3 423 860) | (4 167 579) | (3 423 860) | (4 167 579) |
| Provision for impairment | (5 669 204) | - | (5 063 898) | - |
| Reversal of impairment | - | 743 719 | - | 743 719 |
| | (9 093 064) | (3 423 860) | (8 487 758) | (3 423 860) |

At fair value through other comprehensive income equity investments not at fair value

Fair value information has not been provided for equity instruments that do not have a quoted market price and for which a fair value cannot be measured reliably.

The carrying amount of these financial instruments is as follows:

| | | | | |
|--|---|-----------|---|-----------|
| Supertow International Ltd | | | | |
| 13% interest in ordinary shares - Group | - | 3 093 064 | - | - |
| 9% interest in ordinary shares - Company | - | - | - | 2 487 758 |
| Global Jewel Ltd | | | | |
| 13% interest in ordinary shares | - | 2 576 140 | - | 2 576 140 |

Fair value for these investments could not be determined as the company does not have up to date reliable information as to the financial affairs of these companies.

There are currently no market for these investments as they are unlisted.

The company have impaired these investments as a result of a lack of information on these investments and adverse publications in the media subsequent to the company's reporting period.

A circular published by the directors of Global Jewel Ltd gave indication that the investment in Global Jewel may be impaired. StratCorp Ltd voted against all the resolutions tabled at the general meeting by Global Jewel Ltd to dispose of its subsidiaries and to issue new shares for cash and the approval of the annual financial statements of Global Jewel Ltd for the year ended 28 February 2010.

Subsequent to the company's reporting period a provisional application for liquidation was lodged against Supertow International Ltd.

Reconciliation of provision for impairment of loans and receivables

| | | | | |
|----------------------------------|---------------------|---------------------|---------------------|---------------------|
| Loan to APMI Holdings Ltd | | | | |
| Opening balance | (12 788 064) | (12 287 169) | (12 788 064) | (12 287 169) |
| Provision for impairment | - | (500 895) | - | (500 895) |
| Reversal of impairment | 19 697 | - | 19 697 | - |
| | (12 768 367) | (12 788 064) | (12 768 367) | (12 788 064) |

The maximum exposure to credit risk at the reporting date is the fair value of each class of loan mentioned above. The group holds the following collateral as security:

- Pledge of 5 000 000 shares by the directors of APMI Holdings Ltd;
- Cession of all book debts and loan accounts;
- Deed of hypothecation of all patents registered locally and abroad; and
- General notarial bond on all floor stock.

12. Financial assets by category

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

| <i>Group - 2011</i> | | | | |
|-----------------------------|--------------------------|---|---|------------------|
| | <i>At amortized cost</i> | <i>At fair value through profit or loss</i> | <i>At fair value through other comprehensive income</i> | <i>Total</i> |
| Other financial assets | 1 079 058 | - | - | 1 079 058 |
| Trade and other receivables | 6 566 429 | - | - | 6 566 429 |
| Cash and cash equivalents | 362 304 | - | - | 362 304 |
| | 8 007 791 | - | - | 8 007 791 |

| <i>Group - 2010</i> | | | | |
|-----------------------------|------------------------------|---|--|-------------------|
| | <i>Loans and receivables</i> | <i>Fair value through profit or loss - held for trading</i> | <i>Fair value through other comprehensive income</i> | <i>Total</i> |
| Loans to associates | 162 567 | - | - | 162 567 |
| Other financial assets | 1 394 926 | 5 672 927 | - | 7 067 853 |
| Trade and other receivables | 4 419 983 | - | - | 4 419 983 |
| Cash and cash equivalents | 196 270 | - | - | 196 270 |
| | 6 173 746 | 5 672 927 | - | 11 846 673 |

| <i>Company - 2011</i> | | | | |
|---|--------------------------|---|---|-------------------|
| | <i>At amortized cost</i> | <i>At fair value through profit or loss</i> | <i>At fair value through other comprehensive income</i> | <i>Total</i> |
| Loans to group companies and associates | 24 656 567 | - | - | 24 656 567 |
| Other financial assets | 13 117 379 | - | - | 13 117 379 |
| Trade and other receivables | 119 670 | - | - | 119 670 |
| Cash and cash equivalents | 5 229 | - | - | 5 229 |
| | 37 898 845 | - | - | 37 898 845 |

| <i>Company - 2010</i> | | | | |
|---|------------------------------|---|--|-------------------|
| | <i>Loans and receivables</i> | <i>Fair value through profit or loss - held for trading</i> | <i>Fair value through other comprehensive income</i> | <i>Total</i> |
| Loans to group companies and associates | 30 354 016 | - | - | 30 354 016 |
| Other financial assets | 13 336 182 | 5 063 898 | - | 18 400 080 |
| Trade and other receivables | 279 984 | - | - | 279 984 |
| Cash and cash equivalents | 1 807 | - | - | 1 807 |
| | 43 971 989 | 5 063 898 | - | 49 035 887 |

13. Deferred tax

| | Group | | Company | |
|---|------------------|------------------|------------------|------------------|
| | 2011 | 2010 | 2011 | 2010 |
| Deferred tax asset / (liability) | | | | |
| Accelerated capital allowances for tax purposes | (1 173 310) | (170 114) | 522 262 | 258 646 |
| Tax losses available for set off against future taxable income | 9 520 590 | 8 429 237 | 4 019 970 | 2 677 145 |
| Recognised in other comprehensive income | 848 226 | - | 759 052 | - |
| | 9 195 506 | 8 259 123 | 5 301 284 | 2 935 791 |
| Reconciliation of deferred tax asset (liability) | | | | |
| At beginning of the year | 8 259 123 | 4 580 815 | 2 935 791 | 4 197 525 |
| Increase (decrease) in tax losses available for set off against future taxable income | 1 091 353 | 4 213 505 | 1 342 825 | (1 298 743) |
| Originating temporary difference on tangible fixed assets | (553 390) | (492 335) | (553 390) | 124 |
| Originating temporary difference on trade receivables | 3 485 | (3 029) | - | - |
| Originating temporary difference on trade payables | 151 722 | 263 | - | - |
| Originating temporary difference on inventories | (778 199) | - | - | - |
| Originating temporary difference on revaluation of investment property | 3 223 | (36 041) | - | - |
| Originating temporary difference on revaluation of investments | 843 795 | 85 760 | 1 647 170 | 68 759 |
| Prepayments and deposits | 75 402 | (6 812) | 32 140 | (36 466) |
| Straightlining of leases | (97 828) | (3 200) | (103 252) | 4 592 |
| Finance leases | 24 505 | (92 454) | - | - |
| Other | 172 315 | 12 651 | - | - |
| | 9 195 506 | 8 259 123 | 5 301 284 | 2 935 791 |

Recognition of deferred tax asset

The group, based on its growth strategy as set out in the director's report, expects to utilize the deferred tax asset in the foreseeable future.

Use and sales rate

The deferred tax rate applied to the fair value adjustments of investment properties/ financial assets is determined by the expected manner of recovery. Where the expected recovery of the investment property/financial assets is through sale the capital gains tax rate of 14% (2010: 14%) is used. If the expected manner of recovery is through indefinite use the normal tax rate of 28% (2010: -%) is applied.

If the manner of recovery is partly through use and partly through sale, a combination of capital gains rate and normal tax rate is used.

The deferred tax on the fair value adjustments on investment properties/financial assets comprises of:

R 858 209 (2010: R 49 000) at the capital gains tax rate and no deferred tax on the fair value adjustments on investment properties/financial assets at the normal tax rate.

14. Finance lease receivables

| | Group | | Company | |
|--|-----------|-----------|---------|------|
| | 2011 | 2010 | 2011 | 2010 |
| Gross investment in the lease due | | | | |
| - within one year | 712 978 | 414 041 | - | - |
| - in second to fifth year inclusive | 597 106 | 700 795 | - | - |
| | 1 310 084 | 1 114 836 | - | - |
| less: Unearned finance income | (419 716) | (354 245) | - | - |
| | 890 368 | 760 591 | - | - |
| Present value of minimum lease payments due | | | | |
| - within one year | 405 809 | 282 478 | - | - |
| - in second to fifth year inclusive | 484 559 | 478 113 | - | - |
| | 890 368 | 760 591 | - | - |
| Non-current assets | 484 559 | 478 113 | - | - |
| Current assets | 405 809 | 282 478 | - | - |
| | 890 368 | 760 591 | - | - |

The unguaranteed residual values of assets leased under finance lease at the end of the reporting period amount to R2 050 (2010: R1 550).

The group leases the following types of rentals through its subsidiary StratFin (Pty) Ltd

- Evergreen lease rentals of "Elna and Bernina" sewing machines;
- Lease rentals of "Garmin" navigation equipment; and
- Evergreen lease rentals of "Buddy" vehicle tracking devices supplied by Celltrac (Pty) Ltd

The average lease terms are 1-3 years and the average effective lending rate was 25% (2010: 25%)

Credit quality of finance lease receivables

The credit quality of finance lease receivables 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:

Class 1 (Local finance lease receivables)
Counterparties without external credit rating

| | | | | |
|---------|---------|---------|---|---|
| Group 1 | 202 406 | 305 600 | - | - |
| Group 2 | 551 535 | 414 071 | - | - |
| Group 3 | 136 427 | 40 920 | - | - |
| | 890 368 | 760 591 | - | - |

Group 1 - new customer (less 6 months)

Group 2 - existing customer (more than 6 months) with no defaults in the past

Group 3 - existing customer (more than 6 months) with some defaults in the past. All defaults were fully recovered.

14. Finance lease receivables (continued)

| | Group | | Company | |
|--|-------|------|---------|------|
| | 2011 | 2010 | 2011 | 2010 |

Finance lease receivables past due but not impaired

Finance lease receivables which are less than 3 months past due are not considered to be impaired. No impairments have been made during the current and previous financial year.

The ageing of amounts in arrears are as follows:

Class 1 (Local finance lease receivables)

| | | | | |
|-------------------|--------------|------------|---|---|
| 1 month past due | 4 071 | 305 | - | - |
| 2 months past due | 2 130 | - | - | - |
| 3 months past due | 2 600 | - | - | - |
| | 8 801 | 305 | - | - |

Market risk

The carrying amount of finance lease receivables are denominated in Rand.

Credit risk exposure

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above.

The group holds the following security on its finance leases:

- Lease rentals of sewing machines, personal sureties and cessions on equipment.
- Lease rentals of navigation equipment, personal sureties and cessions on equipment.
- Lease rentals of vehicle tracking devices, secured by client default guarantees by the supplier.

15. Operating lease liability

| | | | | |
|-------------------------|------------------|------------------|------------------|------------------|
| Non-current liabilities | - | - | - | - |
| Current liabilities | (449 849) | (825 248) | (362 543) | (731 300) |
| | (449 849) | (825 248) | (362 543) | (731 300) |

The operating lease accrual relates to the difference in the straight lining of operating leases.

16. Inventories

| | | | | |
|--|-------------------|-------------------|---|---|
| Work in progress | 16 890 917 | 17 233 198 | - | - |
| Finished goods | 25 640 399 | 26 141 465 | - | - |
| Merchandise | 1 501 095 | 913 641 | - | - |
| | 44 032 411 | 44 288 304 | - | - |
| Inventories (write-downs) | (6 506 887) | (7 539 337) | - | - |
| | 37 525 524 | 36 748 967 | - | - |
| Carrying value of inventories carried at fair value less costs to sell | 37 525 524 | 36 748 967 | - | - |

In the prior year inventories that related to the property held as trading stock and work in progress were written down to net realisable value, due to the retracting property market. In the current year a portion of the write down was reversed, due to some improvement in the property market.

Work in progress includes the residential property development of The Orchards X61, Pretoria. The property was valued at R9 650 000 by DDP Valuers on 31 January 2011. The carrying amount of the land and development is R9 097 932.

Work in progress also includes the residential property development of Karen Park X38, Pretoria. The property was valued at R5 600 000 by DDP Valuers on 31 January 2011. The carrying amount of the development equals its current valuation. The valuation increased by R400 000 from the valuation done on 28 February 2010 resulting in a reversal of R400 000 of the impairment of R2 175 805 done in 2010.

Finished goods includes the completed residential property development of Sectional title property Soldonne situated in The Orchards Extension 33, Pretoria comprising of 56 sectional title units. The units have been rented out on short term lease contracts of 3 months in order to recoup the current running costs of the units. During the year rental income amounted to R2 058 652 (2010: R1 837 882). The carrying amount of the properties amounted to R20 902 282 (2010: R20 777 933). During the year the company reversed an impairment to the value R632 450. The company impaired the carrying amount of the units by R5 363 336 in 2010.

16. Inventories (continued)

| | Group | | Company | |
|-------------------------------|------------------|------------|---------|------|
| | 2011 | 2010 | 2011 | 2010 |
| Inventory pledged as security | 3 500 000 | 32 800 000 | - | - |

Finished goods was pledged as security for loan facilities of R1 750 000 (2010: R32 800 000) of the Group. At year end the loans amounted to R1 750 000 (2010: R1 815 841).

17. Trade and other receivables

| | | | | |
|---------------------------|------------------|------------------|----------------|----------------|
| Trade receivables | 5 204 137 | 2 113 817 | 38 001 | 848 |
| Employee costs in advance | 2 423 | 12 606 | - | 500 |
| Prepayments | 162 322 | 197 505 | 67 608 | 186 898 |
| Deposits | 142 079 | 49 744 | 12 561 | 32 686 |
| VAT | 827 369 | 1 739 311 | - | - |
| Other receivable | 228 099 | 307 000 | 1 500 | 59 052 |
| | 6 566 429 | 4 419 983 | 119 670 | 279 984 |

Credit quality of trade and other receivables

The credit quality of trade receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Trade receivables

Counterparties without external credit rating

| | | | | |
|---------|------------------|------------------|---------------|------------|
| Group 1 | 1 980 462 | 889 322 | - | - |
| Group 2 | 2 404 217 | 929 898 | 38 001 | 848 |
| Group 3 | 819 458 | 294 597 | - | - |
| | 5 204 137 | 2 113 817 | 38 001 | 848 |

Group 1 – new customer (less 6 months).

Group 2 – existing customer (more than 6 months) with no defaults in the past.

Group 3 – existing customer (more than 6 months) with some defaults in the past.

Fair value of trade and other receivables

The carrying value less impairment provision of trade receivables approximate their fair values.

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 28 February 2011, R6 566 429 (2010: R4 419 983) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

| | | | | |
|-------------------|------------------|-----------|----------------|---------|
| 1 month past due | 5 709 057 | 1 899 257 | 119 670 | 279 984 |
| 2 months past due | 670 048 | 1 637 777 | - | - |
| 3 months past due | 187 324 | 882 949 | - | - |

The carrying amount of trade and other receivables are denominated in the following currencies:

| | | | | |
|------------------|------------------|-----------|----------------|---------|
| Rand | 6 220 471 | 4 394 762 | 119 670 | 279 984 |
| Botswana Pula | 195 625 | - | - | - |
| Kenyan Shillings | 150 333 | - | - | - |
| Namibian Dollar | - | 25 221 | - | - |

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

18. Cash and cash equivalents

| | Group | | Company | |
|--|--------------|-------------|----------------|-------------|
| | 2011 | 2010 | 2011 | 2010 |

Cash and cash equivalents consist of:

| | | | | |
|---------------------|--------------------|--------------------|--------------------|--------------------|
| Cash on hand | 95 644 | 39 866 | 5 229 | 1 807 |
| Bank balances | 214 023 | 104 279 | - | - |
| Short-term deposits | 52 637 | 52 125 | - | - |
| Bank overdraft | (9 053 762) | (5 629 749) | (5 077 580) | (4 400 779) |
| | (8 691 458) | (5 433 479) | (5 072 351) | (4 398 972) |
| Current assets | 362 304 | 196 270 | 5 229 | 1 807 |
| Current liabilities | (9 053 762) | (5 629 749) | (5 077 580) | (4 400 779) |
| | (8 691 458) | (5 433 479) | (5 072 351) | (4 398 972) |

| | | | | |
|---|------------------|------------|---|---|
| Trust funds held by the entity that are not available for use by the Group. | 9 112 001 | 14 524 426 | - | - |
|---|------------------|------------|---|---|

The trust funds are held by StratEquity (Pty) Ltd (FSP2421) on behalf of its investment clients. The trust assets equals the trust creditors.

| | | | | |
|--|----------------|-----------|---------|-----------|
| The total amount of undrawn facilities available for future operating activities and commitments | 446 238 | 3 870 251 | 422 420 | 1 099 221 |
|--|----------------|-----------|---------|-----------|

The group has a secured overdraft facility with Absa Bank for R5 500 000. The overdraft carries interest at prime rate plus 0.5% per annum. The facility is secured by inter company suretyships from StratEquity (Pty) Ltd and I-Cura (Pty) Ltd limited to the value of R1 000 000 each as well as cession of inter company loan accounts.

The group also has a secured facility with Absa Bank for R4 000 000. This overdraft facility carries interest at prime rate plus 0.5% per annum and is secured by inter company suretyships from StratEquity (Pty) Ltd, I-Cura (Pty) Ltd and StratCorp Ltd in favour of StratCorp Property Holdings Ltd, limited to the value of R5 500 000 each, as well as a cession of inter company loan accounts.

Absa Bank has issued a guarantee in respect of an agreement of lease between Fountain Head Property Trust and Attfund Limited in favour of StratCorp Limited limited to the value of R875 400.

No defaults or breaches of General Banking Facility terms or payments have taken place in either the current or prior period.

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

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

Credit rating

| | | | | |
|---------|----------------|---------|---|---|
| A rated | 266 660 | 156 404 | - | - |
|---------|----------------|---------|---|---|

Cash and cash equivalents pledged as collateral

| | | | | |
|--|---------------|--------|---|---|
| Total financial assets pledged as collateral for the South African Post Office | 52 637 | 52 152 | - | - |
|--|---------------|--------|---|---|

19. Discontinued operations

The group has decided to discontinue its StratEquity operations in Botswana, Lesotho and Namibia. The assets and liabilities of the disposal group are set out below.

The decision was made by the board to discontinue these operations due the restrictions imposed on StratEquity Botswana, StratEquity Lesotho and StratEquity Namibia by the regulatory authorities in those countries that would cost the company in the region of R6 million.

The group has also decided to discontinue and to deregister Menlyn Taxi Association Finance Administration (Pty) Ltd, PoolCop Marketing (Pty) Ltd, Silver Meadow Trading 263 (Pty) Ltd as the companies are not trading and incurring unnecessary costs.

| Profit and loss | Group | | Company | |
|---------------------|-------------|------|---------|------|
| | 2011 | 2010 | 2011 | 2010 |
| Revenue | 1 092 382 | - | - | - |
| Expenses | (1 248 436) | - | - | - |
| Net loss before tax | (156 054) | - | - | - |
| Tax | (79 653) | - | - | - |
| Net loss after tax | (235 707) | - | - | - |
| | (235 707) | - | - | - |

Assets and liabilities

Assets of discontinued operations

| | | | | |
|-----------------------------|--------|---|---|---|
| Trade and other receivables | 23 601 | - | - | - |
|-----------------------------|--------|---|---|---|

Liabilities of discontinued operations

| | | | | |
|-------------------|--------|---|---|---|
| Other liabilities | 75 648 | - | - | - |
|-------------------|--------|---|---|---|

20. Share capital

Authorised

| | | | | |
|---|---|---|---|---|
| 400 000 000 Ordinary shares of no par value | - | - | - | - |
|---|---|---|---|---|

Reconciliation of number of shares issued:

| | | | | |
|----------------------------------|-------------|-------------|-------------|-------------|
| Reported as at beginning of year | 158 311 597 | 158 318 599 | 180 296 330 | 180 296 330 |
| Shares purchases by subsidiaries | - | (7 002) | - | - |
| | 158 311 597 | 158 311 597 | 180 296 330 | 180 296 330 |

219 703 670 unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last Annual General Meeting. This authority remains in force until the next Annual General Meeting.

The number of shares issued for the Group are reduced by the following treasury shares:

Treasury shares

| | | | | |
|---|------------|------------|---|---|
| Held by subsidiaries | 1 281 202 | 1 281 202 | - | - |
| Held by The StratCorp Share Incentive Trust | 20 703 531 | 20 703 531 | - | - |
| | 21 984 733 | 21 984 733 | - | - |

Issued

| | | | | |
|----------|------------|------------|------------|------------|
| Ordinary | 43 640 846 | 43 640 846 | 57 259 945 | 57 259 945 |
|----------|------------|------------|------------|------------|

21. Foreign currency translation reserve

| | Group | | Company | |
|--|--------------|-------------|----------------|-------------|
| | 2011 | 2010 | 2011 | 2010 |

Translation reserve comprises exchange differences on consolidation of foreign subsidiaries of I-Cura (Pty) Ltd incorporated in Botswana and Kenya.

| | | | | |
|-------------------------|-----------------|---|---|---|
| Translation differences | (10 763) | - | - | - |
|-------------------------|-----------------|---|---|---|

22. Financial assets fair value adjustments reserve

The fair value adjustments relates to the impairments of investments in Global Jewel Ltd, Supertow International Ltd and Escalator Capital Ltd (Refer to note 11.)

Management believes that the impairment of these investments are of a permanent nature and as a result have transferred the losses from the reserve to accumulated loss.

| | | | | |
|---|--------------------|---|--------------------|---|
| At fair value through other comprehensive income financial assets | (5 183 313) | - | (4 662 750) | - |
| Tranfered to accumulated loss | 5 183 313 | - | 4 662 750 | - |

23. Other financial liabilities

Held at amortised cost

| | | | | |
|---|-------------------|-------------------|---|----------------|
| Standard Bank Property Development Loan | - | 1 815 841 | - | - |
| Absa Bank Term Loan | - | 320 863 | - | 320 863 |
| Kose-Kose Investments Ltd | 1 750 000 | - | - | - |
| Linked units - new | 9 211 181 | - | - | - |
| Linked units - old | - | 10 511 076 | - | - |
| | 10 961 181 | 12 647 780 | - | 320 863 |

The Standard Bank property development loan was secured by a first CCMB over Erf 8611 The Orchards Extension 33 in the amount of R32 800 000, a limited suretyship by StratCorp Limited to the value of R32 800 000, cession of all net sales / rental income, surety to sign cash flow shortfalls and cost overruns, cession and subordination of shareholder loan accounts, cession of all insurance policy proceeds and Waiver of Builder's Lien. The minimum repayment of the loan was R200 000 per month plus interest and the full amount was repayable by 31 October 2010. The loan carried interest at prime plus 2.5% per annum. The loan was settled in full during the year.

The Absa term loan was repayable over 42 months carrying interest at prime rate per annum, secured by limited sureties of R1 000 000 each by StratEquity (Pty) Ltd and I Cura (Pty) Ltd in favour of StratCorp Ltd. The loan was settled in full during the year.

The loan from Kose-Kose Investments Ltd is secured by inventory, carries interest at 15% per annum payable monthly in arrears. The full capital amount is repayable by 1 December 2012.

New linked units were issued by StratCorp Property Holdings Limited on 1 December 2010. Holders of the linked units are paid interest annually in arrears calculated at a rate of 15% on the claim portion of the linked unit, i.e. on 99 cents of each 100 cents linked unit. Interest is payable on the 1st of December each year. The linked units are unsecured. These linked units are redeemable by no later than December 2012. The company has the option to settle the linked unit at any time before the expiry date or to extend the settlement date by a further 2 years.

Linked units were issued by StratCorp Property Holdings Limited on 30 November 2005. Holders of the linked units are paid interest annually in arrears calculated at a rate of 15% on the claim portion of the linked unit, i.e. on 99 cents of each 100 cents linked unit. Interest was paid on 1 December each year. The linked units were unsecured. These linked units were redeemable in December 2008. At a special meeting of linked unit holders held on 7 November 2008, it was decided that the linked units, together with interest thereon, be extended for another 2 years until 30 November 2010. Linked unit holders had an option to be paid in cash or to subscribe for a new linked unit in StratCorp Property Holdings Limited. R8 883 997 of the old linked units together with interest were redeemed and these holders opted to subscribe to the new linked units offered on 1 December 2010. The balance was redeemed and paid out.

Non-current liabilities

| | | | | |
|-------------------|-------------------|---|---|---|
| At amortised cost | 10 632 595 | - | - | - |
|-------------------|-------------------|---|---|---|

Current liabilities

| | | | | |
|-------------------|-------------------|-------------------|---|----------------|
| At amortised cost | 328 586 | 12 647 780 | - | 320 863 |
| | 10 961 181 | 12 647 780 | - | 320 863 |

The carrying amounts of financial liabilities at amortised cost are denominated in Rand.

24. Finance lease obligation

| | Group | | Company | |
|--|------------------|------------------|------------------|------------------|
| | 2011 | 2010 | 2011 | 2010 |
| Minimum lease payments due | | | | |
| - within one year | 565 673 | 1 465 658 | 565 673 | 1 465 658 |
| - in second to fifth year inclusive | 647 834 | 940 449 | 647 834 | 940 449 |
| | 1 213 507 | 2 406 107 | 1 213 507 | 2 406 107 |
| less: future finance charges | (132 569) | (270 134) | (132 569) | (270 134) |
| Present value of minimum lease payments | 1 080 938 | 2 135 973 | 1 080 938 | 2 135 973 |
| Present value of minimum lease payments due | | | | |
| - within one year | 494 042 | 1 307 378 | 494 042 | 1 307 378 |
| - in second to fifth year inclusive | 586 896 | 828 595 | 586 896 | 828 595 |
| | 1 080 938 | 2 135 973 | 1 080 938 | 2 135 973 |
| Non-current liabilities | 586 896 | 828 595 | 586 896 | 828 595 |
| Current liabilities | 494 042 | 1 307 378 | 494 042 | 1 307 378 |
| | 1 080 938 | 2 135 973 | 1 080 938 | 2 135 973 |

It is group policy to lease certain motor vehicles and equipment under finance leases.

The average lease term was 3-5 years and the average effective borrowing rate was 9% (2010: 13%)

Interest rates are linked to prime at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

The group's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 5.

Defaults and breaches

No defaults or breaches of lease terms or payments have taken place in either the current or prior period.

Market risk

The carrying amounts of finance lease liabilities are denominated in Rand.

25. Trade and other payables

| | | | | |
|---|-------------------|------------------|------------------|----------------|
| Trade payables | 7 905 957 | 6 102 753 | 322 161 | 284 850 |
| Amounts received in advance | 1 859 133 | - | - | - |
| VAT | 505 757 | 1 145 017 | 273 960 | 189 221 |
| Accrued leave pay | 160 275 | 105 076 | 114 146 | 77 421 |
| Statutory payroll accruals | 574 405 | 472 350 | 388 835 | 351 718 |
| Independent contractors income accruals | 2 818 246 | 820 989 | - | - |
| Other accrued expenses | 135 570 | 26 524 | 37 188 | 22 459 |
| Deposits received | 720 657 | 174 005 | - | - |
| Other payables | 132 | 1 370 | - | - |
| | 14 680 132 | 8 848 084 | 1 136 290 | 925 669 |

The Rand carrying amounts of trade and other payables are denominated in the following currencies:

| | | | | |
|------------------|-------------------|-----------|------------------|---------|
| Rand | 14 268 021 | 8 836 800 | 1 136 290 | 925 669 |
| Botswana Pula | 253 439 | - | - | - |
| Kenyan Shillings | 151 581 | - | - | - |
| Namibian Dollar | 7 091 | 11 284 | - | - |

26. Financial liabilities by category

All financial liabilities of the Group and company are carried at amortised cost.

| Group - 2011 | | |
|-----------------------------|--|-------------------|
| | Financial liabilities at amortised cost | Total |
| Other financial liabilities | 10 961 181 | 10 961 181 |
| Trade and other payables | 14 680 132 | 14 680 132 |
| Bank overdraft | 9 053 762 | 9 053 762 |
| | 34 695 075 | 34 695 075 |

| Group - 2010 | | |
|-----------------------------|--|-------------------|
| | Financial liabilities at amortised cost | Total |
| Other financial liabilities | 12 647 780 | 12 647 780 |
| Trade and other payables | 8 848 084 | 8 848 084 |
| Bank overdraft | 5 629 749 | 5 629 749 |
| | 27 125 613 | 27 125 613 |

| Company - 2011 | | |
|----------------------------|--|------------------|
| | Financial liabilities at amortised cost | Total |
| Loans from group companies | 1 212 369 | 1 212 369 |
| Trade and other payables | 1 136 290 | 1 136 290 |
| Bank overdraft | 5 077 580 | 5 815 282 |
| | 7 426 239 | 8 163 941 |

| Company - 2010 | | |
|-----------------------------|--|------------------|
| | Financial liabilities at amortised cost | Total |
| Loans from group companies | 669 740 | 669 740 |
| Other financial liabilities | 320 863 | 320 863 |
| Trade and other payables | 925 669 | 925 669 |
| Bank overdraft | 4 400 779 | 4 400 779 |
| | 6 317 051 | 6 317 051 |

27. Revenue

| | Group | | Company | |
|-----------------------------|-------------------|-------------------|-------------------|-------------------|
| | 2011 | 2010 | 2011 | 2010 |
| Sale of goods | 34 215 474 | 18 302 190 | - | - |
| Rendering of services | 44 996 455 | 40 680 553 | 16 101 949 | 25 453 159 |
| Rental Income | 2 058 652 | 1 837 882 | - | - |
| Miscellaneous other revenue | - | 360 | - | 360 |
| | 81 270 581 | 60 820 985 | 16 101 949 | 25 453 519 |

28. Cost of sales

| | | | | |
|--|--------------------|-------------------|---|---|
| Sale of goods | | | | |
| Cost of goods sold | 19 045 157 | 14 395 473 | - | - |
| Write down and (reversal) of inventories to net realisable value | (1 032 450) | 7 539 337 | - | - |
| | 18 012 707 | 21 934 810 | - | - |

| | | | | |
|------------------------------|-------------------|-------------------|---|---|
| Rendering of services | | | | |
| Cost of services | 13 503 097 | 15 382 846 | - | - |
| | 31 515 804 | 37 317 656 | - | - |

29. Operating profit (loss)

Operating profit (loss) for the year is stated after accounting for the following:

| | | | | |
|---|-------------------|------------------|-------------------|------------------|
| Operating lease charges | | | | |
| Premises | | | | |
| • Contractual amounts | 4 708 895 | 5 029 923 | 3 290 833 | 3 989 659 |
| Equipment | | | | |
| • Contractual amounts | 226 558 | 246 580 | 166 738 | 186 564 |
| | 4 935 453 | 5 276 503 | 3 457 571 | 4 176 223 |
| Profit on sale of property, plant and equipment | 47 761 | - | 47 761 | - |
| (Loss) on sale of investment property | (43 940) | - | - | - |
| Impairment on property, plant and equipment | - | 5 180 | - | 4 499 |
| Impairment of investments in subsidiaries | - | - | 200 | 1 634 010 |
| Impairment on loans to group companies | - | - | 7 160 498 | - |
| Impairment / (reversal of impairment) on other financial assets | (378 002) | 501 000 | (378 002) | 501 000 |
| Profit on exchange differences | - | 13 | - | - |
| Amortisation on intangible assets | 523 466 | 231 289 | 523 467 | 231 289 |
| Depreciation on property, plant and equipment | 1 534 415 | 1 652 150 | 1 451 347 | 1 613 857 |
| Employee costs | 23 700 396 | 18 335 644 | 10 403 387 | 10 107 341 |

30. Investment revenue

| | Group | | Company | |
|---|----------------|----------------|------------------|----------------|
| | 2011 | 2010 | 2011 | 2010 |
| Dividend revenue | | | | |
| Subsidiaries - Local | - | - | 6 000 000 | - |
| Interest revenue | | | | |
| StratFin Micro loans | 97 415 | 40 590 | - | - |
| Loans receivable | - | 19 749 | - | 19 749 |
| Bank | (15 917) | 155 562 | 2 447 | 116 934 |
| Finance leases | 197 959 | 107 987 | - | - |
| Interest charged on trade and other receivables | 10 823 | 103 | - | - |
| Group companies | - | - | 519 053 | 84 979 |
| Interest received from associates | 6 725 | 18 105 | 6 725 | 18 105 |
| Other interest | 3 954 | 137 658 | 68 | 23 584 |
| | 300 959 | 479 754 | 528 293 | 263 351 |
| | 300 959 | 479 754 | 6 528 293 | 263 351 |

31. Fair value adjustments

| | | | | |
|--|----------------|----------------|----------|----------------|
| Investment property (Fair value model) | - | 257 433 | - | - |
| Other financial assets | (3 723) | 293 382 | - | 416 201 |
| | (3 723) | 550 815 | - | 416 201 |

32. Finance costs

| | | | | |
|--------------------------|------------------|----------------|----------------|----------------|
| Linked units | 1 463 062 | 16 918 | - | - |
| Group companies | - | - | 182 656 | - |
| Non-current borrowings | 171 439 | 57 619 | 15 994 | 57 619 |
| Trade and other payables | 502 823 | 12 474 | - | - |
| Finance leases | 154 550 | 269 708 | 154 550 | 269 708 |
| Bank | 764 965 | 114 847 | 405 092 | 99 323 |
| Current borrowings | 82 697 | 181 125 | 22 786 | 10 267 |
| Late payment of tax | 28 578 | 36 730 | - | 21 130 |
| Other interest paid | 711 | 188 | 673 | 19 |
| | 3 168 825 | 689 609 | 781 751 | 458 066 |

Total interest expense, calculated using the effective interest rate, on financial instruments not at fair value through profit or loss amounted to R3 168 825 (2010: R689 609).

33. Taxation

| | Group | | Company | |
|--|--------------------|--------------------|--------------------|------------------|
| | 2011 | 2010 | 2011 | 2010 |
| Major components of the tax income | | | | |
| Current | | | | |
| Local income tax - current period | - | 2 484 | - | - |
| Foreign income tax - current period | 22 670 | 182 059 | - | - |
| Foreign income tax - recognised in current tax for prior periods | 2 872 | - | - | - |
| | 25 542 | 184 543 | - | - |
| Deferred | | | | |
| Originating and reversing temporary differences | 539 332 | 594 503 | 510 154 | (37 010) |
| Benefit of unrecognised tax loss / tax credit / temporary difference used to reduce deferred tax expense | (712 747) | (4 272 815) | (2 116 593) | 1 298 742 |
| | (173 415) | (3 678 312) | (1 606 439) | 1 261 732 |
| | (147 873) | (3 493 769) | (1 606 439) | 1 261 732 |
| Reconciliation of the tax expense | | | | |
| Reconciliation between accounting profit and tax expense. | | | | |
| Accounting loss | (1 556 316) | (11 237 640) | (4 148 157) | 4 842 447 |
| Tax at the applicable tax rate of 28% (2010: 28%) | (435 768) | (3 146 539) | (1 161 484) | 1 355 885 |
| Tax effect of adjustments on taxable income | | | | |
| Disallowed (income) / expenses | 77 081 | 73 808 | (1 632 127) | 65 997 |
| Fair value adjustments at capital gains tax rates | (117 080) | 112 265 | (114 378) | 68 759 |
| Impairment of loans to and investments in subsidiaries at capital gains tax rates | - | - | 1 002 470 | - |
| Capital loss on disposal of investment properties at capital gains tax rates | 6 151 | - | - | - |
| Effect of difference in foreign tax rates | 9 374 | (22 309) | - | - |
| Other temporary differences | 21 739 | (291 836) | - | - |
| Tax losses carried forward | 71 203 | 9 752 | - | - |
| Prior year adjustments | 299 080 | (228 910) | 299 080 | (228 909) |
| Tax from discontinued operations | (79 653) | - | - | - |
| | (147 873) | (3 493 769) | (1 606 439) | 1 261 732 |

34. Auditors' remuneration

| | | | | |
|------|----------------|---------|----------------|---------|
| Fees | 625 589 | 304 334 | 625 589 | 301 934 |
|------|----------------|---------|----------------|---------|

35. Operating leases

The company leases its office building for a period of 5 years that commenced on July 2007. The lease has been renewed for a further 5 years from July 2010.

The lease escalates annually with 10% in August of each year.

No contingent rent is payable on the lease.

The minimum lease installments are payable monthly in advance. Each installment includes an amount of for operating costs which esclates by 10% annually.

36. Other comprehensive income

| <i>Components of other comprehensive income - Group - 2011</i> | | | |
|---|--------------------|----------------|--------------------|
| | <i>Gross</i> | <i>Tax</i> | <i>Net</i> |
| Exchange differences on translating foreign operations | | | |
| Exchange differences arising during the year | (15 194) | 4 431 | (10 763) |
| Financial assets at fair value through other comprehensive income adjustments | | | |
| Gains and (losses) arising during the year - refer note 10 | (6 027 108) | 843 795 | (5 183 313) |
| Total | (6 042 302) | 848 226 | (5 194 076) |

| <i>Components of other comprehensive income - Company - 2011</i> | | | |
|---|--------------|------------|-------------|
| | <i>Gross</i> | <i>Tax</i> | <i>Net</i> |
| Financial assets at fair value through other comprehensive income adjustments | | | |
| Gains and losses arising during the year - refer note 10 | (5 421 802) | 759 052 | (4 662 750) |

37. Earnings per share

Basic earnings per share

Basic earnings per share is determined by dividing profit or loss attributable to the ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Profit or loss attributable to the ordinary equity holders of the parent is determined as profit or loss attributable to the parent entity after adjusting for the after tax affect of preference dividends, differences arising on settlement of preference shares and other effects of preferences shares classified as equity.

Where there is a discontinued operation, earnings per share is determined for both continuing and discontinued operations.

| | <i>Group</i> | |
|--|---------------|---------------|
| | <i>2011</i> | <i>2010</i> |
| Basic loss per share | | |
| From continuing operations (cents per share) | (0,80) | (4,89) |
| From discontinued operations (cents per share) | (0,14) | - |
| | (0,94) | (4,89) |

Basic earnings per share was based on a loss of R1 488 096 (2010: a loss of R7 743 871) and a weighted average number of ordinary shares of 158 311 597 (2010: 158 313 957).

37. Earnings per share (continued)

| | Group | |
|--|--------------------|-------------|
| | 2011 | 2010 |
| Reconciliation of profit or loss for the year to basic earnings | | |
| Profit or loss for the year attributable to equity holders of the parent | (1 488 096) | (7 743 871) |

Diluted earnings per share

In the determination of diluted earnings per share, profit or loss attributable to the equity holders of the parent and the weighted average number of ordinary shares are adjusted for the effects of all dilutive potential ordinary shares.

Where there is a discontinued operation, diluted earnings per share is determined for both continuing and discontinued operations.

Diluted earnings per share is equal to earnings per share because there are no dilutive potential ordinary shares in issue.

Shares held by the StratCorp Share Incentive Trust could potentially dilute earnings per share in future but were not included in diluted earnings per share because they are anti-dilutive for the current year. Refer to the note on the StratCorp Share Incentive Trust in the directors' report regarding the share incentive scheme.

Headline earnings and diluted headline earnings per share

Headline earnings per share and diluted headline earnings per share are determined by dividing headline earnings and diluted headline earnings by the weighted average number of ordinary share outstanding during a period.

Headline earnings and diluted headline earnings are determined by adjusting basic earnings and diluted earnings by excluding separately identifiable re-measurement items. Headline earnings and diluted headline earnings are presented after tax and non- controlling interest.

Diluted headline loss per share is equal to headline loss per share because there are no dilutive potential ordinary shares in issue.

| | | |
|--|--------------------|--------------------|
| Headline loss per share (cents) | (0,94) | (5,03) |
| Reconciliation between loss and headline loss | | |
| Basic loss | (1 488 096) | (7 743 871) |
| Adjusted for: | | |
| 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 |
| Headline loss | (1 484 810) | (7 961 895) |

38. Cash generated from (used in) operations

| | Group | | Company | |
|--|------------------|------------------|--------------------|------------------|
| | 2011 | 2010 | 2011 | 2010 |
| Loss before taxation | (1 400 262) | (11 237 640) | (4 148 157) | 4 842 447 |
| Adjustments for: | | | | |
| Depreciation and amortisation | 2 057 882 | 1 883 440 | 1 974 815 | 1 845 147 |
| Profit on sale of assets | (3 821) | - | (47 761) | - |
| Loss on foreign exchange | 122 | 2 092 | - | (288) |
| Income from equity accounted investments | (816 988) | (726 671) | (816 988) | (726 671) |
| Dividends received | - | - | (6 000 000) | - |
| Interest received | (300 959) | (479 754) | (528 293) | (263 351) |
| Finance costs | 3 168 825 | 689 609 | 781 751 | 458 066 |
| Fair value adjustments | 3 723 | (550 815) | - | (416 201) |
| Impairment (reversals) loss | (378 002) | 505 678 | 6 782 696 | 2 139 509 |
| Movements in operating lease assets and accruals | (375 399) | 55 505 | (368 757) | 16 398 |
| Changes in working capital: | | | | |
| Inventories | (776 557) | 13 444 986 | - | - |
| Trade and other receivables | (2 146 446) | (1 495 562) | 160 314 | (138 915) |
| Trade and other payables | 5 832 048 | (2 221 535) | 210 617 | (1 016 157) |
| | 4 864 166 | (130 667) | (1 999 763) | 6 739 984 |

39. Tax (paid) refunded

| | | | | |
|---|------------------|------------------|----------|----------|
| Balance at beginning of the year | (458 214) | 3 991 155 | - | - |
| Current tax for the year recognised in profit or loss | (25 542) | (184 543) | - | - |
| Balance at end of the year | 23 223 | 458 214 | - | - |
| | (460 533) | 4 264 826 | - | - |

40. Cash flows of discontinued operations

| | | | | |
|---|-----------|---|---|---|
| Cash flows from discontinued operations | (113 719) | - | - | - |
|---|-----------|---|---|---|

41. Commitments

Operating leases – as lessee (expense)

Minimum lease payments due

| | | | | |
|-------------------------------------|-------------------|------------------|-------------------|------------------|
| - within one year | 3 252 414 | 4 003 004 | 2 926 969 | 3 092 874 |
| - in second to fifth year inclusive | 12 870 576 | 5 371 684 | 11 757 702 | 4 392 760 |
| | 16 122 990 | 9 374 688 | 14 684 671 | 7 485 634 |

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated for an average term of 3 to 5 years and rentals escalates on average between 7 and 9 percent per annum. All lease expenses are straightlined over the lease term. No contingent rent is payable.

42. Related parties

Relationships

| | |
|--|---|
| Subsidiaries | Refer to note 8 |
| Associates | Refer to note 9 |
| Shareholder with significant influence | Kose-Kose Investments Ltd GC Harington - Spouse of DB Harington WD Harington - Son of DB Harington |
| Close family member of key management | S van Rooyen - Daughter of DB Harington P van der Merwe - Spouse of HJ van der Merwe S Wright - Spouse of IM Wright |
| Associate of close family member of key management | Sonwe Trust - Family Trust of DB Harington Kingfisher Discretionary Trust - Family Trust of HJ van der Merwe LBH Nominees - GC Harington BLW Nominees - IM Wright SIR Nominees - IM Wright |
| Employee Incentive Plans | The StratCorp Personnel Incentive Trust |
| Members of key management (Refer to remuneration report for details of transactions with members of key management) | DB Harington - Chief Executive Officer JHP Engelbrecht - Group Financial Director IM Wright - Chief Information Officer JPJ Louw - Company Secretary HJ van der Merwe - Previous Group Financial Director |

Related party balances

| | Group | | Company | |
|---|-----------|---------|------------|------------|
| | 2011 | 2010 | 2011 | 2010 |
| Loan accounts - Owning (to) by related parties | | | | |
| StratCorp Solutions (Pty) Ltd | - | - | 768 | 303 502 |
| StratEquity (Pty) Ltd | - | - | (474 666) | 621 673 |
| I-Cura (Pty) Ltd | - | - | 2 390 160 | (669 637) |
| StratCorp Property Holdings Ltd | - | - | 20 467 242 | 27 213 992 |
| StratFin (Pty) Ltd | - | - | 1 798 039 | 2 052 166 |
| PoolCop Marketing (Pty) Ltd | - | - | 359 | (103) |
| StratCol Ltd | - | 162 567 | - | 162 567 |
| Kose-Kose Investments Ltd | 1 750 000 | - | - | - |
| The StratCorp Personnel Incentive Trust | - | - | 12 379 102 | 12 379 102 |

Related party transactions

Interest paid to (received from) related parties

| | | | | |
|---------------------------------|---------|----------|-----------|----------|
| I-Cura (Pty) Ltd | - | - | (228 124) | - |
| StratFin (Pty) Ltd | - | - | (224 615) | (84 979) |
| StratCorp Solutions (Pty) Ltd | - | - | (4 595) | - |
| StratCol Ltd | (6 040) | (18 105) | (6 052) | (18 105) |
| StratCorp Property Holdings Ltd | - | - | 46 549 | - |
| StratEquity (Pty) Ltd | - | - | 134 388 | - |

Purchases from (sales to) related parties

| | | | | |
|-------------------------------|-----------|---------|---|-------|
| StratCorp Solutions (Pty) Ltd | - | - | - | (800) |
| StratCol Ltd | 1 655 531 | 968 981 | - | - |

Administration fees paid to (received from) related parties

| | | | | |
|---------------------------------|----------|---|-------------|--------------|
| StratCorp Solutions (Pty) Ltd | - | - | 406 611 | 260 437 |
| StratCorp Solutions (Pty) Ltd | - | - | - | (160 388) |
| StratFin (Pty) Ltd | - | - | (845 284) | (155 292) |
| StratCorp Property Holdings Ltd | - | - | - | (155 292) |
| StratEquity (Pty) Ltd | - | - | (9 317 557) | (20 460 792) |
| I-Cura (Pty) Ltd | - | - | (5 912 822) | (4 521 395) |
| Kose-Kose Investments Ltd | (26 286) | - | (26 286) | - |

43. Directors' emoluments

| Group | | Company | |
|--------------|-------------|----------------|-------------|
| 2011 | 2010 | 2011 | 2010 |

Refer to the remuneration report for details over directors emoluments.

44. Comparative figures

The comparative figures for other financial assets have been reclassified between current and non current. This is as a result of the early adoption of IFRS 9. Refer to note 1 and 2.

Term deposit of R8,054 held with Absa Bank previously disclosed as deposits under trade and other receivable was reclassified as term deposits under cash and cash equivalents.

Deposits of R1,328 received on products were previously shown under income received in advance were reclassified to trade and other receivables.

Deferred tax assets and liabilities are no longer netted off on the face of 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 liabilities giving rise to the deferred tax balance.

The effects of the reclassifications are as follows:

| Statement of Financial Position | | | | |
|---|---|-------------|---|------------|
| Other financial assets - Non current (previously) | - | 155 368 | - | - |
| Other financial assets - Non current (reclassified) | - | 5 824 572 | - | 5 063 898 |
| Other financial assets - Current (previously) | - | 6 912 485 | - | 18 400 080 |
| Other financial assets - Current (reclassified) | - | 1 243 281 | - | 13 336 182 |
| Trade and other receivables (previously) | - | 4 429 360 | - | - |
| Trade and other receivables (reclassified) | - | 4 419 983 | - | - |
| Cash and cash equivalents (previously) | - | 188 216 | - | - |
| Cash and cash equivalents (reclassified) | - | 196 270 | - | - |
| Trade and other payables (previously) | - | (8 849 412) | - | - |
| Trade and other payables (reclassified) | - | (8 848 084) | - | - |
| Deferred tax asset (previously) | - | 8 259 123 | - | - |
| Deferred tax asset (reclassified) | - | 9 103 000 | - | - |
| Deferred tax liability (previously) | - | - | - | - |
| Deferred tax liability (reclassified) | - | (843 877) | - | - |

45. Risk management

Capital risk management

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

The capital structure of the Group consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in notes 10, 24, 23, cash and cash equivalents disclosed in note 18, 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 shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio.

This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

There are no externally imposed capital requirements on the the Group and company other than the following that pertains specifically to StratEquity (Pty) Ltd:

In term of Board Notice 106 of 2008 of the Financial Advisory and Intermediary Services Act, 2002 (Act No 37 of 2002) , StratEquity (Pty) Ltd must at all time comply with the following requirements as from December 2010:

- The assets of the company (excluding goodwill, other intangible assets and investments in related parties) must exceed the company's liabilities (excluding loans validly subordinated in favour of all other creditors);
- The company must maintain current assets which are at least sufficient to meet current liabilities; and
- The company shall at all times maintain liquid assets equal to or greater than 8/52 weeks of annual expenditure.

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

The gearing ratio at 2011 and 2010 respectively were as follows:

| | Note(s) | Group | | Company | |
|---------------------------------|---------|-------------------|-------------------|-------------------|-------------------|
| | | 2011 | 2010 | 2011 | 2010 |
| Total borrowings | | | | | |
| Loans to (from) group companies | 10 | - | - | 1 212 369 | 669 740 |
| Finance lease obligation | 24 | 1 080 938 | 2 135 973 | 1 080 938 | 2 135 973 |
| Other financial liabilities | 23 | 10 961 181 | 12 647 780 | - | 320 863 |
| | | 12 042 119 | 14 783 753 | 2 293 307 | 3 126 576 |
| Less: Cash and cash equivalents | 18 | (8 691 458) | (5 433 479) | (5 072 351) | (4 398 972) |
| Net debt | | 20 733 577 | 20 217 232 | 7 365 658 | 7 525 548 |
| Total equity | | 31 618 525 | 38 300 697 | 46 559 589 | 53 764 057 |
| Total capital | | 52 352 102 | 58 517 929 | 53 925 247 | 61 289 605 |
| Gearing ratio | | 40% | 35% | 14% | 12% |

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.

45. Risk management (continued)

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.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

| Group | | | |
|-------------------------------------|-------------------------|------------------------------|------------------------------|
| At 28 February 2011 | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years |
| Borrowings | 328 586 | 10 632 595 | - |
| Finance lease liabilities | 494 042 | 586 896 | - |
| Trade and other payables | 14 680 132 | - | - |
| Bank overdraft | 9 053 762 | - | - |
| At 28 February 2010 | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years |
| Borrowings including finance leases | 12 974 579 | 1 417 412 | 391 762 |
| Trade and other payables | 4 504 589 | 4 344 823 | - |
| Bank overdraft | 5 629 749 | - | - |
| Company | | | |
| At 28 February 2011 | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years |
| Borrowings including finance leases | 856 585 | 586 896 | - |
| Trade and other payables | 1 136 290 | - | - |
| Bank overdraft | 5 077 580 | - | - |
| At 28 February 2010 | Less than 1 year | Between 1 and 2 years | Between 2 and 5 years |
| Borrowings including finance leases | 647 662 | 1 417 412 | 391 762 |
| Trade and other payables | 925 669 | - | - |
| Bank overdraft | 4 400 779 | - | - |

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. Group policy is to maintain approximately 50% of its borrowings and financial assets in fixed rate instruments. During 2011 and 2010, the Group's borrowings at variable rate were denominated in Rand.

At 28 February 2011, if interest rates on Rand-denominated borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the year would have been R145 701 (2010: R43 446) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

Cash flow interest rate risk

| Financial instrument | Current interest rate | Due in less than a year | Due in one to two years |
|-----------------------------|------------------------------|--------------------------------|--------------------------------|
| Overdraft facilities used | 10,50% | (9 053 762) | - |
| Finance lease liabilities | 9,00% | (856 585) | (586 896) |
| Micro loans receivable | 15,00% | 24 896 | 10 783 |

Fair value interest rate risk

| Financial instrument | Current interest rate | Due in less than a year | Due in one to two years |
|-----------------------------|------------------------------|--------------------------------|--------------------------------|
| Other financial liabilities | 15,00% | (328 586) | (10 632 595) |
| Finance lease receivables | 25,00% | 484 558 | 405 809 |
| Micro loans receivable | 26,00% | 315 559 | 42 992 |

Credit risk

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

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

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

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

| Financial instrument | Group | | Company | |
|---|-----------|-----------|-----------|---------|
| | 2011 | 2010 | 2011 | 2010 |
| Loan to APMI Holdings Ltd | 738 277 | 957 080 | 738 277 | 957 080 |
| Loan to associate | - | 162 567 | - | 162 567 |
| Trade and other receivables | 6 566 429 | 4 419 983 | 1 196 670 | 279 984 |
| Micro Loans receivable | 340 782 | 437 846 | - | - |
| Finance lease receivables | 890 368 | 760 591 | - | - |
| Absa Bank South Africa | 160 359 | 44 071 | 76 092 | - |
| First National Bank South Africa | 27 678 | 2 280 | - | - |
| First National Bank Namibia | 366 | 101 756 | - | - |
| Barclays Bank Botswana | 110 530 | - | - | - |
| Barclays Bank Kenya | 22 525 | - | - | - |
| Mpesa Kenya | 10 723 | - | - | - |
| PSG Online | 432 | 243 | - | - |
| SA Post Office | 8 055 | 8 055 | - | - |
| Trust funds held with First National Bank Namibia | 2 522 988 | 8 348 519 | - | - |
| Trust funds held with Absa South Africa | 902 357 | 2 692 047 | - | - |
| Trust funds held with StratCol Ltd | 5 551 050 | 4 201 203 | - | - |

Foreign exchange risk

The group does not hedge foreign exchange fluctuations as the net current exposures are not considered material.

Foreign currency exposure at the end of the reporting period

Current assets

| | | | | |
|--|---------|---|---|---|
| Trade and other receivables (BWP) | 195 625 | - | - | - |
| Trade and other receivables (KES) | 150 333 | - | - | - |
| Cash and cash equivalents (BWP) | 137 878 | - | - | - |
| Cash and cash equivalents (KES480,153) | 48 471 | - | - | - |

Liabilities

| | | | | |
|--------------------------------|-----------|---|---|---|
| Trade and other payables (BWP) | (253 439) | - | - | - |
| Trade and other payables (KES) | (151 581) | - | - | - |

Commitments

| | | | | |
|--|---------|---|---|---|
| Operating leases, KES 2,311,200 payable within one year (2010 : KES nil) | 196 865 | - | - | - |
| Operating leases, KES 10,979,892 payable there-after (2010 : KES nil) | 935 255 | - | - | - |
| Operating leases, BWP 122,808 payable within one year (2010 : BWP nil) | 128 580 | - | - | - |
| Operating leases, BWP 169,646 payable there-after (2010 : BWP nil) | 177 619 | - | - | - |

Exchange rates used for conversion of foreign items were:

| | |
|-----|-------|
| BWP | 1.047 |
| KES | 0.090 |

The group reviews its foreign currency exposure, including commitments on an ongoing basis.

STRATCORP LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 2000/031842/06)
JSE code: STA
ISIN: ZAE000034294
("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 3RD 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.

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.

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

NOTICE OF ANNUAL GENERAL MEETING

- 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.

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 | 3 |
| Major Shareholders | 24 |
| Directors interest in shares | 14 |
| Share capital of the Company | 64 |

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.

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:

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

Secretary:

JPJ Louw, 3rd 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):

| | | For | Against | Abstain |
|-----|--|-----|---------|---------|
| 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 _____

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 3rd 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.

Registered Office:

PO Box 12022
Centurion
0046

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2004 Gordon Hood Drive
Centurion 0157

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