



Dynamic
Cables
RSA Limited

ANNUAL REPORT **2008**

Contents

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

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Chief executive's review

Results

Reduced capital expenditure from the group's major customers have resulted in turnover decreasing by 5% to R123.5 million, with significant increases in input costs and depreciating Rand resulting in some margin pressure surfacing. We responded to this by a 4% reduction in operating costs, resulting in comparable operating profit (excluding the once-off nature of other income) reducing to R8.1 million (2007: R11.5 million). Included in the results is an unrealised impairment of R8.2 million to the value of preference shares held to maturity in Cape Horizon Properties 115 (Pty) Limited, a BEE shareholder, given current market volatility and uncertainty. Excluding the impairment profit before taxation is R7.4 million (2007: R15.7 million).

Prospects

We have renewed our cable, connector, fibre optic and engineering product supply contract with the largest fixed-line operator and are experiencing renewed business from the other large equipment suppliers, driven largely by the roll-out of their 2010-focused projects. As a result of this we expect the group to remain reasonably

profitable during 2009 with the usual emphasis on the second half of 2009.

Black economic empowerment ("BEE")

Dynamic Cables operates in an environment in which BEE credentials, and specifically BEE ownership, has a crucial impact on the group's ability to generate revenue and indeed its future survival. To this end the group during the year under review implemented a restructuring of its ownership in its trading subsidiaries to introduce direct independent black shareholding in order to ensure that these companies continue to have the necessary BEE credentials.

I would like to thank all staff and fellow directors for their hard work and support.



T D Rai
Chief Executive

Report of the independent auditors

TO THE MEMBERS OF DYNAMIC CABLES RSA LIMITED

We have audited the accompanying group annual financial statements and separate annual financial statements of Dynamic Cables RSA Limited, which comprise the directors' report, the consolidated and separate balance sheets as at 31 December 2008, and the consolidated and separate income statements, the consolidated and separate statements of changes in equity and consolidated and separate cash flow statements for the year then ended, and notes which include a summary of significant accounting policies and other explanatory notes, as set out on pages 7 to 47.

Directors' responsibility for the annual financial statements

The company's directors are responsible for the preparation and fair presentation of these annual 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 controls relevant to the preparation and fair presentation of annual financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

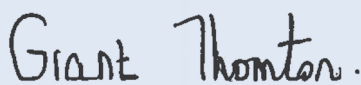
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual financial statements, whether due to fraud or error. In making those

risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the annual financial statements.

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

Opinion

In our opinion, the consolidated and separate annual financial statements present fairly, in all material respects, the financial position of Dynamic Cables RSA Limited as of 31 December 2008, and of its consolidated and separate financial performance and consolidated and separate 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.



GRANT THORNTON

Chartered Accountants (SA)
Registered Auditors

per D D Nagar

Chartered Accountant (SA)
Registered Auditor

29 June 2009

2nd Floor
4 Pencarrow Crescent
Pencarrow Park
La Lucia Ridge Office Estate
La Lucia
4019

Corporate governance

The directors and managers of the company seek to, in every aspect of the group's business activities, adhere to the Code of Corporate Practices and Conduct in the King II Report on Corporate Governance, as well as the requirements for corporate governance set out in the Listings Requirements of the JSE Limited.

Board of directors

The company has a fully functional board that leads and controls the group. The board meets at least four times a year to formulate policy and evaluate the actions of executive management. The board consists of an executive chairman, a non-executive deputy chairman, a managing director, financial director, non-executive directors and independent non-executive directors.

The board is ultimately responsible for the strategic direction, performance and affairs of the company and for ensuring compliance with all relevant laws and regulations. In directing the group the board exercises integrity and judgement based on fairness, accountability, responsibility and transparency. The board is responsible for monitoring the operational and investment performance of the group including financial and non-financial aspects.

The company secretary is appointed by the board of directors and reports to the executive chairman. He provides the board as a whole and directors individually with detailed guidance on the discharge of their responsibilities and sees that pertinent laws and procedures are properly administered. He ensures compliance with the rules of the JSE Limited.

The Companies Act places certain duties on directors and determines that they should apply the necessary care and skill in fulfilling their duties. The board is also responsible for formulating the company's communications policy and for clear, transparent, balanced and truthful communication to shareholders and relevant stakeholders. All directors are entitled to seek independent professional advice about the affairs of the company at the company's expense.

Board committees

The board is assisted in the discharge of its duties by audit, remuneration and executive committees. The committees

act within terms of reference, under which certain functions of the board are assigned with defined purposes, membership requirements, duties and reporting procedures. The board committees are regularly evaluated by the board to ascertain their level of performance and effectiveness.

Audit committee

The audit committee comprises executive and non-executive directors and certain members of management and is chaired by H Takolia. Its chairman reports to the full board at the next meeting at which the minutes of the committee meetings are circulated.

The duties of the audit committee include the management of risk in the company and its principal investments, the safeguarding of assets, the operation of adequate systems and control processes and the presentation of accurate and balanced financial statements and reports complying with relevant corporate disclosure requirements and accounting standards.

The audit committee makes recommendations to the board regarding the appointment of external auditors and sets the principles for engaging external auditors for non-audit services. The committee is satisfied that the expertise and experience of the financial director is appropriate.

Remuneration committee

The remuneration committee comprises one executive and two non-executive directors. When necessary, the remuneration committee uses the services of remuneration specialists in determining fair and equitable remuneration standards for executive and non-executive directors, management and other personnel employed by the company.

Executive committee

The executive committee comprises the executive directors and certain members of management and meets regularly to discuss issues of strategic importance to the group. These include investment decisions, potential acquisitions, strategic alliances with other companies and capital expenditure projects.

Corporate governance

continued

Ethics and conflicts

Directors, management and employees are required to maintain the highest ethical standards, ensuring that business practices are conducted in a manner which in all reasonable circumstances is beyond reproach. All directors are required to disclose any conflicts of interest that may exist due to their interest in or association with any other company and that are of significance to the company's business and do not participate in the voting process of these matters. All information acquired by directors in the performance of their duties, which is not disclosed publicly, is treated as confidential. Directors may not use, or appear to use, such information for personal advantage or for the advantage of third parties. All directors are required to comply with the JSE requirements regarding insider information, transactions and disclosure of transactions.

Dealings in securities

In accordance with the Listings Requirements of the JSE the group has adopted a code of conduct for insider trading. During closed periods directors and employees are prohibited from dealing in the company's securities whilst trading outside of closed periods may only take place with the authorisation of the chairman or managing director.

Internal control

Nothing has come to the attention of the directors to cause them to believe that there has been any material breakdown in internal controls.

Financial statements

The consolidated financial statements of Dynamic Cables RSA Limited and its subsidiaries are prepared by management, which is responsible for their integrity and objectivity and for all other information included in the annual report. The financial statements comply in all material respects with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

Management reporting

The board has established management reporting structures and disciplines. Their functions include the preparation of annual budgets for the company and its subsidiaries and operating divisions. Monthly results of the subsidiaries are reported against budgets and projections are updated in the light of changing trading and economic circumstances. Cash flow forecasts are prepared and monitored, while working capital and borrowing levels are monitored on an ongoing basis.

Directors' appointment policy

Directors are appointed by the board and the appointment is ratified by shareholders at the next annual general meeting.

Attendance at meetings

	Directorate	Audit and risk committee	Remuneration and nomination committee
Number of meetings held	4	4	3
S L Rai	4	4	3
T D Rai	4	4	3
H Takolia	4	4	3
M J I Brown	3		

Directors' responsibilities and approval

The directors are required by the Companies Act of South Africa, 1973, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent 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 directors set standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The directors have reviewed the group's cash flow forecast for the year to 31 December 2009 and, in the light of this review and the current financial position, they are satisfied that the group has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the group's financial statements. The financial statements have been examined by the group's external auditors and their report is presented on page 2.

The financial statements set out on pages 8 to 47, which have been prepared on the going concern basis, were approved by the board on 29 June 2009 and were signed on its behalf by:



T D Rai
Director
Durban
29 June 2009



M J I Brown
Director

Directorate

at 31 December 2008

Shaun Louis Rai* (48)

CA(SA)

Acting chairman

Appointed 10 May 2000

Michael Joseph Ignatius Brown* (66)

Dip Ed

Non-executive director

Appointed 1 October 2000

Theodore Dominic Rai (50)

MBChB (UCT)

Chief executive

Appointed 1 March 2001

Haroon Takolia* (58)

BComm (Hons), BCompt, CA(SA), MBA (Wits) (UCT)

Non-executive director

Appointed 1 August 2003

Company Secretary

Rorden John McGregor (40)

Appointed 12 October 2001

* non-executive

Company secretary's certificate

at 31 December 2008

In terms of section 268G(d) of the Companies Act 61 of 1973, as amended, I certify that the company has lodged with the Registrar of Companies all such returns as are required by the Companies Act, and that all such returns are true, correct and up to date.



R J McGregor

Company secretary

29 June 2009

Directors' report

The directors submit their report for the year ended 31 December 2008.

1. REVIEW OF ACTIVITIES

Main business and operations

The company is a holding and investment company with trading subsidiaries engaged in the infrastructure and connectivity supplies industries. The group operates in South Africa.

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

Net loss of the group was R3 836 833 (2007: profit R9 366 285), after taxation of R3 034 390 (2007: R6 364 885).

2. POST-BALANCE SHEET EVENTS

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

3. AUTHORISED AND ISSUED SHARE CAPITAL

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

8. INTEREST IN SUBSIDIARIES

Name of subsidiary	Country of incorporation if not the RSA	Net income (loss) after tax R
Dynamic Cables SA (Proprietary) Limited		(3 418 830)
Dynamic Cables South Africa (Proprietary) Limited		2 623 194
Dynamic Cables Engineering (Proprietary) Limited		3 118 187
Dynamic Cables South (Proprietary) Limited		161 967
Dynamic Convergence (Proprietary) Limited		222 291
Dynamic Cables Convergence (Proprietary) Limited		534 488
Dynamic Cables Asset Co (Proprietary) Limited		505 894
Dynamic Shelving Solutions (Proprietary) Limited		(38 648)
Basfour 2988 (Proprietary) Limited		53 672
Capensis (Proprietary) Limited		–
Business Venture Investments No. 1245 (Proprietary) Limited		–
Business Venture Investments No. 1246 (Proprietary) Limited		–

Details of the company's investment in subsidiaries are set out in note 6.

9. AUDITORS

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

10. RESTRUCTURING OF OWNERSHIP IN CERTAIN TRADING SUBSIDIARIES

Dynamic Cables operates in an environment in which BEE credentials and BEE ownership has a crucial impact on the Group's ability to generate revenue and ensure its future survival. To this end the group during

4. BORROWING LIMITATIONS

In terms of the articles of association of the company, the directors may exercise all the powers of the company to borrow money as they consider appropriate. At 31 December 2008, the group's borrowing powers is as described in note 16.

5. DIRECTORS

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

Name

M J I Brown
S L Rai
T D Rai
H Takolia

6. SECRETARY

The secretary of the company is R J McGregor.

7. HOLDING COMPANY

The company's holding company is Cape Empowerment Trust Limited incorporated in South Africa.

the year under review implemented a restructuring of its ownership in its subsidiaries Dynamic Cables South (Proprietary) Limited, Dynamic Cables Engineering (Proprietary) Limited, Dynamic Convergence (Proprietary) Limited, and Dynamic Cables South Africa (Proprietary) Limited to introduce direct independent black shareholding. The total value placed on these subsidiaries for purposes of the restructuring was R82 million.

Balance sheet

as at 31 December 2008

Figures in Rand	Note(s)	Group		Company	
		2008	2007	2008	2007
Assets					
Non-current assets					
Investment property	3	2 871 287	2 609 160	2 871 287	2 609 160
Property, plant and equipment	4	8 060 332	8 392 639	–	–
Intangible assets	5	9 234 582	9 234 582	–	–
Investments in subsidiaries	6	–	–	11 988 549	11 988 849
Other financial assets	9	10 134 796	18 326 250	92 134 796	18 326 250
Deferred tax	11	937 526	1 087 718	–	–
		31 238 523	39 650 349	106 994 632	32 924 259
Current assets					
Inventories	12	19 628 954	23 252 871	–	–
Loans to group companies	7	–	–	12 023 221	14 731 205
Loans to shareholders	8	13 884 065	9 044 647	13 884 065	9 044 647
Other financial assets	9	1 000 811	526 661	–	–
Current tax receivable		1 092 215	665 656	444 656	444 656
Trade and other receivables	13	14 935 160	14 726 433	871 152	664 078
Cash and cash equivalents	14	18 268 739	19 998 299	259 483	774 913
		68 809 944	68 214 567	27 482 577	25 659 499
Total assets		100 048 467	107 864 916	134 477 209	58 583 758
Equity and liabilities					
Equity					
Share capital	15	118 764 016	118 764 016	135 698 016	135 698 016
Accumulated loss		(63 681 101)	(59 844 268)	(13 583 266)	(87 298 621)
		55 082 915	58 919 748	122 114 750	48 399 395
Liabilities					
Non-current liabilities					
Other financial liabilities	16	3 640 151	3 546 396	2 094 820	2 129 967
Deferred tax	11	2 880 023	2 934 002	36 698	–
		6 520 174	6 480 398	2 131 518	2 129 967
Current liabilities					
Loans from group companies	7	–	–	9 889 403	7 755 716
Loans from shareholders	8	97 500	97 500	–	–
Other financial liabilities	16	822 695	631 218	29 812	30 033
Current tax payable		13 933 361	15 075 695	–	–
Trade and other payables	17	23 591 822	26 618 274	311 726	268 647
Bank overdraft	14	–	42 083	–	–
		38 445 378	42 464 770	10 230 941	8 054 396
Total liabilities		44 965 552	48 945 168	12 362 459	10 184 363
Total equity and liabilities		100 048 467	107 864 916	134 477 209	58 583 758

Income statement

for the year ended 31 December 2008

Figures in Rand	Note(s)	Group		Company	
		2008	2007	2008	2007
Revenue		123 474 324	130 131 837	–	–
Cost of sales		(86 862 846)	(88 912 114)	–	–
Gross profit		36 611 478	41 219 723	–	–
Other income		1 482 256	3 044 001	3 527 834	967 492
Operating expenses		(28 564 743)	(30 296 953)	(3 629 651)	(3 475 059)
Operating profit (loss)	19	9 528 991	13 966 771	(101 817)	(2 507 567)
Investment revenue	20	1 342 880	950 796	53 692	326 409
Fair value adjustments	21	78 710	–	262 127	–
Impairments of financial assets		(8 191 454)	–	(8 191 454)	–
Profit on sale of subsidiaries		–	3 474 238	81 999 600	3 474 238
Finance costs	23	(3 561 570)	(2 660 635)	(270 095)	(88)
(Loss) profit before taxation		(802 443)	15 731 170	73 752 053	1 292 992
Taxation	24	(3 034 390)	(6 364 885)	(36 698)	(6 144)
(Loss) profit for the year		(3 836 833)	9 366 285	73 715 355	1 286 848
Basic earnings per share	36	(4.89)	11.94		
Headline earnings per share	35	5.45	11.94		

Statement of changes in equity

for the year ended 31 December 2008

Figures in Rand	Share capital	Share premium	Total share capital	Accumulated loss	Total equity
Group					
Balance at 1 January 2007	3 246 930	100 828 454	104 075 384	(69 210 553)	34 864 831
Changes in equity					
Profit for the year	–	–	–	9 366 285	9 366 285
Issue of shares	674 100	14 014 532	14 688 632	–	14 688 632
Total changes	674 100	14 014 532	14 688 632	9 366 285	24 054 917
Balance at 1 January 2008	3 921 030	114 842 986	118 764 016	(59 844 268)	58 919 748
Changes in equity					
Loss for the year	–	–	–	(3 836 833)	(3 836 833)
Total changes	–	–	–	(3 836 833)	(3 836 833)
Balance at 31 December 2008	3 921 030	114 842 986	118 764 016	(63 681 101)	55 082 915
Note(s)	15	15	15		
Company					
Balance at 1 January 2007	3 246 930	117 762 454	121 009 384	(88 585 469)	32 423 915
Changes in equity					
Profit for the year	–	–	–	1 286 848	1 286 848
Issue of shares	674 100	14 014 532	14 688 632	–	14 688 632
Total changes	674 100	14 014 532	14 688 632	1 286 848	15 975 480
Balance at 1 January 2008	3 921 030	131 776 986	135 698 016	(87 298 621)	48 399 395
Changes in equity					
Profit for the year	–	–	–	73 715 355	73 715 355
Total changes	–	–	–	73 715 355	73 715 355
Balance at 31 December 2008	3 921 030	131 776 986	135 698 016	(13 583 266)	122 114 750
Note(s)	15	15	15		

Cash flow statement

for the year ended 31 December 2008

Figures in Rand	Note(s)	Group		Company	
		2008	2007	2008	2007
Cash flows from operating activities					
Cash receipts from customers		123 265 597	141 623 037	–	–
Cash paid to suppliers and employees		(111 071 361)	(118 178 768)	(265 812)	(541 599)
Cash used in operations	26	12 194 236	23 444 269	(265 812)	(541 599)
Interest income		1 337 380	950 796	53 692	326 409
Dividends received		5 500	–	–	–
Finance costs		(3 355 754)	(2 337 981)	(270 095)	(88)
Tax paid	27	(4 504 815)	(6 646 315)	–	(250 000)
Net cash from operating activities		5 676 547	15 410 769	(482 215)	(465 278)
Cash flows from investing activities					
Purchase of property, plant and equipment	4	(2 430 614)	(1 621 448)	–	–
Sale of property, plant and equipment	4	480 345	1 237 477	–	–
Purchase of investment property	3	–	(2 609 160)	–	(2 609 160)
Acquisition of businesses (including subsidiaries, joint ventures and associates)	28	–	–	(100)	(100)
Repayment of loans from group companies		–	–	4 841 671	6 236 771
Sale of financial assets		(653 753)	(15 519 597)	(82 000 000)	(16 316 250)
Purchase of financial asset		–	–	82 000 000	–
Net cash from investing activities		(2 604 022)	(18 512 728)	4 841 571	(12 688 739)
Cash flows from financing activities					
Proceeds on share issue	15	–	14 688 632	–	14 688 632
Proceeds from other financial liabilities		912 588	912 588	2 160 000	2 160 000
Repayment of other financial liabilities		(627 356)	–	(2 195 368)	–
Repayment of shareholders' loan		(4 839 418)	(3 913 467)	(4 839 418)	(3 913 467)
Finance lease payments		(205 816)	(322 654)	–	–
Net cash from financing activities		(4 760 002)	11 365 097	(4 874 786)	12 935 165
Total cash movement for the year		(1 687 477)	8 263 138	(515 430)	(218 852)
Cash at the beginning of the year		19 956 216	11 693 078	774 913	993 765
Total cash at end of the year	14	18 268 739	19 956 216	259 483	774 913

Notes to the financial statements

for the year ended 31 December 2008

1. ACCOUNTING POLICIES – PRESENTATION OF FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with International Financial Reporting Standards and the Companies Act of South Africa, 1973. The financial statements have been prepared on the historical cost basis, except for certain financial instruments recognised at fair value and incorporate the principal accounting policies set out below.

These accounting policies are consistent with the previous period.

1.1 Significant judgements

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

Trade receivables and loans and receivables

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.

Allowance for slow moving, damaged and obsolete inventory

An allowance for inventory that is older than three years and is projected to take more than three years to sell is provided for in full. Any inventory that is physically identified as damaged is written off when discovered.

Fair value estimation

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

The fair value of financial instruments that are not traded in an active market (for example, investment property) is determined by independent valuers using valuation techniques. The group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

Impairment testing

Management used the discounted cash flow method to determine the recoverable amount of goodwill, intangible assets with an indefinite useful life and identifying assets that may have been impaired.

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 11 – Deferred tax.

Notes to the financial statements

for the year ended 31 December 2008

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 balance sheet date could be impacted.

Allowance for doubtful debts

Based on past experiences there is little prospect of collecting debtors over the age of three months. Therefore the allowance is raised on 25% of these debtors, as 75% is covered by insurance. Accounts are written off when they are delinquent.

1.2 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.

1.3 Property, plant and equipment

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

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

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

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

Notes to the financial statements

for the year ended 31 December 2008

1. ACCOUNTING POLICIES – PRESENTATION OF FINANCIAL STATEMENTS (continued)

1.3 Property, plant and equipment (continued)

Item	Average useful life
Plant and machinery	4 – 6 years
Furniture and fixtures	6 – 10 years
Motor vehicles	4 – 5 years
Office equipment	5 – 6 years
IT equipment	2 – 3 years
Computer software	2 years
Leasehold improvements	6 years
Fire lab equipment	5 years

The residual value and the useful life of each asset are reviewed at each financial period-end.

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 shall be 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.

1.4 Intangible assets

An intangible asset is recognised when:

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

Intangible assets are initially recognised at cost.

Intangible assets are carried at cost less any 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.

Item	Useful life
Patents, trademarks and other rights	indefinite

Notes to the financial statements

for the year ended 31 December 2008

1.5 Investments in subsidiaries

Group financial statements

The group financial statements include those of the holding company and its subsidiaries. The results of the subsidiaries are included from the effective date of acquisition.

On acquisition the group recognises the subsidiary's identifiable assets, liabilities and contingent liabilities at fair value, except for assets classified as held-for-sale, which are recognised at fair value less costs to sell.

Company financial statements

In the company's separate 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.

1.6 Financial instruments

Initial recognition

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

Financial assets and financial liabilities are recognised on the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

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.

Loans to (from) group companies

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

Subsequently these loans are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

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

Notes to the financial statements

for the year ended 31 December 2008

1. ACCOUNTING POLICIES – PRESENTATION OF FINANCIAL STATEMENTS (continued)

1.6 Financial instruments (continued)

Loans to (from) group companies (continued)

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

Loans to (from) group companies are classified as loans and receivables.

Loans to shareholders, directors, managers and employees

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

Subsequently these loans are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

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

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

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 the income statement within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in the income statement.

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.

Notes to the financial statements

for the year ended 31 December 2008

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 overdrafts 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.

Other financial liabilities are measured initially at fair value and subsequently at amortised cost, using the effective interest rate method.

Other loans and receivables

Other financial assets classified as loans and receivables are initially recognised at fair value plus transaction costs, and are subsequently carried at amortised cost less any accumulated impairment.

These financial assets are not quoted in an active market and have fixed or determinable payments.

Held to maturity

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

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

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

1.7 Tax

Current tax assets and liabilities

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

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

Notes to the financial statements

for the year ended 31 December 2008

1. ACCOUNTING POLICIES – PRESENTATION OF FINANCIAL STATEMENTS (continued)

1.7 Tax (continued)

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 balance sheet date.

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, directly in equity; or
- a business combination.

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 to equity.

1.8 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.

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 or liability. This asset or liability is not discounted.

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

1.9 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.

Notes to the financial statements

for the year ended 31 December 2008

The cost of inventories comprises 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 is assigned using the first-in, first-out (FIFO) 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.

1.10 Impairment of assets

The group assesses at each balance sheet date 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; and
- 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.

Notes to the financial statements

for the year ended 31 December 2008

1. ACCOUNTING POLICIES – PRESENTATION OF FINANCIAL STATEMENTS (continued)

1.10 Impairment of assets (continued)

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

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

1.11 Share capital and equity

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

1.12 Employee benefits

Short-term employee benefits

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

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

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

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

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

1.13 Contingencies

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 31.

1.14 Revenue

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

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

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

Notes to the financial statements

for the year ended 31 December 2008

- 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 balance sheet date 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.

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.

1.15 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.

1.16 Translation of foreign currencies

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 each balance sheet date:

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

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

When a gain or loss on a non-monetary item is recognised directly in equity, any exchange component of that gain or loss is recognised directly 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.

Notes to the financial statements

for the year ended 31 December 2008

1. ACCOUNTING POLICIES – PRESENTATION OF FINANCIAL STATEMENTS (continued)

1.17 Consolidation

Subsidiaries are all entities over which the group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of the acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

2. STATEMENTS AND INTERPRETATIONS NOT YET EFFECTIVE

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

- IFRS 2 (as amended in 2008) – Share-based payment (effective first annual period commencing on or after 1 January 2009).
- IFRS 3 (revised 2008) – Business combinations (effective first annual period commencing on or after 1 July 2009).
- IFRS 8 – Operating segments (effective first annual period commencing on or after 1 January 2009).
- IAS 1 (as amended in 2007) – Presentation of financial statements (effective first annual period commencing on or after 1 January 2009).
- IAS 23 (revised 2007) – Borrowing costs (effective first annual period commencing on or after 1 January 2009).
- IAS 27 (revised 2008) – Consolidated and separate financial statements (effective first annual period commencing on or after 1 July 2009).

IFRS 2 – Share-based Payment: Amendment relating to vesting conditions and cancellation

Under IFRS 2, a failure to meet a condition, other than a vesting condition, is treated as a cancellation. IFRS 2 specifies the accounting treatment of cancellations by the entity, but does not give guidance on the treatment of cancellations by parties other than the entity. The amendment requires cancellations by parties other than the entity to be accounted for in the same way as cancellations by the entity.

The amendment is not expected to affect the group's results. The amendment is effective for annual periods commencing on or after 1 January 2009. The group will adopt the amendment on its effective date.

Notes to the financial statements

for the year ended 31 December 2008

IFRS 3 – Business Combinations: Comprehensive revision on applying the acquisition method and consequential amendments to IAS 27 – Consolidated and Separate Financial Statements, IAS 28 – Investments in Associates and IAS 31 – Interest in Joint Ventures

The revised IFRS 3 retains the basic requirements of IFRS 3 (2004) to apply acquisition accounting for all business combinations within the scope of IFRS 3, to identify the acquirer and to determine the acquisition date for every business combination. The most significant change is a move from a purchase price allocation approach to a fair value measurement principle. The revision applies to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

The revision is applicable prospectively and will not affect past business combinations.

IFRS 8 – Operating Segments

IFRS 8 requires an entity to adopt a management approach to reporting the financial performance of its operating segments. Generally, the information to be reported would be what management is currently using internally for evaluating segment performance and deciding how to allocate resources to operating segments. The application of the IFRS is not expected to change the disclosure and measurement basis applied to segment reporting by the group and is not expected to have a significant impact on the group.

The group will apply IFRS 8 from its effective date, which is for annual periods commencing on or after 1 January 2009.

IAS 1 – Presentation of Financial Statements: Comprehensive revision including requiring a statement of comprehensive income

The changes made to IAS 1 require information in financial statements to be aggregated on the basis of shared characteristics and introduce a statement of comprehensive income. The revision includes changes in titles of financial statements to reflect their functions more clearly.

The revised standard will affect the disclosures in the annual report. The revision is effective for annual periods commencing on or after 1 January 2009. The group will adopt the revised standard on its effective date.

IAS 23 – Borrowing Costs

The revision removed the option of immediately recognising as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale. The revision is effective for annual periods commencing on or after 1 January 2009.

The revision will not affect the group as it is the group's policy to capitalise borrowing costs on qualifying assets.

IAS 27 – Accounting for Transactions with the Non-controlling Interest

The revision requires an entity to attribute total comprehensive income to the owners of the parent and to the non-controlling interest even if this results in non-controlling interest having a deficit balance. The revision also requires changes in a parent's ownership interest in a subsidiary that does not result in the loss of control to be accounted for as an equity transaction. The revision also specifies how an entity measures any gain or loss arising on the loss of control of a subsidiary and requires such gain or loss to be recognised in profit or loss.

The revision is effective for annual periods commencing on or after 1 July 2009.

Notes to the financial statements

for the year ended 31 December 2008

3. INVESTMENT PROPERTY

Group	2008			2007		
	Cost/ Valuation	Accumulated depreciation	Carrying value	Cost/ Valuation	Accumulated depreciation	Carrying value
Investment property	2 871 287	–	2 871 287	2 609 160	–	2 609 160

Company	2008			2007		
	Cost/ Valuation	Accumulated depreciation	Carrying value	Cost/ Valuation	Accumulated depreciation	Carrying value
Investment property	2 871 287	–	2 871 287	2 609 160	–	2 609 160

Reconciliation of investment property – Group – 2008

Figures in Rand	Opening balance	Fair value adjustments	Total
Investment property	2 609 160	262 127	2 871 287

Reconciliation of investment property – Group – 2007

Figures in Rand	Opening balance	Additions	Total
Investment property	–	2 609 160	2 609 160

Reconciliation of investment property – Company – 2008

Figures in Rand	Opening balance	Fair value adjustments	Total
Investment property	2 609 160	262 127	2 871 287

Reconciliation of investment property – Company – 2007

Figures in Rand	Opening balance	Additions	Total
Investment property	–	2 609 160	2 609 160

Notes to the financial statements

for the year ended 31 December 2008

Figures in Rand	Group		Company	
	2008	2007	2008	2007
Pledged as security				
Carrying value of assets pledged as security:				
Unit 11 Franklins Row	2 871 287	2 609 160	2 871 287	2 609 160
The property is subject to a mortgage bond of R2 160 000. The amount outstanding at year-end amounted to R2 124 632.				
The property is described as sectional title unit 11 Franklins Row, Johannesburg, measuring 124 square metres in extent.				
Details of property				
Unit 11 Franklins Row				
Terms and conditions				
Purchase price: 7 December 2007	–	2 609 160	–	2 609 160
Details of valuation				
The effective date of the revaluation was 10 February 2009. Revaluation was performed by an independent valuer, Ms J C du Plessis (professional valuer no.: 5748), of AfriWorld Consultants. AfriWorld Consultants are not connected to the group and have recent experience in location and category of the investment property being valued.				
The valuation was based on open market value for existing use.				
The comparable sales method was used. Comparable sales are registered sales in the same area or in similar areas in recent times, such similar areas should not be too far away from the subject property and such comparable sales should be long arm transactions (not forced sale transactions) between a willing seller and a willing buyer.				
These assumptions are based on current market conditions.				
Amounts recognised in profit and loss for the year.				
Fair value adjustment	262 127	–	262 127	–

Notes to the financial statements

for the year ended 31 December 2008

4. PROPERTY, PLANT AND EQUIPMENT

Group	2008			2007		
	Cost/ Valuation	Accumulated depreciation	Carrying value	Cost/ Valuation	Accumulated depreciation	Carrying value
Land	1 315 790	–	1 315 790	1 315 790	–	1 315 790
Plant and machinery	9 434 469	(5 040 826)	4 393 643	8 732 905	(3 569 225)	5 163 680
Furniture and fixtures	258 691	(137 717)	120 974	213 292	(104 424)	108 868
Motor vehicles	2 951 737	(1 113 357)	1 838 380	2 222 714	(835 160)	1 387 554
Office equipment	359 012	(186 826)	172 186	333 298	(135 097)	198 201
IT equipment	413 575	(298 573)	115 002	297 078	(207 085)	89 993
Computer software	96 074	(66 024)	30 050	65 494	(37 100)	28 394
Leasehold improvements	182 878	(127 578)	55 300	182 878	(106 605)	76 273
Fibre lab equipment	887 239	(868 232)	19 007	857 514	(833 628)	23 886
Total	15 899 465	(7 839 133)	8 060 332	14 220 963	(5 828 324)	8 392 639

Reconciliation of property, plant and equipment – Group – 2008

Figures in Rand	Opening balance	Additions	Disposals	Depreciation	Total
Land	1 315 790	–	–	–	1 315 790
Plant and machinery	5 163 680	799 635	(83 563)	(1 486 109)	4 393 643
Furniture and fixtures	108 868	45 398	–	(33 292)	120 974
Motor vehicles	1 387 554	1 377 365	(393 748)	(532 791)	1 838 380
Office equipment	198 201	25 714	–	(51 729)	172 186
IT equipment	89 993	122 196	(551)	(96 636)	115 002
Computer software	28 394	30 581	–	(28 925)	30 050
Leasehold improvements	76 273	–	–	(20 973)	55 300
Fibre lab equipment	23 886	29 725	–	(34 604)	19 007
	8 392 639	2 430 614	(477 862)	(2 285 059)	8 060 332

Reconciliation of property, plant and equipment – Group – 2007

Figures in Rand	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Land	1 315 790	–	–	–	–	1 315 790
Plant and machinery	6 109 094	673 766	–	–	(1 619 180)	5 163 680
Furniture and fixtures	57 419	99 323	–	–	(47 874)	108 868
Motor vehicles	2 460 748	724 969	(1 244 178)	59 366	(613 351)	1 387 554
Office equipment	223 020	32 373	–	–	(57 192)	198 201
IT equipment	124 125	48 571	–	–	(82 703)	89 993
Computer software	1 020	42 446	–	–	(15 072)	28 394
Leasehold improvements	106 972	–	–	–	(30 699)	76 273
Fibre lab equipment	195 539	–	–	–	(171 653)	23 886
	10 593 727	1 621 448	(1 244 178)	59 366	(2 637 724)	8 392 639

Notes to the financial statements

for the year ended 31 December 2008

Figures in Rand	Group		Company			
	2008	2007	2008	2007		
Pledged as security						
Carrying value of assets pledged as security:						
Motor vehicles	1 516 153	1 139 367	–	–		
Plant and equipment	405 686	661 336	–	–		
5. INTANGIBLE ASSETS						
Group	2008		2007			
Figures in Rand	Cost/ Valuation	Accumulated amortisation	Carrying value	Cost/ Valuation	Accumulated amortisation	Carrying value
Trademarks	22 163 000	(12 928 418)	9 234 582	22 163 000	(12 928 418)	9 234 582
Reconciliation of intangible assets – Group – 2008						
Figures in Rand			Opening balance			Total
Patents, trademarks and other rights			9 234 582			9 234 582
Reconciliation of intangible assets – Group – 2007						
Patents, trademarks and other rights			9 234 582			9 234 582
6. INVESTMENTS IN SUBSIDIARIES						
	% holding	% holding	Carrying amount	Carrying amount		
Name of company	2008	2007	2008	2007		
			R	R		
Dynamic Cables SA (Proprietary) Limited	100.00	100.00	27 832 444	27 832 444		
Dynamic Cables Engineering (Proprietary) Limited	–	100.00	–	100		
Dynamic Convergence (Proprietary) Limited	–	100.00	–	100		
Basfour 2988 (Proprietary) Limited	100.00	100.00	100	100		
Dynamic Cables South (Proprietary) Limited	–	100.00	–	100		
Dynamic Cables South Africa (Proprietary) Limited	–	100.00	–	100		
Dynamic Shelving Solutions (Proprietary) Limited	100.00	100.00	100	100		
Dynamic Cables Asset Co. (Proprietary) Limited	100.00	100.00	100	100		
Capensis (Proprietary) Limited	100.00	100.00	1 587 836	1 587 836		
Dynamic Cables Convergence (Proprietary) Limited	100.00	100.00	100	100		
Business Venture Investments No. 1245 (Proprietary) Limited	80.00	–	100	–		
			29 420 780	29 421 080		
Impairment of investment in subsidiaries	–	–	(17 432 231)	(17 432 231)		
			11 988 549	11 988 849		

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

Notes to the financial statements

for the year ended 31 December 2008

Figures in Rand	Group		Company	
	2008	2007	2008	2007
7. LOANS TO (FROM) GROUP COMPANIES				
Subsidiaries				
Dynamic Cables SA (Proprietary) Limited The loan is unsecured, interest free and repayable by mutual agreement.	–	–	(5 376 378)	(4 287 123)
Dynamic Cables Engineering (Proprietary) Limited The loan is unsecured, interest free and repayable by mutual agreement.	–	–	(2 577 131)	(1 332 699)
Dynamic Convergence (Proprietary) Limited The loan is unsecured, interest free and repayable by mutual agreement.	–	–	1 020 000	1 019 900
Dynamic Cables South (Proprietary) Limited The loan is unsecured, interest free and repayable by mutual agreement.	–	–	(1 320 100)	(1 520 100)
Basfour 2988 (Proprietary) Limited The loan is unsecured, interest free and repayable by mutual agreement.	–	–	5 583 075	5 583 076
Dynamic Cables South Africa (Proprietary) Limited The loan is unsecured, interest free and repayable by mutual agreement.	–	–	5 420 146	8 128 229
Dynamic Cables Asset Co (Proprietary) Limited The loan is unsecured, interest free and repayable by mutual agreement.	–	–	(250 000)	(250 000)
	–	–	2 499 612	7 341 283
Current assets	–	–	12 023 221	14 731 205
Current liabilities	–	–	(9 889 403)	(7 755 716)
	–	–	2 133 818	6 975 489
8. LOANS TO (FROM) SHAREHOLDERS				
Cape Empowerment Trust Limited The loan is unsecured, interest free and repayable by mutual agreement.	13 786 565	8 947 147	13 884 065	9 044 647
Current assets	13 884 065	9 044 647	13 884 065	9 044 647
Current liabilities	(97 500)	(97 500)	–	–
	13 786 565	8 947 147	13 884 065	9 044 647

Notes to the financial statements

for the year ended 31 December 2008

Figures in Rand	Group		Company	
	2008	2007	2008	2007
9. OTHER FINANCIAL ASSETS				
At fair value through profit or loss				
<i>Listed shares</i>	118 250	–	–	–
55 000 shares held in Grand Parade Investments Limited, marked to market at the closing price at 31 December 2008 of R2.15.				
<i>Listed shares</i>	52 500	–	–	–
105 000 shares held in Cape Empowerment Trust Limited, marked to market at the closing price at 31 December 2008 of R0.50.				
	170 750	–	–	–
Held to maturity				
Cape Horizon Properties 115 (Proprietary) Limited	18 326 250	18 326 250	18 326 250	18 326 250
The preference shares shall be liable to be redeemed at the option of Cape Horizon Properties 115 (Proprietary) Limited with one month's written notice to the effect to the holders thereof, but in any event on or after the tenth anniversary of the date of issue of the particular preference shares, out of the profits of Cape Horizon Properties 115 (Proprietary) Limited which would otherwise be available for dividends or out of the proceeds of a fresh issue of shares made for the purposes of the redemption.				
Interest is charged at 75% of prime overdraft rate charged by the Standard Bank of South Africa Limited.				
Business Venture Investments No. 1245 (Proprietary) Limited preference shares	–	–	82 000 000	–
The preference shares shall be liable to be redeemed at the option of Business Venture Investments No. 1245 (Proprietary) Limited with one month's written notice to the effect to the holders thereof, but in any event on or after the tenth anniversary of the date of issue of the particular preference shares, out of the profits of Business Venture Investments No. 1245 (Proprietary) Limited which would otherwise be available for dividends or out of the proceeds of a fresh issue of shares made for the purposes of the redemption.				

Notes to the financial statements

for the year ended 31 December 2008

Figures in Rand	Group		Company	
	2008	2007	2008	2007
9. OTHER FINANCIAL ASSETS (continued)				
Held to maturity (continued)				
Interest is charged at 90% of prime overdraft rate charged by the Standard Bank of South Africa Limited.				
Subtotal	18 326 250	18 326 250	100 326 250	18 326 250
Impairment of Cape Horizon preference shares	(8 191 454)	–	(8 191 454)	–
	10 134 796	18 326 250	92 134 796	18 326 250
Loans and receivables				
Debanisa Networking (Proprietary) Limited	20 370	311 370	–	–
The loan is unsecured, interest free and repayable by mutual agreement.				
Sunset Trust	594 400	–	–	–
The loan is unsecured, interest free and repayable by mutual agreement.				
H. Investments No. 220 (Proprietary) Limited	215 291	251 291	(365 794)	(365 794)
The loan is unsecured, interest free and repayable by mutual agreement.				
	830 061	526 661	(365 794)	(365 794)
Total other financial assets	11 135 607	18 852 911	91 769 002	17 960 456
Non-current assets				
Held to maturity	10 134 796	18 326 250	92 134 796	18 326 250
Current assets				
At fair value through profit and loss	170 750	–	–	–
Loans and receivables	830 061	526 661	–	–
	1 000 811	526 661	–	–
	11 135 607	18 852 911	92 134 796	18 326 250
Reconciliation of provision for impairment of held-to-maturity financial assets				
Provision for impairment	8 191 454	–	–	–

Notes to the financial statements

for the year ended 31 December 2008

10. FINANCIAL ASSETS BY CATEGORY

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

Group – 2008

Figures in Rand	Loans and receivables	Fair value through profit or loss – designated	Held to maturity	Total
Other financial assets	830 061	170 750	10 134 796	11 135 607
Loans to shareholders	13 884 065	–	–	13 884 065
Current tax receivable	1 092 215	–	–	1 092 215
Trade and other receivables	14 935 160	–	–	14 935 160
Cash and cash equivalents	18 268 739	–	–	18 268 739
	49 010 240	170 750	10 134 796	59 315 786

Group – 2007

Figures in Rand	Loans and receivables	Held to maturity	Total
Loans to shareholders	9 044 647	–	9 044 647
Other financial assets	526 661	18 326 250	18 852 911
Current tax receivable	665 656	–	665 656
Trade and other receivables	14 726 433	–	14 726 433
Cash and cash equivalents	19 998 299	–	19 998 299
	44 961 696	18 326 250	63 287 946

Company – 2008

Figures in Rand	Loans and receivables	Held to maturity	Total
Loans to group companies	12 023 221	–	12 023 221
Loans to shareholders	13 884 065	–	13 884 065
Other financial assets	–	92 134 796	92 134 796
Current tax receivable	444 656	–	444 656
Trade and other receivables	871 152	–	871 152
Cash and cash equivalents	259 483	–	259 483
	27 482 577	92 134 796	119 617 373

Company – 2007

Figures in Rand	Loans and receivables	Held to maturity	Total
Loans to group companies	14 731 205	18 326 250	33 057 455
Loans to shareholders	9 044 647	–	9 044 647
Current tax receivable	444 656	–	444 656
Trade and other receivables	664 078	–	664 078
Cash and cash equivalents	774 913	–	774 913
	25 659 499	18 326 250	43 985 749

Notes to the financial statements

for the year ended 31 December 2008

Figures in Rand	Group		Company	
	2008	2007	2008	2007
11. DEFERRED TAX				
Deferred tax liability				
Accelerated capital allowances for tax purposes	(2 624 298)	(2 668 273)	(36 698)	–
Provision for bad debts	599 172	435 740	–	–
Tax losses available for set-off against future taxable income	26 492	411 419	–	–
Other temporary differences	56 137	(25 170)	–	–
	(1 942 497)	(1 846 284)	(36 698)	–
Reconciliation of deferred tax asset (liability)				
At beginning of the year	(1 846 284)	(1 216 241)	–	–
Reduction due to rate change	69 277	–	–	–
Originating temporary difference on tangible fixed assets	(75 013)	(145 775)	–	–
Originating temporary difference on fair value adjustments	14 659	–	(36 698)	–
Reversing temporary difference on provision for bad debts	(41 379)	(333 290)	–	–
Reversing temporary difference on operating lease payments	–	(246 156)	–	–
Taxable losses available for set-off against future taxable income	(89 629)	120 348	–	–
Other temporary differences	25 872	(25 170)	–	–
	(1 942 497)	(1 846 284)	(36 698)	–
12. INVENTORIES				
Raw materials, components	3 809 385	2 279 072	–	–
Work in progress	373 679	1 919 946	–	–
Finished goods	19 080 890	22 588 853	–	–
Subtotal	23 263 954	26 787 871	–	–
Inventories (provisions)	(3 635 000)	(3 535 000)	–	–
	19 628 954	23 252 871	–	–

Notes to the financial statements

for the year ended 31 December 2008

Figures in Rand	Group		Company	
	2008	2007	2008	2007
13. TRADE AND OTHER RECEIVABLES				
Trade receivables	13 510 608	13 699 882	30 052	30 152
Prepayments	360 127	251 997	–	–
Deposits	174 700	–	–	–
VAT	841 100	732 812	841 100	633 926
Other receivables	48 625	41 742	–	–
	14 935 160	14 726 433	871 152	664 078
Trade and other receivables pledged as security				
Group trade receivables of R11 586 778 (2007: R13 175 432) have been ceded to The Standard Bank of South Africa Limited for general banking facilities. At year-end the facilities amounted to RNil (2007: R42 083).				
Trade and other receivables past due but not impaired				
Trade and other receivables which are less than three months past due are not considered to be impaired. At 31 December 2008, R2 777 725 (2007: R2 426 425) were past due but not impaired.				
The ageing of amounts past due but not impaired is as follows:				
One month past due	1 004 016	995 217	–	–
Two months past due	510 454	46 882	–	–
Three months past due	1 263 255	1 384 326	871 252	664 078
Trade and other receivables impaired				
The amount of the provision was R3 010 709 as of 31 December 2008 (2007: R1 172 594).				
Three to six months	984 901	1 172 594	–	–
Over six months	2 025 808	–	–	–

Notes to the financial statements

for the year ended 31 December 2008

Figures in Rand	Group		Company	
	2008	2007	2008	2007
14. CASH AND CASH EQUIVALENTS				
Cash and cash equivalents consist of:				
Cash on hand	36 408	170 025	30 940	26 060
Bank balances	18 232 331	19 828 274	228 543	748 853
Bank overdraft	–	(42 083)	–	–
	18 268 739	19 956 216	259 483	774 913
Current assets	18 268 739	19 998 299	259 483	774 913
Current liabilities	–	(42 083)	–	–
	18 268 739	19 956 216	259 483	774 913
Certain call and fixed deposit balances have been pledged to the Standard Bank of South Africa for general banking facilities granted to the group. The balances on these accounts at year-end amounted to R26 152 (2007: R696 148).				
15. SHARE CAPITAL				
Authorised				
3 000 000 000 ordinary shares of R0.005 each	15 000 000	15 000 000	15 000 000	15 000 000
Reconciliation of number of shares issued:				
Reported as at 1 January 2008	78 420 610	66 800 000	78 420 610	66 800 000
Issue of shares – ordinary shares	–	11 620 610	–	11 620 610
	78 420 610	78 420 610	78 420 610	78 420 610
Issued				
Ordinary	3 921 030	3 921 030	3 921 030	3 921 030
Share premium	114 842 986	114 842 986	131 776 986	131 776 986
	118 764 016	118 764 016	135 698 016	135 698 016

Notes to the financial statements

for the year ended 31 December 2008

Figures in Rand	Group		Company	
	2008	2007	2008	2007
16. OTHER FINANCIAL LIABILITIES				
Held at amortised cost				
Mortgage bond – Standard Bank of South Africa	2 124 632	2 160 000	2 124 632	2 160 000
Secured by a mortgage bond over investment property having a value of R2 871 287 (2007: R2 609 160).				
Interest is charged at prime less 2% per annum, and the liability is repayable in monthly instalments of R26 354 (2007: R23 109).				
Instalment sale agreements	2 338 214	2 017 614	–	–
Secured in terms of instalment sales agreements over movable assets having a book value of R1 921 839 (2007: R1 387 554).				
The average effective interest rate is between prime bank overdraft and 2% below prime bank overdraft rate. The liability is repayable in monthly instalments of R52 107 (2007: R55 325).				
	4 462 846	4 177 614	2 124 632	2 160 000
Non-current liabilities				
At amortised cost	3 640 151	2 616 659	2 094 820	2 129 967
Current liabilities				
At amortised cost	822 695	833 706	29 812	30 033
	4 462 846	3 450 365	2 124 632	2 160 000
17. TRADE AND OTHER PAYABLES				
Trade payables	23 073 490	26 284 906	311 725	268 645
VAT	518 332	333 369	–	–
	23 591 822	26 618 274	311 725	268 645

Notes to the financial statements

for the year ended 31 December 2008

18. FINANCIAL LIABILITIES BY CATEGORY

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

Group – 2008

Figures in Rand	Financial liabilities at amortised cost	Total
Loans from shareholders	97 500	97 500
Other financial liabilities	4 462 846	4 462 846
Current tax payable	13 933 361	13 933 361
Trade and other payables	23 591 822	23 591 822
	42 085 529	42 085 529

Group – 2007

Loans from shareholders	97 500	97 500
Other financial liabilities	4 177 614	4 177 614
Current tax payable	15 075 695	15 075 695
Trade and other payables	26 618 274	26 618 274
Bank overdraft	42 083	42 083
	46 011 166	46 011 166

Company – 2008

Figures in Rand	Financial liabilities at amortised cost	Total
Loans from group companies	9 889 403	9 889 403
Other financial liabilities	2 124 632	2 124 632
Trade and other payables	311 726	311 726
	12 325 761	12 325 761

Company – 2007

Loans from group companies	7 755 716	7 755 716
Other financial liabilities	2 160 000	2 160 000
Trade and other payables	268 647	268 647
	10 184 363	10 184 363

Notes to the financial statements

for the year ended 31 December 2008

Figures in Rand	Group		Company	
	2008	2007	2008	2007
19. OPERATING PROFIT (LOSS)				
Operating profit for the year is stated after accounting for the following:				
Operating lease charges				
Premises				
– Contractual amounts	2 093 396	1 995 440	–	81 753
Profit (loss) on sale of property, plant and equipment	2 483	(6 701)	–	–
Profit on sale of other financial assets	3 814	–	–	–
Impairment of other financial assets	–	854 660	–	–
Loss on exchange differences	(197 520)	(323 377)	–	–
Depreciation on property, plant and equipment	2 285 059	2 637 834	–	–
Employee costs	12 373 893	10 299 417	455 000	420 000
20. INVESTMENT REVENUE				
Dividend revenue				
Listed financial assets – local	5 500	–	–	–
Interest revenue				
Preference shares	–	326 250	–	326 250
Bank	821 405	594 061	–	–
Other interest	515 975	30 485	53 692	159
	1 337 380	950 796	53 692	326 409
	1 342 880	950 796	53 692	326 409
21. FAIR VALUE ADJUSTMENTS				
Investment property (fair value model)	262 127	–	262 127	–
Other financial assets				
– Fair value through profit or loss	(183 417)	–	–	–
	78 710	–	262 127	–

Notes to the financial statements

for the year ended 31 December 2008

Figures in Rand	Group		Company	
	2008	2007	2008	2007
22. IMPAIRMENT OF ASSETS				
Material impairment losses (recognised) reversed				
Investment in Cape Horizon Properties 115 (Proprietary) Limited	8 191 454	–	8 191 454	–
The directors assessed the recoverable amount of their investment in the above company in relation to the net asset value of that company.				
23. FINANCE COSTS				
Instalment sales agreements	205 816	322 654	–	–
Bank	276 758	8 065	270 095	88
Penalty interest	3 078 996	2 329 916	–	–
	3 561 570	2 660 635	270 095	88
24. TAXATION				
Major components of the tax expense				
Current				
Local income tax – current period	2 935 922	5 936 630	–	–
Deferred				
Originating and reversing temporary differences	98 468	428 255	36 698	6 144
	3 034 390	6 364 885	36 698	6 144
Reconciliation of the tax expense				
Reconciliation between accounting profit and tax expense.				
Accounting profit	(802 443)	15 731 170	73 752 053	1 292 992
Tax at the applicable tax rate of 28% (2007: 29%)	(224 684)	4 562 039	20 650 575	374 968
Tax effect of adjustments on taxable income				
Interest and penalties	862 067	675 329	–	–
Capital items	(30 980)	(503 765)	(22 959 888)	(503 765)
Non-deductible expenses	2 408 404	204 037	2 309 313	128 797
Other permanent differences	–	998 990	–	–
Tax losses carried forward	(78 885)	–	–	–
	2 935 922	5 936 630	–	–
The income tax rate of 29% in 2007 was reduced to 28% in 2008.				
Unused tax losses for which no deferred tax asset has been recognised.	811 091	772 443	–	–

Notes to the financial statements

for the year ended 31 December 2008

Figures in Rand	Group		Company	
	2008	2007	2008	2007
25. AUDITORS' REMUNERATION				
Fees	1 210 385	686 516	518 385	475 516
26. CASH GENERATED FROM (USED IN) OPERATIONS				
(Loss) profit before taxation	(802 443)	15 731 170	73 752 053	1 292 992
Adjustments for:				
Depreciation and amortisation	2 285 059	2 637 834	–	–
Loss (profit) on sale of assets	8 185 157	6 701	8 191 454	–
Profit on sale of subsidiaries	–	(3 474 238)	(81 999 600)	(3 474 238)
Dividends received	(5 500)	–	–	–
Interest received	(1 337 380)	(950 796)	(53 692)	(326 409)
Finance costs	3 561 570	2 660 635	270 094	91
Fair value adjustments	(78 710)	–	(262 127)	–
Impairment loss	–	854 660	–	–
Movements in operating lease assets and accruals	–	(433 153)	–	(17 492)
Non-cash profit on sale of assets	–	3 474 238	–	3 474 238
Other non-cash items	(2 260)	(712 342)	–	–
Changes in working capital:				
Inventories	3 623 917	(3 939 273)	–	–
Trade and other receivables	(208 726)	11 491 200	(207 074)	(411 357)
Trade and other payables	(3 026 448)	(3 902 367)	43 080	(1 079 424)
	12 194 236	23 444 269	(265 812)	(541 599)
27. TAX PAID				
Balance at beginning of the year	(14 410 039)	(15 119 724)	444 656	194 656
Current tax for the year recognised in income statement	(2 935 922)	(5 936 630)	–	–
Balance at end of the year	12 841 146	14 410 039	(444 656)	(444 656)
	(4 504 815)	(6 646 315)	–	(250 000)
28. ACQUISITION OF BUSINESSES				
Fair value of assets acquired				
Investment in shares subsidiaries	–	–	100	100
Consideration paid				
Cash	–	–	(100)	(100)
Net cash outflow on acquisition				
Cash consideration paid	–	–	(100)	(100)

Notes to the financial statements

for the year ended 31 December 2008

Figures in Rand	Group		Company	
	2008	2007	2008	2007
29. SALE OF BUSINESSES				
Carrying value of assets sold				
Shares in subsidiary	–	14 525 762	400	14 525 762
Total net assets sold	–	14 525 762	400	14 525 762
Net assets sold	–	14 525 762	400	14 525 762
Profit on disposal	–	–	81 999 600	–
	–	14 525 762	82 000 000	14 525 762
Consideration received				
Equity: 100 preference shares in Business Venture Investments No. 1245 (Proprietary) Limited	–	–	(82 000 000)	–
Preference shares in Cape Horizon Properties 115 (Proprietary) Limited	–	(18 000 000)	–	(18 000 000)
Sale of investment in Kovacs (Proprietary) Limited	–	3 474 238	–	3 474 238
	–	(14 525 762)	(82 000 000)	(14 525 762)
30. COMMITMENTS				
Operating leases – as lessee (expense)				
Minimum lease payments due				
– within one year	2 140 560	2 147 966	–	–
– in second to fifth year inclusive	2 354 616	–	–	–
	4 495 176	2 147 966	–	–

Operating lease payments represent rentals payable by the group for certain of its office properties. Leases are negotiated for two years. No contingent rent is payable.

31. CONTINGENCIES

Dynamic Cables South (Proprietary) Limited has instituted legal proceedings against John Fourie Sutherland for damages of R408 759. The defendant instituted a counterclaim against the plaintiff in the amount of R362 184 for unpaid leave and commissions. The matter has been resolved post-balance sheet date. The defendant has withdrawn his claim and agreed to reimburse the company in the amount of R150 000 to be paid in monthly instalments of R10 000 from 31 March 2009.

Certain tax deductions claimed by Dynamic Cables SA (Pty) Limited in prior periods relating to trademarks that cost R22 163 000 are the subject of a dispute with SARS. While the extent of the dispute as to the amount or period of the deduction is still uncertain, the directors believe that this dispute will be resolved during the forthcoming year and the dispute will not result in a loss to the group.

The group has provided the Standard Bank of South Africa with an unrestricted cession of its debtors for general banking facilities. At year-end the facility utilised amounted to RNil (2007: R42 083).

The group has provided The Standard Bank of South Africa with an unlimited suretyship for all facilities granted by the bank to Cape Empowerment Trust Limited. At year-end the total facilities utilised were RNil (2007: RNil).

The company has signed unlimited suretyships for all banking facilities of the group and its holding company. At year-end the banking facilities utilised amounted to RNil (2007: R42 083).

Notes to the financial statements

for the year ended 31 December 2008

32. RELATED PARTIES

Relationships

Holding company

Subsidiaries

Companies controlled by directors

Members of key management

Cape Empowerment Trust Limited

Refer to note 6

Debanisa Networking (Proprietary) Limited

H. Investments No. 220 (Proprietary) Limited

M J I Brown

S L Rai

T D Rai

H Takolia

Figures in Rand	Group		Company	
	2008	2007	2008	2007
Related party balances				
Loan accounts – owing (to) by related parties				
Cape Empowerment Trust Limited			13 884 065	8 947 147
Dynamic Cables SA (Proprietary) Limited			(5 376 378)	(1 332 699)
Basfour 2988 (Proprietary) Limited			5 583 076	5 583 076
Dynamic Cables South (Proprietary) Limited			(1 320 100)	(1 520 100)
Dynamic Cables Engineering (Proprietary) Limited			(2 577 131)	(1 332 699)
Dynamic Convergence (Proprietary) Limited			1 020 000	1 019 900
Dynamic Cables South Africa (Proprietary) Limited			5 420 146	8 128 229
Dynamic Cables Asset Co. (Proprietary) Limited			(250 000)	(250 000)
Related party transactions				
Administration fees paid to (received from) related parties				
Dynamic Cables Engineering (Proprietary) Limited			(1 763 917)	(475 000)
Dynamic Cables South Africa (Proprietary) Limited			(1 763 917)	(475 000)
Compensation to directors and other key management				
Directors' emoluments	2 877 007	3 739 322	455 000	420 000

Notes to the financial statements

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33. DIRECTORS' EMOLUMENTS

Executive 2008

Group	Salaries R	Directors' fees R	Bonus R	Commissions R	Total R
S L Rai	–	455 000	–	–	455 000
T D Rai	1 072 007	–	150 000	1 200 000	2 422 007
	1 072 007	455 000	150 000	1 200 000	2 877 007

Company

S L Rai		455 000	–	–	–
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2007

Group	Salaries R	Directors' fees R	Commissions R	Total R
S L Rai	–	420 000	–	420 000
T D Rai	1 142 322	–	2 177 000	3 319 322
	1 142 322	420 000	2 177 000	3 739 322

Company

S L Rai		420 000	–	–	–
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Details of service contracts

Executive directors do not have fixed term contracts. They have employment agreements with the company which are subject to notice periods of between one and six months by either party.

34. RISK MANAGEMENT

Liquidity risk

The table below analyses the group's financial assets and liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Group

At 31 December 2008	Less than one year R	Between one and two years R	Between two and five years R	Over five years R
Liabilities				
Mortgage bond	316 252	316 252	948 757	3 381 917
Instalment sale agreements	984 647	786 273	937 661	–
Trade and other payables	23 591 822	–	–	–
Current tax payable	13 933 361	–	–	–
Assets				
Cape Horizon Properties 115 (Proprietary)				
Limited preference shares	1 140 165	1 140 165	3 420 494	14 505 427
Loans to shareholder	13 786 565	–	–	–
Other financial assets	1 000 811	–	–	–
Current tax receivable	1 092 215	–	–	–
Trade and other receivables	14 935 160	–	–	–
Cash and cash equivalents	18 268 739	–	–	–

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for the year ended 31 December 2008

	Less than one year R	Between one and two years R	Between two and five years R	Over five years R
At 31 December 2007				
Liabilities				
Mortgage bond	296 880	286 880	296 880	5 046 960
Instalment sale agreements	570 318	501 076	451 080	–
Trade and other payables	26 618 274	–	–	–
Current tax payable	15 075 695	–	–	–
Bank overdraft	42 083	–	–	–
Forward exchange contract – outflow	41 095	–	–	–
Assets				
Cape Horizon Properties 115 (Proprietary) Limited preference shares	1 957 500	1 957 500	5 872 500	27 787 500
Loan to shareholder	8 947 147	–	–	–
Loans	526 661	–	–	–
Current tax receivable	665 656	–	–	–
Trade and other receivables	14 726 433	–	–	–
Cash and cash equivalents	19 998 299	–	–	–
Company				
At 31 December 2008				
Liabilities				
Loans	395 606	–	–	–
Trade and other payables	311 726	–	–	–
Assets				
Cape Horizon Properties 115 (Proprietary) Limited preference shares	1 140 165	1 140 165	3 420 494	14 505 427
Business Venture Investments No. 1245 (Proprietary) Limited preference shares	11 070 000	11 070 000	33 210 000	137 350 000
Loan to shareholder	13 884 065	–	–	–
Loans to group companies	2 133 828	–	–	–
Current tax receivable	444 656	–	–	–
Trade and other receivables	871 252	–	–	–
Cash and cash equivalents	259 483	–	–	–
At 31 December 2007				
Liabilities				
Trade and other payables	268 645	–	–	–
Loans	395 830	–	–	–
Assets				
Cape Horizon Properties 115 (Proprietary) Limited preference shares	1 957 500	1 957 500	5 872 500	27 787 500
Loan to shareholder	8 947 147	–	–	–
Loans to group companies	7 341 283	–	–	–
Current tax receivable	444 656	–	–	–
Trade and other receivables	664 078	–	–	–
Cash and cash equivalents	774 913	–	–	–

Notes to the financial statements

for the year ended 31 December 2008

34. RISK MANAGEMENT (continued)

Interest rate risk

At 31 December 2008, if interest rates on Rand-denominated borrowings had been 5% higher/lower with all other variables held constant, post-tax profit for the year would have been R229 303 (2007: R115 351) 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 R	Due in one to two years R	Due in two to three years R	Due in three to four years R	Due after five years R
Trade and other receivables – normal credit terms	–	14 935 160	–	–	–	–
Cash in current banking institutions	9.25	18 268 739	–	–	–	–
Instalment sale agreements	14.00	822 695	627 256	477 316	410 947	–
Bond over property – floating rate	13.00	29 812	32 195	36 560	41 518	2 014 359

Credit risk

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

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis.

Foreign exchange risk

Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The group companies are required to hedge their entire foreign exchange risk exposure with the group treasury. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the group use forward contracts, transacted with group treasury. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

Forward exchange contracts which relate to future commitments

The group enters into certain forward exchange contracts which do not relate to specific items appearing on the balance sheet but which are entered into to cover foreign commitments not yet due and proceeds not yet received. The contracts are utilised for purposes of trade. At year-end the group had one outstanding forward exchange contract as its risk adverse fluctuations in the Rand against major currencies were considered low by the directors.

Group subsidiaries carry out a significant portion of their purchases in foreign currencies. Hedging instruments are used to reduce the risk arising from foreign currency fluctuations against the various companies' own currency.

Notes to the financial statements

for the year ended 31 December 2008

Figures in Rand	Group		Company	
	2008	2007	2008	2007
Foreign currency exposure at balance sheet date				
Liabilities				
Trade creditors – USD7 008 (2007: USD28 434)	66 788	196 178	–	–
Trade creditors – Euro3 223 (2007: Euro39 822)	42 739	405 315	–	–
Exchange rates used for conversion of foreign items were:			2008	2007
USD			R9.46	R6.90
Euro			R13.33	R10.18
Forward exchange contracts which relate to future commitments				
Amount in foreign currency purchased			Forward exchange rate	Maturity date
USD41 460			USD1 = R10.311	30 January 2009

The group reviews its foreign currency exposure, including commitments on an ongoing basis. The company expects its foreign exchange contracts to hedge foreign exchange exposure.

Capital management

The group seeks to ensure that it and each entity has sufficient capital to support its activities and its medium-term growth objective. In setting the ideal mix between debt and equity, the group seeks to optimise its return on shareholders' equity while maintaining prudent balance sheet gearing.

Figures in Rand	Group		Company	
	2008	2007	2008	2007
35. HEADLINE EARNINGS PER SHARE				
Headline earnings per share reconciliation				
Basic earnings	(3 836 833)	9 366 285	–	–
Impairment of investment	8 191 454	–	–	–
Fair value adjustments	(78 710)	–	–	–
Tax effects of reconciling items	(14 659)	–	–	–
	4 261 252	9 366 285	–	–
Headline earnings per share				
Headline earnings per share	5.45	11.94	–	–
The calculation of headline earnings per share is based on headline earnings of R4 261 252 (2007: R9 366 285) and a weighted average number of 78 420 610 (2007: 78 420 610) ordinary shares in issue throughout the year.				
36. BASIC EARNINGS PER SHARE				
Basic earnings per share	(4.89)	11.94	–	–

The calculation of basic earnings per share is based on a loss of R3 836 833 (2007 profit: R9 366 285) and a weighted average number of 78 420 610 (2007: 78 420 610) ordinary shares in issue throughout the year.

Segment information

for the year ended 31 December 2008

Segment information about these businesses are presented below:

PRIMARY SEGMENT – 2008

	Infrastructure equipment	Connectivity supplies	Eliminations	Consolidation
Revenue				
External sales	63 371 368	60 859 572	(756 616)	123 474 324
Result				
Segment result	4 320 338	5 208 653		9 528 991
Unallocated corporate income				–
Profit from operations				9 528 991
Finance costs				(3 561 570)
Impairments and fair value adjustments				(8 112 744)
Income from other investments				1 342 880
Profit before tax				(802 443)
Income tax expense				(3 034 390)
Profit after tax				(3 836 833)
Other information				
Capital additions	1 307 705	1 122 909		2 430 614
Depreciation and amortisation	1 072 791	1 212 273		2 285 064
Balance sheet				
Assets				
Segment assets	29 200 249	48 022 370	(7 094 256)	70 128 363
Unallocated corporate assets				29 920 104
				100 048 467
Liabilities				
Segment liabilities	22 046 732	24 920 921	(7 094 255)	39 873 398
Unallocated corporate liabilities				5 092 155
				44 965 553

SECONDARY SEGMENT

Revenue	
Gauteng	22 678 914
Western Cape	101 552 027
Eliminations	(756 616)
Total	123 474 324
Assets	
Gauteng	10 783 083
Western Cape	59 345 280
Unallocated corporate assets	29 920 104
Total	100 048 467
Capital expenditure	
Gauteng	314 344
Western Cape	2 116 270
Total	2 430 614

Segment information

for the year ended 31 December 2008

PRIMARY SEGMENT – 2007

	Infrastructure equipment	Connectivity supplies	Eliminations	Consolidation
Revenue				
External sales	65 144 930	66 244 084	(1 257 177)	130 131 837
Result				
Segment result	5 843 290	10 631 048		16 474 338
Unallocated corporate income				966 671
Profit from operations				17 441 009
Finance costs				(2 660 635)
Income from other investments				950 796
Profit before tax				15 731 170
Income tax expense				(6 364 885)
Profit after tax				9 366 285
Other information				
Capital additions	594 034	3 636 574		4 230 608
Depreciation and amortisation	1 142 487	1 495 347		2 637 834
Balance sheet				
Assets				
Segment assets	28 642 031	63 464 071	(16 104 890)	76 001 212
Unallocated corporate assets				31 863 704
				107 864 916
Liabilities				
Segment liabilities	24 606 698	37 648 921	(16 104 890)	46 150 729
Unallocated corporate liabilities				2 794 442
				48 945 171

SECONDARY SEGMENT

Revenue	
Gauteng	32 386 794
Western Cape	99 002 220
Eliminations	(1 257 177)
Total	123 474 324
Assets	
Gauteng	11 842 989
Western Cape	64 158 223
Unallocated corporate assets	31 863 704
Total	107 864 916
Capital expenditure	
Gauteng	112 324
Western Cape	4 118 284
Total	2 430 614

Shareholder analysis

for the year ended 31 December 2008

SHAREHOLDER SPREAD

	Number of shareholders	Percentage of shareholders	Number of shares	Percentage of shares
1 – 1 000 shares	591	51.57	235 179	0.30
1 001 – 10 000 shares	361	31.50	1 480 255	1.89
10 001 – 100 000 shares	156	13.61	5 139 943	6.55
100 001 – 1 000 000 shares	32	2.79	8 289 324	10.57
1 000 001 shares and over	6	0.52	63 275 909	80.69
Total	1 146	100.00	78 420 610	100.00

DISTRIBUTION OF SHAREHOLDERS

Banks	8	0.70	5 476 211	6.98
Broker	5	0.44	783 014	1.00
Close corporations	21	1.83	680 089	0.87
Empowerment	3	0.26	32 436 217	41.36
Endowment funds	4	0.35	271 000	0.35
Individuals	972	84.82	7 351 556	9.37
Insurance companies	3	0.26	14 116 535	18.00
Investment companies	2	0.17	24 000	0.03
Mutual fund	1	0.09	826 500	1.05
Nominees and trusts	63	5.50	1 802 925	2.30
Other corporations	41	3.58	1 918 700	2.45
Pension funds	1	0.09	85 535	0.11
Private companies	22	1.92	12 648 328	16.13
Total	1 146	100.00	78 420 610	100.00

	Number of shareholdings	Percentage of shareholders	Number of shares	Percentage of shares
PUBLIC/NON-PUBLIC SHAREHOLDERS				
Non-public shareholders	3	0.26	32 436 277	41.36
Related holdings	3	0.26	32 436 277	41.36
Public shareholders	1 143	99.74	45 984 333	58.64
Total	1 146	100.00	78 420 610	100.00

Shareholder analysis

for the year ended 31 December 2008

MAJOR SHAREHOLDERS OTHER THAN DIRECTORS HOLDING 5% OR MORE OF THE SHARE CAPITAL

	Number of shares	Percentage of shares
Cape Empowerment Trust Limited	32 436 217	41.36
Hannover Reinsurance Limited	14 116 535	18.00
Cape Horizon Properties 115 (Pty) Limited	12 402 244	15.82
Brown Brothers Harriman & Co.	5 418 921	6.91

BREAKDOWN OF NON-PUBLIC HOLDINGS

Related holdings

Cape Empowerment Trust Limited	32 436 217	41.36
Total	32 436 217	41.36

Major shareholder

Hannover Reinsurance Limited	14 116 535	18.00
Total	14 116 535	18.00

Notice of annual general meeting

Notice is hereby given that the twenty-first annual general meeting of the members of Dynamic Cables RSA Limited in respect of the year ended 31 December 2008 will be held at Kenilworth Room, Kenilworth Racecourse, Cape Town, at 11:00 on Monday, 27 July 2009, for the following purposes:

As ordinary resolutions:

1. Ordinary Resolution Number 1 – Adoption of annual financial statements

To receive and consider the group financial statements together with the financial statements of the company for the year ended 31 December 2008.

2. Ordinary Resolution Number 2 – Re-election of directors

To elect directors in the places of M J I Brown and H Takolia, who retire in terms of the articles of association of the company, but being eligible offer themselves for re-election.

M J I Brown – Dip Ed. Mike Brown has been a non-executive director of the company since 2000. He is currently a stockbroker at Lewer and Co.

H Takolia – CA(SA). Haroon Takolia has been a non-executive director of the company for approximately four years. He is currently the chairman of the audit committee and has had his own audit practice for many years.

3. Ordinary Resolution Number 3 – Placing unissued shares under the control of the directors

To review the general authority of the directors in terms of sections 221 and 222 of the Companies Act 1973, (Act 61 of 1973) as amended ("the Act"), until the next annual general meeting, to allot and issue, at their discretion and in terms of the regulations of the JSE Limited ("the JSE"), the unissued shares of the company.

4. Ordinary Resolution Number 4 – General authority to issue shares for cash

To resolve that the directors of the company be and are hereby authorised by way of a general authority to allot and issue any shares of any class already in issue in the capital of the company for cash when the directors consider it appropriate in the circumstances, subject to the following:

- this authority shall not endure beyond the earlier of the next annual general meeting of the company or beyond 15 (fifteen) months from the date of passing of this ordinary resolution;
- there will be no restrictions in regard to the persons to whom the shares may be issued, provided that such shares are to be issued to public shareholders (as defined by the JSE Listings Requirements) and not to related parties;
- upon any issue of shares which, together with prior issues during any one financial year, will constitute 5% (five per cent) or more of the number of shares of the class in issue, the company shall, by way of a paid press announcement in terms of section 11.22 of the JSE Listings Requirements, give full details thereof, including the effect on the net asset value of the company and earnings per share, the number of securities issued and the average discount to the weighted average traded price of the securities over the 30 days prior to the date that the price of such issue was determined or agreed by the company's directors;
- that issues in the aggregate in any one financial year may not exceed 15% (fifteen per cent) of the number of that class of the company's issued shares (including instruments which are compulsorily convertible into shares of that class) at the date of application less any shares of that class issued, or to be issued in the future arising from

Notice of annual general meeting

continued

options/convertible securities issued during the current financial year, plus any shares to be issued pursuant to an announced, irrevocable and fully underwritten rights offer or to be issued pursuant to any acquisition for which final terms have been announced;

- the maximum discount at which securities may be issued is 10% (ten per cent) of the weighted average traded price of those securities over the 30 (thirty) business days prior to the date that the price of the issue is determined or agreed by the directors; and
- a 75% (seventy-five per cent) majority is required of votes cast by the shareholders present or represented by proxy at the general meeting to approve the resolution.

5. Ordinary Resolution Number 5 – Remuneration of auditors and reappointment of auditors

To reappoint Grant Thornton as auditors of the company until the next annual general meeting and D D Nagar as the individual registered auditor who will undertake the audit for the company for the ensuing year and to approve the auditors' remuneration.

6. Ordinary Resolution Number 6 – Directors' emoluments

To approve the directors' emoluments for the year under review as per note 33 to the annual financial statements.

As special resolutions:

7. Special Resolution Number 1 – General authority to repurchase shares

- To resolve that the company hereby approves, as a general approval contemplated in sections 85(2), 85(3) and 89 of the Companies Act, 1973 (Act 61 of 1973), as amended ("the Act") and in terms of the company's articles of association, the acquisition by the company or any of its subsidiaries from time to time of the issued ordinary shares of the company, upon such terms and conditions and in such amounts as the directors of the company may from time to time determine. All such acquisitions of shares will be subject to: the articles of association of the company; the provisions of the Act and the Listings Requirements of the JSE Limited ("JSE"), (as presently constituted and which may be amended from time to time); and provided that
- any such acquisition of ordinary shares shall be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company or any of its subsidiaries and the counterparty (reported trades are prohibited);
- this general authority shall only 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;
- a paid press announcement will be published as soon as the company or its subsidiaries has/have acquired ordinary shares constituting, on a cumulative basis, 3% (three per cent) of the number of ordinary shares in issue, prior to the acquisition pursuant to which the 3% (three per cent) threshold is reached, and in respect of every 3% (three per cent) thereafter, which announcement shall contain full details of such acquisitions;
- acquisitions by the company and its subsidiaries of ordinary shares in any one financial year may not exceed 20% (twenty per cent) of the company's issued ordinary share capital from the date of the grant of this general authority;

Notice of annual general meeting

continued

- subsidiaries of the company will acquire, in aggregate, no more than 10% (ten per cent) of the company's issued ordinary share capital at any one time;
- in determining the price at which the company's ordinary shares are acquired by the company or any of its subsidiaries in terms of this general authority, the maximum price at which such ordinary shares may be acquired will be at a premium of no more than 10% (ten per cent) of the weighted average of the market price at which such ordinary shares are traded on the JSE, as determined over the 5 (five) business days immediately preceding the date of repurchase of such ordinary shares by the company or any of its subsidiaries;
- the company may at any point in time only appoint one agent to effect any repurchase(s) on its behalf;
- the company or any of its subsidiaries may only undertake a repurchase if, after such a repurchase it shall still comply with the spread requirements of the JSE Listings Requirements; and
- the company or any of its subsidiaries may not repurchase securities during a prohibited period, as defined in the JSE Listings Requirements, unless they have in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and full details of the programme have been disclosed in an announcement on SENS prior to the commencement of the prohibited period.

The reason for special resolution number 1 is to grant the company or any of its subsidiaries a general authority in terms of the Act for the acquisition by the company or any of its subsidiaries of shares issued by the company, which 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 the general authority shall not extend beyond 15 (fifteen) months from the date of this annual general meeting. The passing and registration of this special resolution will have the effect of authorising the company or any of its subsidiaries to acquire shares issued by the company.

Information required in terms of the JSE Listings Requirements with regard to this general authority for the company or any of its subsidiaries to repurchase the company's securities appears in the annual financial statements, to which this notice of annual general meeting is annexed as indicated below:

- Directors and management of the company: page 6
- Major shareholders: pages 48 and 49
- Share capital: page 34

The directors, whose names are given on page 6 of the annual report collectively and individually accept full responsibility for the accuracy of the information given to this resolution 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 that the annual report and notice of annual general meeting contains all information required by law and the JSE Listings Requirements.

Notice of annual general meeting

continued

There has been no material change in the financial or trading position of the company or any of its subsidiaries that has occurred since 31 December 2008. There are no legal or arbitration proceedings, either pending or threatened against the company or its subsidiaries, of which the directors are aware, which may have, or have had in the last 12 months, a material effect on the financial position of the company or its subsidiaries. Pursuant to and in terms of the JSE Listings Requirements, the directors of the company hereby state:

- i. that the intention of the company and or any of its subsidiaries is to utilise the authority if at some future date the cash resources of the company are in excess of its requirements. In this regard the directors will take into account, inter alia, an appropriate capitalisation structure for the company, the long-term cash needs of the company, and will ensure that any such utilisation is in the interest of shareholders; and
- ii. that the method by which the company and/or any of its subsidiaries intends to repurchase its securities and the date on which such repurchase will take place, has not yet been determined; and
- iii. that after considering the effect of a maximum permitted repurchase of securities, the company and its subsidiaries are, as at the date of this notice convening the annual general meeting of the company, able to fully comply with the Listings Requirements of the JSE. Nevertheless, at the time that the contemplated repurchase is to take place, the directors of the company will ensure that:
 - the company and the group will be able in the ordinary course of business to pay its debts for a period of 12 months after the date of the general repurchase;
 - the assets of the company and the group will be in excess of the liabilities of the company and the group for a period of 12 months after the date of the notice of the annual general meeting. For this purpose, the assets and liabilities will be recognised and measured in accordance with the accounting policies used in these audited annual group financial statements;
 - the share capital and reserves of the company and the group will be adequate for ordinary business purposes for a period of 12 months after the date of the general repurchase;
 - the working capital of the company and the group will be adequate for ordinary business purposes for a period of 12 months after the date of the general repurchase; and
 - the company will provide its sponsor and the JSE with all documentation as required in Schedule 25 of the JSE Listings Requirements, and will not commence any repurchase programme until the sponsor has signed off on the adequacy of its working capital, advised the JSE accordingly and the JSE has approved this documentation.

Voting

Each shareholder whether present in person or represented by proxy, is entitled to attend and vote at the annual general meeting. Shareholders who have dematerialised their shares through a Central Securities Depository Participant (CSDP) or broker, other than by own name registration who wish to attend the annual general meeting should instruct their CSDP or broker to issue them with the necessary authority to attend the meeting, in terms of the custody agreement entered into between such shareholders and their CSDP or broker.

Notice of annual general meeting

continued

Proxies

Each shareholder is entitled to appoint one or more proxies (who need not be shareholders of Dynamic Cables RSA Limited) to attend, speak and vote in his/her stead. On a show of hands every shareholder who is present in person or by proxy shall have one vote, and, on a poll, every shareholder present in person or by proxy shall have one vote for each share held by him/her. Shareholders who hold their shares in certificated form or who are own name registered dematerialised shareholders who are unable to attend the annual general meeting but who wish to be represented thereat, are required to complete and return the attached form of proxy so as to be received by the transfer secretaries, Computershare Investor Services (Pty) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) by no later than 11:00 on Friday, 24 July 2009. Shareholders who have dematerialised their shares through a CSDP or broker, other than by own name registration who wish to vote by way of proxy, should provide their CSDP or broker with their voting instructions, in terms of the custody agreement entered into between such shareholders and their CSDP or broker. These instructions must be provided to their CSDP or broker by the cut-off time or date advised by their CSDP or broker for instructions of this nature.

By order of the board

Form of proxy

DYNAMIC CABLES RSA LIMITED

(Incorporated in the Republic of South Africa)
 (Registration number: 1987/001807/06)
 Share code: DYM ISIN: ZAE000028270
 ("Dynamic Cables" or "the company")



Proxy form – for use ONLY by certificated shareholders and own name dematerialised shareholders at the annual general meeting of shareholders of the company to be held at the Kenilworth Room, Kenilworth Racecourse, Cape Town at 11:00 on Monday, 27 July 2009 ("the twenty-first annual general meeting")

I/We _____ (names in full)

Of address _____

being the shareholders of _____ Dynamic shares and entitled to vote, hereby appoint

1. _____ or failing him/her
2. _____ or failing him/her
3. the chairman of the twenty-first annual general meeting, as my/our proxy to vote for me/us and on my/our behalf at the twenty-first annual general meeting and at every adjournment of that meeting.

Proposed Resolution	In Favour	Against	Abstain
1. As ordinary resolution number one – Approval of annual financial statements			
2. As ordinary resolution number two – Re-election of directors			
M J I Brown			
H Takolia			
3. As ordinary resolution number three – Extend authority to allot and issue unissued shares			
4. As ordinary resolution number four – General authority to issue shares for cash			
5. As ordinary resolution number five – Approval of remuneration of auditors and reappointment of auditors			
6. As ordinary resolution number six – Approval of directors' remuneration			
7. As special resolution number one – General authority to repurchase shares			

Please indicate with an X in the appropriate block above how you wish to be recorded, otherwise the proxy may vote as he/she deems fit.

Signed at _____ this _____ day of _____ 2009

Signature _____ Assisted by me _____
 (where applicable)

Notes

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the spaces provided, with or without deleting "the chairman of the twenty-first annual general meeting", but any such deletion must be initialled by the shareholder. The person whose name stands first on the form of proxy and who is present at the twenty-first annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow. In the event that no names are filled in the proxy shall be exercised by the chairman of the twenty-first annual general meeting.
2. A shareholder's instruction to the proxy must be indicated by the insertion of the relevant number of votes exercised by that shareholder in the appropriate box provided. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he deems fit in respect of all the shareholder's votes exercised thereat. A shareholder or his proxy is not obliged to use all the votes exercisable by the shareholder or by his proxy, but the total of the votes cast in respect of which abstentions are recorded may not exceed the total votes exercisable by the shareholder or his proxy.
3. Forms of proxy must be lodged with or posted to the company's share certificate transfer secretaries, Computershare Investor Services (Pty) Limited, Ground Floor, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), by not later than 11:00 on Friday, 24 July 2009, in accordance with the instructions thereon.
4. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the annual general meeting, and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
5. Documentary proof establishing the authority of the person signing this form of proxy in a representative or other legal capacity must be attached to this form of proxy unless previously recorded by the transfer secretaries of the company or waived by the chairman of the twenty-first annual general meeting.
6. Any alterations to the form of proxy must be initialled by the signatories.
7. Dematerialised shareholders, other than those with own name registration, who wish to attend the annual general meeting should instruct their CSDP or broker to issue them with the necessary authority to attend the meeting in terms of the custody agreement between such shareholders and their CSDP or brokers. Such shareholders who wish to be represented by proxy at the annual general meeting should provide their CSDP or broker with their voting instructions in terms of the custody agreement between such shareholders and their CSDP or broker.

Corporate information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	Holding company
Directors	M J I Brown S L Rai T D Rai H Takolia
Registered office	2nd Floor Sunclare Building 21 Dreyer Street Claremont 7700
Business address	2nd Floor Sunclare Building 21 Dreyer Street Claremont 7700
Postal address	PO Box 23958 Claremont 7735
Bankers	The Standard Bank of South Africa Limited
Auditors	Grant Thornton Chartered Accountants (SA) Registered Auditors
Secretary	R J McGregor
Company registration number	1987/001807/06
Share code	DYM
ISIN	ZAE000028270

