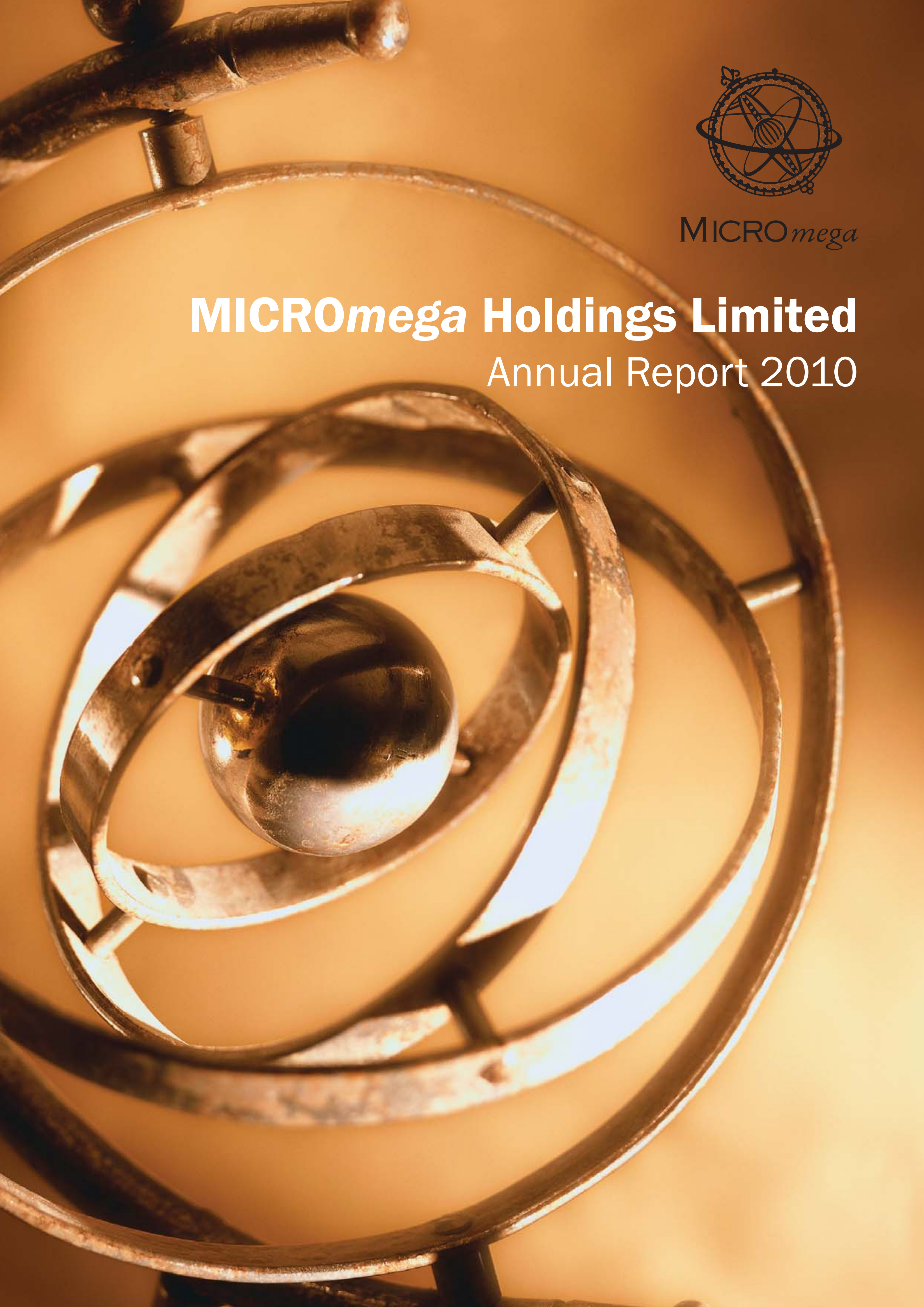

MICROmega

MICRO*mega* Holdings Limited

Annual Report 2010

Cover:

A gyroscope is a device for measuring or maintaining orientation, based on the principles of conservation of angular momentum in essence, a mechanical gyroscope is a spinning wheel or disk whose axle is free to take any orientation. This orientation changes much less in response to a given external torque than it would without the large angular momentum associated with the gyroscope's high rate of spin. Since external torque is minimized by mounting the device in gimbals, its orientation remains nearly fixed, regardless of any motion of the platform on which it is mounted.

Wikipedia - 2011

Contents

** The 2010 annual report can be downloaded from our website at www.micromega.co.za*

Chairman's Report

Having rejoined the Board in January of this year I have a limited sense of the true nature of the challenges that the group faced during the last financial year. What is clear however is that the group requires a strategic realignment of its businesses to focus on its core strength, which is the development and growth of "intellectual product" based operations rather than those that are dependent on "hard assets".

2011 will therefore be a year of change during which there will be a restructuring of existing asset based operations to improve cash generation and to strengthen the group's statement of financial position. The main focus on growth will be on our Health and Safety business that operates under the NOSA brand and on our portfolio of Information Technology businesses.

Other than Deltec, the automotive businesses present our greatest challenge. At the commencement of this year we thought that we had some visibility of an improvement in the second half of the year but that has not transpired and any improvement in market conditions at this point will not have any meaningful impact in the current year.

I remain cautious of the overall outlook for revenue and profitability in the current year however the present restructuring will position the group to take rapid advantage of any opportunities that the market presents, including the possibility of acquisitions albeit the present share price continues to make acquisitions somewhat of a challenge.

Mr DC King, Executive Chairman

Chief Executive Officer's Report

MICRO*mega* Holdings Limited ("MMG") is an investment holding company with businesses operating in four sectors, namely; support services, financial services, information technology, and automotive.

SUPPORT SERVICES

Support services comprises two main businesses; NOSA and MECS Africa ("MECS"). NOSA was established 60 years ago and is a leading supplier of occupational risk management products and services designed to improve business performance while creating a safe environment for employees. International recognition and respect for the NOSA brand has facilitated expansion into Africa, South America and the Far East. The demand for NOSA's products remains strong and has resulted in NOSA becoming the largest contributor to group earnings.

MECS has 30 years experience throughout Southern Africa in providing employee related services, including recruitment, labour brokering, human resources management, payroll bureau, project logistics, and employee benefit programmes. MECS specialises in the mining, engineering, construction and petrochemical sectors. MECS has benefited over the period from increased revenue from its permanent placement division thereby reducing its reliance on traditional labour broking. The company has strong relationships with its large multi-national client base and is positioned to benefit from any increased demand for skilled labour. MECS is the largest contributor to group revenue.

INFORMATION TECHNOLOGY

The largest business in this sector is Sebata Municipal Solutions which provides services to approximately 190 local government institutions and public utilities in the SADC region. It is the largest integrated solutions provider to this market focussing on financial management systems and meter reading services. The company has pioneered cell phone meter reading in SA and expects strong demand for its products going forward.

MICRO*mega* Technologies' ("MMT") product and services includes hardware and software-based analytical and management systems designed to optimise technology resources, including data centres, communications networks and business applications. MMT's products are innovative and are supported by ongoing training, education, advice and support.

Turrito Networks ("Turrito") is a young business that anticipates strong growth in revenue during 2011. Turrito is a converged communication provider, delivering MPLS networks, hosting facilities, internet, and cloud computing services. Turrito provides industry leading, fully managed solutions that utilise a network agnostic partner model to provide a single point of accountability and contact for all its clients.

FINANCIAL SERVICES SECTOR

MICRO*mega* Securities provides specialist intermediary broking services in foreign exchange, interest rates, fixed income, money market and equities. Clients are predominantly commercial and investment banks and local stock brokers. The company is active in the international markets and has a co-operation agreement with Tullett Prebon – one of the largest inter-dealer brokers in the world.

AUTOMOTIVE SECTOR

Deltec has for over 30 years been a leading distributor of high quality lead calcium maintenance-free batteries. Deltec has distribution centres in Durban, Johannesburg, Rustenburg and Cape Town. Over the past few years Deltec has focussed on broadening its product mix to include energy solutions, given the increased focus on renewable energy.

BTM Manufacturing manufactures, imports and distributes mild and stainless steel bull bars, tow bars, roll bars, and related products for OEM's, distributors and fitment centres throughout Southern Africa. The business remains severely impacted by the global economic downturn.

Lubrication Equipment is a supplier of quality lubrication related equipment associated to mines, the automotive industry, the agricultural sector and general industry. The company derives the majority of its revenue from the major international oil companies.

Profit is a leading distributor of vehicle accessories to fitment centres throughout South Africa. Profit's main products include car radio, car security and air conditioning accessories distributed through centres in Durban, Port Elizabeth, Cape Town and Johannesburg.

Mr IG Morris, Chief Executive Officer

Corporate Governance

APPLICATION OF THE KING CODE

The principles of King II have been adhered to in the compilation of this annual report. The King III principles will be complied with during the following reporting period. The directors believe that MICRO*mega* complies with the principles of King II, other than the composition of the board of directors and the audit committee, which is discussed later in this report.

The company also complies with the provisions of the JSE Limited Listings Requirements.

THE BOARD OF DIRECTORS

The board of directors has core responsibility over MICRO*mega*'s strategy, financial performance, governance procedures, growth and general affairs of the company. The executive directors retain full and effective control of the affairs of the group and closely monitor the management of all subsidiaries in the group. The board of directors is a unitary board consisting of four executive directors and two non-executive directors of which one is designated an independent non-executive director.

Dave King was appointed to the board as executive chairman in January 2011. Dave is the original founder of the group but resigned from the board a number of years ago to deal with his well publicised private legal affairs. Dave is responsible for the overall strategic direction of the group and works closely with executive management in discharging his responsibilities.

Greg Morris is the chief executive officer of the group. He has worked closely with Dave King since inception of the group and has been responsible for the day-to-day management of the company and the corporate finance transactions of the group since Dave King resigned in 2002. Greg will continue with those executive responsibilities including his directorship of numerous MICRO*mega* subsidiaries.

Duncan Carlisle is the executive managing director of the group providing first line support to Greg Morris. Duncan has been with the group since 2001 and fulfilled a number of operational roles in the group prior to his appointment as NOSA managing director in 2005. Duncan is responsible for the extraction of earnings of the group companies and revenue growth across all sectors. He is a director of numerous MICRO*mega* subsidiaries.

David Case is the executive financial director of the group. David has been with the group since 2006 and has held the role of chief financial officer since 2007. David is responsible for the financial management and financial control environment within the group. He is a director of numerous MICRO*mega* subsidiaries.

Peter Henwood is the lead independent non-executive director of the group. Peter is a former audit partner of KPMG Incorporated and brings significant expertise and experience to the board of directors. Peter is the chairman of the Audit and Risk Committee and a member of the Remuneration Committee.

Ross Lewin is a non-executive director of the group. Ross has had a successful career in the engineering and information technology sectors. Ross is chairman of the Remuneration Committee and a member of the Audit and Risk Committee. Ross holds directorships on the boards of a number of international companies.

The board is satisfied that the non-executive directors have the necessary skills, qualifications and experience to fulfil their duties.

Changes to the board of directors post the 2010 financial year-end:

- On 17 January 2011, Dave King returned to the board of MICRO*mega* and was appointed Executive Chairman of the company. His appointment is subject to shareholder approval at the following annual general meeting. Dave is not an independent non-executive director as prescribed by the JSE however the board is of the view that his appointment is in the best interest of the group and does not negatively affect the Board's independence.

- Greg Morris took up the position of Chief Executive Officer of the company on the same day; and

- In order to pre-empt compliance with the principles of King III, Peter Henwood was appointed as lead independent director to the Executive Chairman on 18 January 2011.

The lead independent director provides the board of directors with independent advice and leadership where any perceived or actual conflict of interests exists.

The directors are sensitive to the fact that there are a disproportionate number of executive directors serving on the board compared to non-executive directors and are in the process of sourcing suitable non-executive directors (with a preference for independent non-executive directors) to join the MICRO*mega* board. Additional non-executive directors will ensure an enhanced balance of power and authority amongst the directors, increased accountability and enhanced compliance with the King Code and the Companies Act. The board as a whole is involved in the process of nomination, selection and the appointment of directors. The directors are selected on the basis of their skill, knowledge, business acumen and contribution to the company and the appointments are made in a formal and transparent manner. The board of directors believes that at present there is a natural succession plan in place amongst the executive directors.

The board of MICRO*mega* meets on a regular basis in order to review the strategic direction of the group, to evaluate performance and to assess any risks with which the businesses might be faced. During the 2010 financial year the board of directors met four times and attendance thereat is set out in the table on the next page:

Corporate Governance (continued)

Attendance at board meetings during 2010:

Director	15 March 2010	30 July 2010	14 October 2010	2 December 2010
IG Morris	✔	✔	✔	✔
DSE Carlisle	✔	✔	✔	✔
DJ Case	✔	✔	✔	✔
PV Henwood	✔	✔	✔	✔
RC Lewin	✔	✔	✔	✔
By Invitation				
J Wessels - KPMG Inc.	✔	✔	✔	✔
L White - KPMG Inc.	✔	✔	✔	✔
✔ = Present / **A** = Apologies				

The external auditors, KPMG Incorporated, are invited to attend all board meetings.

The board charter was reviewed, updated and the amendments approved on 16 August 2010 and the roles of the Executive Chairman and Managing Director were formalised and approved on the same day. However, given the restructure of the board of directors during January 2011, the roles of the Executive Chairman and Managing Director were amended and a formalised role for the Chief Executive Officer was established. The amended roles were approved on 25 March 2011. The delegation of authority within MICRO*mega* was also reviewed and updated and provides guidance on the application of levels of authority with respect to statutory regulations, human resources, legal matters and contracts, capital expenditure, operational expenditure, travel and personal expenditure, finance and marketing and public relations. These documents assist in ensuring that there is a clear division of responsibility between the members of the board, the board of directors and the management of the group as well as an appropriate balance of power.

The subsidiaries of MICRO*mega* are required to implement all MICRO*mega* policies and the governance framework adopted by the holding company is filtered down to the subsidiaries.

During the 2010 financial year, the board approved an updated code of conduct which was circulated to all employees.

BOARD COMMITTEES

The audit and risk committee and the remuneration committee assist the board in discharging its collective responsibilities for corporate governance and certain of the board's responsibilities have been delegated to these committees. The committees are accountable to the board of directors.

Audit and Risk Committee

The audit and risk committee has been delegated certain powers by the board of directors and assists the board in fulfilling its oversight responsibilities, which includes, *inter alia*, the control and management of financial risks, the external and internal audit process and the company's process for monitoring compliance with laws and regulations. The audit and risk committee is also responsible for ensuring that the company has implemented an effective risk management policy and plan.

The audit and risk committee report to shareholders can be found on page 6 of the annual report.

Remuneration Committee

The remuneration committee has been delegated certain powers by the board of directors and assists the board of directors in setting and administering remuneration policies that are aligned with the company's long-term interests as well as in determining the terms of employment and the remuneration payable to the executives within the group and advising on the remuneration paid to non-executive directors.

The remuneration committee is comprised of two non-executive directors, Ross Lewin, the Chairman, and Peter Henwood. The members of the board of directors and KPMG Incorporated attend the meetings by invitation, however where the remuneration of a board member is to be discussed, that board member recuses himself from the meeting. The remuneration committee is required to meet at least twice a year and attendance thereat is set out below.

Attendance at remuneration committee meetings during 2010:

Committee Member	15 March 2010	2 December 2010
PV Henwood	✔	✔
RC Lewin	✔	✔
By Invitation		
IG Morris	✔	✔
DSE Carlisle	✔	✔
DJ Case	✔	✔
J Wessels - KPMG Inc	✔	✔
L White - KPMG Inc	✔	✔
✔ = Present / **A** = Apologies		

The remuneration committee report to shareholders can be found on page 8 of the annual report.

Company Secretary

The board of directors have access to a suitably qualified and experienced company secretary who provides guidance to the board of directors with regard to how their responsibilities should be discharged in the best interests of MICRO*mega* and its stakeholders and ensures that the board of directors complies with all applicable laws and also adheres to governance best practices, rules, codes and standards to the extent necessary. In addition to guiding the board of directors on discharging its responsibilities, the company secretary also oversees the induction of new directors, including directors of subsidiary companies, as well as the ongoing education of directors. All the managing directors of the subsidiaries also have access to the company secretary.

Corporate Governance (continued)

Governance of Information Technology
The board of directors is acutely aware of the importance of information technology within the different business units and is in the process of preparing an information technology governance framework to be implemented throughout the group.

Stakeholder Relationships
The board of directors appreciates that stakeholder perceptions can affect the company's reputation and the board of directors has endeavoured to provide stakeholders with timely, relevant and factual information regarding MICRO*mega*'s strategy, policies and management, while striving to achieve a balance between stakeholder expectations and the best interests of the company.

Directors Going Concern Statement
After making due inquiries, the directors are satisfied that MICRO*mega* has adequate resources available to continue to operate for the foreseeable future and there is no reason to believe that the MICRO*mega* group will not continue as a going concern for the forthcoming year. The annual financial statements presented on pages 15 to 79 have accordingly been prepared on a going concern basis. The directors are responsible for the final approval of the annual financial statements.

Audit and Risk Committee Report

The audit and risk committee is hereby pleased to provide its report to the board of directors and to all stakeholders. The audit and risk committee believes that it has complied with its legal, regulatory and other responsibilities.

The audit and risk committee is comprised of two non-executive directors, Peter Henwood, the Chairman of the audit and risk committee, and Ross Lewin. The board of directors is aware that both King III and the new Companies Act 71 of 2008 require a minimum of three independent non-executive directors to be members of the audit and risk committee and the board of directors is in the process of seeking suitable candidates to fulfil this requirement. Peter Henwood CA(SA) is a former audit partner of KPMG Incorporated, who has 43 years of experience in the audit environment. He has been registered as a Chartered Accountant for the last 34 years. Ross Lewin BSc.Eng (Hons) is an engineering professional who has had a successful career over more than 20 years in the engineering and information technology service provision fields. As a founding member of various companies, he has successfully assumed financial responsibility for those companies whilst overseeing rapid and substantial growth. Ross also holds directorships on the boards of a number of international companies.

The executive directors and the representatives from the external auditor, KPMG Incorporated, are invited to attend the audit and risk committee meetings. The audit and risk committee is required to meet at least twice a year but met four times during the 2010 financial year and the attendance thereat is set out in the table below:

Attendance at audit and risk committee meetings during 2010:

Committee Member	15 March 2010	30 July 2010	14 October 2010	2 December 2010
PV Henwood	✔	✔	✔	✔
RC Lewin	✔	✔	✔	✔
By Invitation				
IG Morris	✔	✔	✔	✔
DSE Carlisle	✔	✔	✔	✔
DJ Case	✔	✔	✔	✔
J Wessels - KPMG Inc.	✔	✔	✔	✔
L White - KPMG Inc.	✔	✔	✔	✔
✔ = Present / **A** = Apologies				

In accordance with the committee's approved terms of reference, which were updated and approved by the committee and the board of directors by way of a round robin resolution on 16 August 2010, the audit and risk committee discharged, *inter alia*, the following responsibilities:

- reviewed the interim results, annual financial statements, trading updates and other similar documents and provided comments thereon to the board of directors;
- made submissions to the board on matters concerning MICRO*mega*'s accounting policies, financial controls and reporting;
- oversaw the financial risk management and controls of the company and ensured that the controls were adequate and effective;
- satisfied itself with the appropriateness of the expertise and adequacy of resources of the finance function, including the appropriateness and expertise of the financial director, David Case;
- obtained explanations from management on the accounting of significant or unusual transactions and considered the views of the external auditors in regard thereto;
- monitored the company's combined assurance model and ensured that significant risks facing the company are adequately addressed;
- nominated KPMG Incorporated for appointment as the independent external auditor of the company and ensured that KPMG Incorporated maintains its independence and objectivity;
- determined the nature and extent of non-audit services provided by the auditor during the year under review;
- assessed the quality and effectiveness of the audit process and determined and approved the fees paid to the independent external auditor; and
- reviewed the directors' report to be included in the financial statements prior to endorsement by the board of directors.

External Auditor appointment and independence

The audit and risk committee duly satisfied itself that, in accordance with section 94(8) of the Companies Act, 71 of 2008, KPMG Incorporated, the external auditor of MICRO*mega* is independent of MICRO*mega* and that the appointment of KPMG Incorporated was made in accordance with applicable legislation. At the audit and risk committee meeting held on 14 October 2010, the committee approved the terms of engagement of and the fees payable to KPMG Incorporated for the 2010 audit and recommended KPMG Incorporated for appointment as the auditors of MICRO*mega* for the ensuing financial year. The group has a formal policy on the provision of non-audit services by the external auditors. The policy also requires KPMG Incorporated to satisfy the audit committee that the delivery of non-audit services does not compromise the independence of the auditors. During the year under review, KPMG Incorporated did not provide any non-audit services to MICRO*mega*.

Commentary on the financial statements and accounting practices of MICRO*mega*

As previously mentioned, the audit and risk committee checklist prepared for each meeting, assists the committee in ensuring that MICRO*mega* complies with required accounting practices and all relevant matters are brought to the attention of the audit and risk committee. Input from the external auditors at each audit and risk committee meeting provides the committee with further insight into the financial management of the company. The audit and risk committee is therefore satisfied that the financial statements of the company comply with International Financial Reporting Standards and are consistent with the previous annual financial statements and that no matters of significance have been raised during the 2010 financial year.

Evaluation of MICRO*mega*'s finance function

During the year under review, the finance teams of several subsidiaries were brought under the control of the holding company's

Audit and Risk Committee Report (continued)

finance team, headed by David Case, the financial director. This integration has resulted in a more seamless and standardised service being provided to the companies in the group and it is envisaged that the finance teams of certain other subsidiaries will soon be merged with the head office finance team. The audit and risk committee considered the appropriateness of the expertise and experience of the financial director, David Case, together with MICRO*mega*'s finance team and is satisfied that David Case and the finance team have the necessary knowledge, skills and expertise to perform the finance function for the group.

Internal Control System

During the year being reported on MICRO*mega* maintained systems of internal control over financial reporting and safeguarding of assets of the group. The board of directors is responsible for the internal financial controls and systems in use throughout the group and the internal auditor will be in a position to comment on the effectiveness of these internal controls in the 2011 financial year. Nothing has come to the attention of the directors that indicates a material breakdown in the functioning of the group's internal control systems.

Risk management

The audit and risk committee was responsible for assisting the board in governing the group's risk management policies during the year. Its primary role was to ensure that MICRO*mega* implemented an effective risk management policy and plan for the group.

During the 2010 financial year-end the audit and risk committee and the board of directors approved the use of the MIRACLES® risk assessment methodology as the company's primary risk management tool. The MIRACLES® risk assessment methodology was developed for the occupational health and safety industry in particular, but was customised for financial and operational risks in order to be used as an effective risk management tool for MICRO*mega*. The MIRACLES® risk assessment is based on a three-dimensional model taking into account severity, probability and exposure of the risks and the controls used to mitigate these risks. MICRO*mega*'s subsidiaries use the methodology to consider the risks particular to the relevant subsidiary with the monitoring of certain categories of risk being mandatory. The input received from each of the subsidiaries is then consolidated to develop the operational and strategic risk management at the holding company level.

Going concern assessment

The audit and risk committee reviews the going concern status of MICRO*mega* by considering the documentation prepared by management and the assurance provided by the financial director at each meeting and therefore supports the going concern statement of the board of directors.

Remuneration Report

The remuneration committee is pleased to provide all stakeholders with its first remuneration report.

The remuneration committee adopted terms of reference during the 2010 financial year which require the committee to *inter alia*:

- oversee the establishment of a remuneration policy and ensure that the policy will achieve MICRO*mega*'s strategic objectives and encourage individual performance;
- ensure that MICRO*mega* remunerates directors and employees responsibly by assisting in administering the remuneration throughout the company and reviewing the outcomes of the remuneration policy;
- ensure that the disclosure of the directors remuneration is accurate, complete and transparent;
- evaluate the performance of the executive chairman and other executive directors in determining remuneration;
- regularly review incentive schemes; and
- advise on the remuneration of non-executive directors.

REMUNERATION PHILOSOPHY

MICRO*mega*'s remuneration philosophy is based on the premise of developing a high performance culture whereby senior executives and employees are rewarded and motivated for sustained quality performance. Senior executives are rewarded in accordance with the performance measurement system implemented during the year under review and employees are rewarded by way of annual incentives based on group performance. Annual increases are benchmarked on inflation projections and the current package and performance of each individual.

REMUNERATION STRUCTURE

Managing Directors
During the year under review, the remuneration committee reviewed and approved the performance measurement system applicable to all the managing directors of the subsidiaries of MICRO*mega* based on fixed and variable remuneration strategies which have been aligned to the business strategy of each subsidiary for the year ahead. This system is based on three fundamental targets – financial performance, economic sustainability and strategic initiatives. The performance targets for each managing director are proposed by the executive directors after due consideration of each company's budget performance projections for the year ahead. Remuneration is based on a total cost to company for each director for the financial year ahead and includes the basic monthly salary as well as the amount payable if all performance targets are met.

Meeting the subsidiary's financial target is mandatory and failure to do so will result in the total performance payment not being awarded. There are four requirements that each subsidiary must achieve in order to satisfy the financial performance target, these are:

- to achieve forecast earnings as per the budget approved by the board of directors;
- to ensure proper working capital management;
- effective credit control; and
- return on equity.

Economic stability is a core principle within the performance measurement system. There are eleven requirements that each subsidiary must achieve in order to satisfy the economic stability target, these are:

- compliance with group policies and procedures
- legal compliance
- client relationship management
- supplier relationship management
- annual improvement of B-BBEE scores
- corporate social responsibility initiatives
- enhancement of the company brand
- human resources management
- new clients secured during the financial year
- ensuring internal risk assessments are completed on a monthly basis
- staff development programmes and succession planning.

In addition to these two targets, each subsidiary of MICRO*mega* has developed a set of strategic initiatives that the subsidiary will attempt to achieve during the financial year and which will be monitored by the managing directors and the executives of MICRO*mega*. Performance bonuses are payable to the managing directors at the end of March based on the audited financial statements.

Executive directors
The remuneration granted to the executive directors is subject to the assessment of their annual performance and approval by the remuneration committee. Remuneration packages are market related and any performance bonuses and incentives are awarded based on the individual director's performance during the year subject to remuneration committee and board approval. Performance bonuses are payable to executive directors at the end of March based on the audited financial statements. Further details on the remuneration of executive directors can be found in note 31 to the annual financial statements. Executive directors do not receive fees for their services as directors of the company.

Non-executive directors
The fees paid to non-executive directors are currently based on meeting attendance and MICRO*mega* does not provide neither short-term or long-term incentives nor any compensation for loss of office. During the year under review, the fees paid to the non-executive directors were assessed and bench marked against those JSE listed companies with a similar market capitalisation and the remuneration committee and board of directors are proposing that the fees be amended as follows:

- R5 000 per month as a base fee;
- R10 000 for attendance at each board meeting;
- R5 000 for chairing each audit committee meeting;
- R5 000 for chairing each remuneration committee meeting;
- R5 000 for attendance at each audit committee meeting; and
- R5 000 for attendance at each remuneration committee meeting.

Remuneration Report (continued)

Employees

MICRO*mega* has an established staff remuneration policy which is applicable to all subsidiaries and is based on a remuneration system aimed at rewarding overall contribution or performance rather than status or position. Performance bonuses are set at the discretion of management and based on the following:

- individual performance and contribution to the subsidiary during the financial year;
- the necessity of competitive remuneration;
- whether the employees is currently receiving a 13th cheque;
- the subsidiary's financial performance during the financial year;
- the subsidiary's future financial requirements;
- general business conditions, strategies and investment opportunities;
- cash flows and availability of cash; and
- net debt levels.

OTHER BENEFITS

Every employee of the MICRO*mega* group may elect to join the MICRO*mega* provident fund which is an umbrella fund established and managed by Momentum FundsAtWork. In addition all employees are encouraged to join the company appointed medical aid scheme, Discovery Health.

MICRO*mega* SHARE INCENTIVE SCHEME

The purpose of the MICRO*mega* Share Incentive Scheme is to provide MICRO*mega* employees with the opportunity to acquire an interest in the equity of the company, thereby creating further incentive to advance MICRO*mega*'s interests and promoting an identity of interests between employees and the shareholders of the company. The MICRO*mega* Share Incentive Scheme consists of a combination of a share option scheme and a share purchase scheme. Due to certain regulatory amendments, certain features of the MICRO*mega* Share Incentive Scheme require amendment, which amendments have been set out in appendix 1 to the notice of annual general meeting. Recommendation will be made to shareholders of MICRO*mega* at the forthcoming annual general meeting to amend the MICRO*mega* Share Incentive Scheme in accordance with appendix 2.

Sustainability Report

The board of directors is responsible for ensuring that MICRO*mega* takes measures to reduce both the direct and indirect environmental impacts of its business. MICRO*mega* also recognises its corporate responsibility towards the community in which it operates as well as to its various stakeholders which include investors, employees, suppliers and consumers.

Sustainability evaluation and management within MICRO*mega* is in its relative infancy but the board of directors is committed to initiating and expanding sustainability management and will ensure enhanced sustainability reporting to stakeholders in the future, taking into account the triple bottom line principle of reporting in accordance with King III.

Environment
MICRO*mega* is committed to the principles of sustainable development and through responsible management principles, works to reduce the negative environmental impact of each of its businesses by using natural resources in a sustainable manner and striving to reduce energy costs and consumption on a year to year basis.

MICRO*mega* is aware that all business activities impact on the environment in a particular manner. The majority of the activities undertaken by MICRO*mega*'s subsidiaries are classified as support services, information technology and financial services, which do not have a significant environmental impact. The main sustainability focus of these low impact companies is on energy and water conservation, recycling and limiting paper usage, and creating employee awareness of environmental responsibility.

MICRO*mega* purchased its head office premises at 66 Park Lane during 2010 and several of the businesses, including the information technology companies, the financial services companies and the support services companies have moved their head offices to 66 Park Lane, reducing electricity, fuel and water consumption throughout the group.

In the year ahead MICRO*mega* will investigate the feasibility of implementing an environmental management policy and developing a methodology to measure and monitor resource usage and actively reduce consumption levels. In addition, further direct and indirect impacts will be identified during the year and managed in a responsible manner. New emphasis will also be placed on the internal MICRO*mega* environmental campaign, launched in 2008, "Greening MICRO*mega*" and employees will be encouraged to propose ways in which we as a group can contribute to the direct "greening" of MICRO*mega* as well as to the environment in which we operate.

Social
MICRO*mega* is committed to treating all stakeholders with respect, dignity and fairness while empowering its employees and the communities within which MICRO*mega* operates.

Employee Relations
MICRO*mega* strives to promote a fair and open work environment where communication is encouraged and all executives of the company adhere to an open door policy, allowing employees to discuss work related matters or any concerns with them. Employee wellness programmes are arranged by MICRO*mega* allowing employees access to health care and health assessments; and fitness activities are encouraged. Social events are also organised on a monthly basis to encourage integration between the employees of the different subsidiaries.

Training and development
MICRO*mega* supports the skills development of its employees by providing financial assistance to employees to enhance their qualifications through further education, providing in-house training and providing staff with the opportunity to attend external training courses presented by accredited trainers.

During the year under review MICRO*mega* spent R639 779 (2009: R1 035 291) on external staff training and is committed to continually improving the skill set of existing employees throughout the year by way of internal training and allowing employees to attend accredited external training courses.

Equal opportunities and broad-based black economic empowerment ("B-BBEE")
MICRO*mega* is committed to providing fulfilling employment opportunities to the communities in which it operates and to creating a rewarding and secure workplace wherein individuals can develop fulfilling careers regardless of their background, race, religion or gender.

MICRO*mega* is an equal opportunity employer and subscribes to the Codes of Good Practice issued under the Broad-Based Black Economic Empowerment Act 53 of 2003, as amended. Each subsidiary is responsible for producing a B-BBEE scorecard for their business unit and strives to improve their ratings on a year-on-year basis.

MICRO*mega*'s employee demographics for the 2010 financial year-end were as follows:

	31st December 2010		31st December 2009	
Classification	**Male**	**Female**	**Male**	**Female**
White	198	143	208	151
African	228	86	254	92
Coloured	23	13	30	11
Indian	13	14	8	14
Total	**462**	**256**	**500**	**268**

At the year end 53% of the staff was historically disadvantaged which is the same as the prior year. 36% of the staff were female against the prior year ratio of 35%.

Health & safety
MICRO*mega* understands the importance of ensuring the health and safety of every employee within the organisation. Given the diversity of the business sectors within MICRO*mega* each subsidiary is required to implement and maintain sector specific health and safety controls and to ensure that any risks are effectively mitigated. MICRO*mega*

Sustainability Report (continued)

recognises that HIV/AIDS is one of the greatest challenges to the health and safety of all South Africans and encourages all employees to act responsibly and supports a workplace that is free of prejudice.

Corporate Social Responsibility
MICRO*mega* believes that the improvement of South African communities provides a sustainable stepping stone for the future and shows its commitment by focusing on the provision of financial support and education opportunities. In order to achieve this, the MICRO*mega* Social Responsibility Fund was established whereby contributions are made to a number of charitable organisations. School bursaries are provided to several of the children of members of staff and financial aid is provided to those staff members who are single income providers within their families. During the 2010 financial year, MICRO*mega* contributed R591 811 to the development of communities and by way of donations to charities. MICRO*mega* also supports several golf days on behalf of charities throughout the year and NOSA provides access to free training to selected individuals.

Stakeholder engagement
Effective stakeholder engagement is critical to the sustainability of MICRO*mega* and the executives of MICRO*mega* ensure that honest and clear communication is provided to all stakeholders by engaging with stakeholders in the following manner:

- Communication with investors is regulated in certain respects by the JSE Limited Listings Requirements and investors are engaged mainly through SENS announcements and associated press releases. The annual report and interim reports provide stakeholders with further details on MICRO*mega*'s performance, while all shareholders are encouraged to attend the annual general meeting as well as any shareholder meetings that may be held throughout the year. The company website, www.micromega.co.za, also provides stakeholders with information on the company.

- MICRO*mega* management engages with its employees in several ways and each subsidiary takes full responsibility for ensuring regular and open communication. All new employees participate in MICRO*mega*'s employee induction program and internal newsletters are circulated by some of the businesses. The company intranet is also available for use by all employees and further emphasis will be placed on using the intranet during 2011.

- Relationships with clients are built on trust and continuous personal contact. The provision of superior services and products is central to the business and MICRO*mega* strives to ensure that clients receive excellent service on all levels and that product quality is continually improved upon and suitable for the client's specific needs. Relationships with suppliers and MICRO*mega*'s business partners are actively developed, effectively managed and MICRO*mega* strives to ensure the responsible provision of goods and services while maintaining a high standard of integrity.

- Industry regulators monitor compliance with, *inter alia*, the JSE Limited Listings Requirements, legislation administered by the Financial Services Board and the Companies Act and MICRO*mega* engages with the various industry regulators as and when required. A culture of compliance is fostered among employees. Ongoing communication with MICRO*mega*'s sponsoring brokers to ensure that MICRO*mega* is in the forefront of reporting to investors and the market in general.

Annual Financial Statements

for the year ended 31 December 2010

Financial Contents

MICRO*mega* HOLDINGS LIMITED AND ITS SUBSIDIARY COMPANIES
(Registration number 1998/003821/06)

Directors' Responsibility Statement

The directors are responsible for the preparation and fair presentation of the group annual financial statements and annual financial statements of MICRO*mega* Holdings Limited, comprising the statements of financial position at 31 December 2010, and the statements of comprehensive income, the statements of changes in equity and cash flow statements for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the directors' report, in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies Act of South Africa.

The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of group annual financial statements and annual financial statements of MICRO*mega* Holdings Limited that are free from material misstatement, whether due to fraud or error, and maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the group and company's ability to continue as a going concern and have no reason to believe the businesses will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the group annual financial statements and annual financial statements of MICRO*mega* Holdings Limited are fairly presented in accordance with the applicable financial reporting framework.

Approval of the annual financial statements

The group annual financial statements and the annual financial statements of MICRO*mega* Holdings Limited as identified in the first paragraph, were approved by the Board of Directors on 31 March 2011 and are signed on its behalf by:

Mr DC King
Executive Chairman

Mr DSE Carlisle
Managing Director

Certification by Company Secretary

In accordance with the provisions of section 268G (d) of the Companies Act, I certify that, in respect of the year ended 31 December 2010, the company has lodged with the Registrar of Companies all returns prescribed by the Act and that all such returns are true, correct and up to date.

TS de Mendonca
Company Secretary
31 March 2011

Independent Auditor's Report

To the members of MICROmega Holdings Limited

Report on the Financial Statements

We have audited the group annual financial statements and the annual financial statements of MICRO*mega* Holdings Limited, which comprise the statements of financial position at 31 December 2010, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the directors' report as set out on pages 15 to 79.

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

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

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

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

Opinion
In our opinion, these financial statements present fairly, in all material respects, the consolidated and separate financial position of MICRO*mega* Holdings Limited at 31 December 2010, and 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.

KPMG Inc.

Per: J Wessels
Chartered Accountant (SA)
Registered Auditor
Director
31 March 2011

Report of the Directors

The directors present their report for the year ended 31 December 2010. This report forms part of the audited group and separate financial statements of MICRO*mega* Holdings Limited ("financial statements").

1. **General review**
The group's business and operations and the results thereof are clearly reflected in the attached consolidated annual financial statements.

2. **Nature of the business**
MICRO*mega* Holdings Limited is an investment holding Company listed on the JSE Limited. The Company provides strategic, operational and financial support to the entities that the Company has an interest in.

Through the investments held by the Company, the group provides the following services and products:
- *Financial services sector*
  - Inter-dealer financial services broking in the over the counter wholesale markets
  - Internal insurance, asset based financing, management of working capital and foreign exchange bookings
- *Support services sector*
  - Employment outsourcing services in the engineering and construction industries
  - Occupational health and safety services including auditing, training and consulting
- *Information technology sector*
  - Web based software and information visualisation solutions
  - Integrated technology applications for local governments
  - Networking and data flow optimisation solutions
  - Revenue management solutions to local government and the utility industry
- *Automotive components sector*
  - Manufacturer and distribution of automotive components
  - Importation and distribution of power supply solutions
  - Distribution of auto-electrical accessories
  - Installation and maintenance of oil piping solutions
- *Property investments sector*
  - Investment in property portfolio consisting of residential and commercial property.

These services are provided globally and extend across a diverse client base, inclusive of both the private and public sectors.

3. **Dividends**
No dividends were declared or recommended during the year or the previous year.

4. **Accounting policies**
The audited financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and their interpretations adopted by the International Accounting Standards Board ("IASB"), the AC 500 standards as issued by the Accounting Practices board and its successor, the JSE Limited Listing Requirements and the Companies Act, 61 of 1973, as amended. The accounting policies applied are consistent with those applied in the prior year.

5. **Share capital**
There were no changes in the issued share capital of the group during the year under review.

During the year the group repurchased 504 431 treasury shares on the open market at an average premium of 127 cents to be utilised to settle future vendor payments.

6. **Property, plant and equipment**
The changes in the property, plant and equipment during the year or any changes in the policy relating to their use are set out in the attached financial statements and do not, in our opinion, require further comments.

7. **Events subsequent to the year end**
There were no subsequent events after the reporting date.

8. **Directors**
The directors of the group during the accounting period and up to the date of this report were as follows:

Mr DC King	Executive Chairman	Appointed 17 January 2011
Mr IG Morris	Chief Executive Officer	

Report of the Directors (continued)

Mr DSE Carlisle	Managing Director	
Mr DJ Case	Financial Director	Appointed 1 April 2010
Mr PV Henwood	Non-executive	
Mr RC Lewin	Non-executive	

9. Company secretary

The company secretary of the group is TS de Mendonca, whose business and postal addresses are:
66 Park Lane
Sandton
2196

Private Bag X9966
Sandton
2146

Miss TS de Mendonca replaced Mr GW Schnehage on 30 July 2010 as the company secretary of the group.

10. Discontinued operations

During the 2008 financial year the group had committed to ceasing the manufacture of pistons in Kolbenco (Proprietary) Limited due to the downturn in the automotive sector. A formal structured plan was commenced to dispose of the assets and settle the liabilities at the prior year end. The disposal of the assets has taken longer than initially expected due to the problems facing automotive component manufacturers world-wide. Formal structured plans are still in place for the disposal of the assets and discussions are ongoing with interested parties.

11. Special resolutions

Special resolutions were passed by certain subsidiaries to change their names.

12. Subsidiaries and associated companies

	Number of shares in issue	Percentage holding %		Shares at cost less accumulated impairment R'000		Due by / (to) subsidiaries R'000	
		2010	**2009**	**2010**	**2009**	**2010**	**2009**
MICRO*mega* Securities (Proprietary) Limited and its subsidiary companies	5 000 000	**100**	100	**78 704**	53 912	**(18 824)**	(2 696)
MICRO*mega* Treasury Solutions (Proprietary) Limited	943	**100**	100	**-**	-	**-**	-
MICRO*mega* Revenue Management Solutions (Proprietary) Limited and its subsidiary companies	100	**100**	100	**3 038**	3 141	**2 271**	7 202
MICRO*mega* Properties 2 (Proprietary) Limited	13 500	**100**	100	**92**	92	**454**	454
MICRO*mega* Investment Portfolio (Proprietary) Limited	13 500	**100**	100	**92**	92	**328**	328
SA Meter Reading Services (Proprietary) Limited	100	**100**	100	**180**	180	**-**	-
Intermap (Proprietary) Limited	100 000	**100**	100	**3 481**	10 170	**(4 970)**	(5 240)
Deltec Power Distributors (Proprietary) Limited and its subsidiary Company	100	**100**	100	**14 788**	14 788	**2 875**	2 408
Sebata Municipal Solutions (Proprietary) Limited and its subsidiary companies	392	**100**	74	**8 014**	8 000	**(19 165)**	(14 717)
MICRO*mega* National Certification (Proprietary) Limited	120	**100**	100	**-**	-	**(2 195)**	2 853
NOSA (Proprietary) Limited and its subsidiary companies	120	**100**	100	**-**	-	**(10 932)**	(8 820)
Riskworks (Proprietary) Limited	200	**60**	60	**-**	-	**-**	-
MICRO*mega* Quality Assurance (Proprietary) Limited	100	**100**	100	**-**	-	**-**	-
MECS Africa (Proprietary) Limited and its subsidiary companies	4 500	**100**	100	**4 930**	4 930	**8 778**	4 627
Swazi Occupational Safety & Health (Proprietary) Limited	100	**100**	100	**406**	406	**(71)**	(71)
BTM Manufacturing (Proprietary) Limited and its subsidiary Company	100	**100**	100	**11 671**	16 794	**20 676**	13 821
Automobile Radio Dealers Association 1989 (Proprietary) Limited and its subsidiary Company	16	**100**	100	**1 314**	4 764	**9 388**	10 020

Report of the Directors (continued)

	Number of shares in issue	Percentage holding %		Shares at cost less accumulated impairment R'000		Due by / (to) subsidiaries R'000	
		2010	**2009**	**2010**	**2009**	**2010**	**2009**
Tiseletso (Proprietary) Limited	100	**100**	100	**-**	-	**261**	231
Mzimkhulu Financial Investments (Proprietary) Limited	100	**100**	100	**-**	-	**32 578**	32 551
Lubrication Equipment (Proprietary) Limited	5 000	**100**	100	**10 990**	10 990	**(1 599)**	523
Stable-Net (Proprietary) Limited	120	**100**	85	**500**	200	**13 232**	16 182
MICRO*mega* Technologies (Proprietary) Limited	100	**85**	85	**-**	-	**8 528**	12 333
Kolbenco (Proprietary) Limited	1 100	**100**	100	**5 223**	5 223	**12 722**	6 989
Ocneblok Properties (Proprietary) Limited	100	**50**	50	**3 747**	3 747	**-**	-
Sciam Professional Solutions (Proprietary) Limited	100	**50**	50	**-**	-	**3 389**	-
MICRO*mega* Financial Services (Proprietary) Limited	100	**100**	100	**1**	-	**(3 873)**	-
Tipulinx (Proprietary) Limited	100	**74**	100	**1**	-	**-**	-
Extriblox (Proprietary) Limited	100	**100**	100	**1**	-	**-**	-
Arbez Advanced Solutions and Services (Proprietary) Limited	1000	**50**	50	**-**	-	**-**	-
NOSA Namibia (Proprietary) Limited	100	**100**	100	**-**	-	**549**	549
NOSA Limited UK	100	**100**	100	**4**	4	**-**	-
MICRO*mega* Publications (Proprietary) Limited	100	**51**	-	**510**	-	**170**	-
Chlorotorque (Proprietary) Limited	100	**100**	-	**1**	-	**-**	-
Chloroway (Proprietary) Limited	100	**100**	-	**1**	-	**-**	-
Pavati Trading 124 (Proprietary) Limited	100	**51**	-	**1**	-	**268**	-
Quandovert Sec 21 (Proprietary) Limited	-	**100**	-	**1**	-	**-**	-
Cloudware (Proprietary) Limited	100	**60**	-	**-**	-	**4 419**	-
Kyostax (Proprietary) Limited	100	**50**	-	**-**	-	**7 530**	-
				147 691	137 433	**66 787**	79 527

With the exception of Swazi Occupational Safety & Health (Proprietary) Limited, which is domiciled in Swaziland; NOSA Limited UK, which is domiciled in the United Kingdom; and NOSA Namibia (Proprietary) Limited, which is domiciled in Namibia, all of the above entities are domiciled in the Republic of South Africa.

All the above entities have the same year end as MICRO*mega* Holdings Limited except for Pavati Trading 124 (Proprietary) Limited whose year end is in February.

The earnings of the subsidiaries attributable to MICRO*mega* Holdings Limited was R27 232 044.

Statements of Financial Position

as at 31 December 2010

		Group		Company	
		2010	2009	2010	2009
	Notes	R'000	R'000	R'000	R'000
ASSETS					
Non-current assets		**262 828**	168 880	**211 798**	145 951
Property, plant and equipment	5	**141 332**	58 871	**10 099**	877
Intangible assets	6	**62 902**	61 434	**1 000**	1 000
Investment in subsidiaries	7	**-**	-	**147 691**	137 433
Investment in associates	8	**2 476**	3 747	**-**	-
Other investments	9	**6 695**	6 698	**6 594**	6 594
Amounts owing by subsidiary companies	16	**-**	-	**46 071**	-
Loans receivable	10	**24 677**	21 891	**-**	-
Deferred tax assets	11	**24 746**	16 239	**343**	47
Current assets		**242 036**	251 906	**86 891**	112 548
Inventories	13	**51 631**	45 200	**915**	178
Retirement benefits	14	**26 844**	18 877	**-**	-
Trade and other receivables	15	**113 330**	123 976	**1 389**	700
Amounts owing by subsidiary companies	16	**-**	-	**82 626**	111 352
Current portion of loans receivable	10	**3 539**	5 497	**-**	-
Cash and cash equivalents	17	**20 963**	29 936	**885**	318
Income tax receivable		**1 043**	-	**1 076**	-
Non-current assets classified as held for sale	12	**24 686**	28 420	**-**	-
Total assets		**504 864**	420 786	**298 689**	258 499
EQUITY					
Share capital and share premium	18	**190 797**	191 440	**192 757**	192 756
Non-distributable reserves	19	**14 410**	8 196	**2 535**	2 018
Retained earnings		**78 280**	66 959	**32 312**	24 216
Total equity attributable to owners of the company		**283 487**	266 595	**227 604**	218 990
Non-controlling interests		**16 189**	13 455	**-**	-
Total equity		**299 676**	280 050	**227 604**	218 990
LIABILITIES					
Non-current liabilities		**69 877**	27 530	**317**	32
Borrowings	20	**56 576**	19 467	**317**	32
Deferred tax liabilities	11	**13 301**	8 063	**-**	-
Current liabilities		**135 311**	113 206	**70 768**	39 477
Bank overdraft	17	**11 844**	3 930	**-**	-
Current portion of borrowings	20	**31 886**	21 372	**233**	29
Trade and other payables	22	**82 286**	86 055	**7 836**	5 630
Amounts owing to subsidiary companies	23	**-**	-	**61 910**	31 825
Deferred vendor payments	21	**789**	871	**789**	871
Provisions	24	**8 506**	36	**-**	-
Income tax payable		**-**	942	**-**	1 122
Total liabilities		**205 188**	140 736	**71 085**	39 509
Total equity and liabilities		**504 864**	420 786	**298 689**	258 499

Statements of Comprehensive Income

for the year ended 31 December 2010

		Group		Company	
		2010	2009	2010	2009
	Notes	R'000	R'000	R'000	R'000
Revenue	25	**682 314**	747 307	**16 850**	25 500
Revenue from continuing operations	25	**681 925**	721 900	**16 850**	25 500
Revenue from discontinued operations	25, 34	**389**	25 407	**-**	-
Cost of sales		**(451 437)**	(517 175)	**-**	-
Gross profit		**230 877**	230 132	**16 850**	25 500
Gross profit from continuing operations		**239 496**	227 428	**16 850**	25 500
Gross (loss) / profit from discontinued operations	34	**(8 619)**	2 704	**-**	-
Other income	26	**7 037**	9 109	**32**	-
Distribution expenses		**(6 068)**	(5 578)	**(72)**	(15)
Administrative expenses	29	**(217 052)**	(196 616)	**(20 936)**	(15 756)
Other income / (expenses)	27	**-**	-	**9 426**	(1 903)
Results from operations		**14 794**	37 047	**5 300**	7 826
Results from continuing operations		**24 102**	43 947	**5 300**	7 826
Results from discontinued operations		**(9 308)**	(6 900)	**-**	-
Finance income	32	**8 468**	9 479	**2 581**	2 380
Finance expenses	32	**(10 794)**	(16 995)	**(81)**	(3 364)
Net finance (expense) / income		**(2 326)**	(7 516)	**2 500**	(984)
Share of loss of equity accounted associates	8	**(724)**	(768)	**-**	-
Profit before income taxation		**11 744**	28 763	**7 800**	6 842
Profit before taxation from continuing operations		**22 510**	36 346	**7 800**	6 842
Loss before taxation from discontinued operations	34	**(10 766)**	(7 673)	**-**	-
Income tax (expense) / credit	33	**(3 936)**	(11 084)	**296**	(2 667)
Profit for the year		**7 808**	17 679	**8 096**	4 175
Profit from continuing operations		**15 547**	23 768	**8 096**	4 175
Loss from discontinued operations	34	**(7 739)**	(6 089)	**-**	-
Other comprehensive income					
Foreign currency translation differences		**12**	42	**-**	-
Revaluation of property, plant and equipment		**16 099**	2 230	**-**	-
Realisation of revaluation reserve		**(49)**	-	**-**	-
Income tax on other comprehensive income		**(4 507)**	(634)	**-**	-
Other comprehensive income for the year, net of income tax		**11 555**	1 638	**-**	-
Total comprehensive income for the year		**19 363**	19 317	**8 096**	4 175
Profit attributable to:					
Equity holders of the company		**5 673**	16 362	**8 096**	4 175
Non-controlling interests		**2 135**	1 317	**-**	-
Profit for the year		**7 808**	17 679	**8 096**	4 175
Total comprehensive income attributable to:					
Equity holders of the company		**11 432**	18 000	**8 096**	4 175
Non-controlling interests		**7 931**	1 317	**-**	-
Total comprehensive income for the year		**19 363**	19 317	**8 096**	4 175
Earnings per share					
Basic earnings per share (cents)	35	**5.86**	16.88	**8.36**	4.31
Diluted earnings per share (cents)	35	**5.83**	16.77	**8.32**	4.28
Continuing operations					
Basic earnings per share (cents)		**13.85**	23.16	**8.36**	4.31
Diluted earnings per share (cents)		**13.78**	23.01	**8.32**	4.28

Statements of Changes in Equity

for the year ended 31 December 2010

	Share capital R'000	Share premium R'000	Revaluation reserve R'000	Foreign currency translation reserve R'000	Deal differences reserve R'000	Share-based payments reserve R'000	Retained earnings R'000	Total R'000	Non-controlling interests R'000	Total equity R'000
GROUP										
Balance at 01 January 2009	**971**	**190 678**	**2 388**	**(21)**	**1 000**	**2 297**	**50 597**	**247 910**	**12 338**	**260 248**
Total comprehensive income for the year										
Profit for the year	-	-	-	-	-	-	16 362	16 362	1 317	17 679
Other comprehensive income	-	-	1 596	42	-	-	-	1 638	-	1 638
Foreign currency translation differences	-	-	-	42	-	-	-	42	-	42
Revaluation of property	-	-	1 596	-	-	-	-	1 596	-	1 596
Total comprehensive income for the year	-	-	1 596	42	-	-	16 362	18 000	1 317	19 317
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners	(1)	(208)	-	-	-	894	-	685	(200)	485
Treasury shares purchase	(1)	(223)	-	-	-	-	-	(224)	-	(224)
Share-based payment transactions	-	15	-	-	-	894	-	909	-	909
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(200)	(200)
Total transactions with owners	(1)	(208)	-	-	-	894	-	685	(200)	485
Balance at 31 December 2009	**970**	**190 470**	**3 984**	**21**	**1 000**	**3 191**	**66 959**	**266 595**	**13 455**	**280 050**
Balance at 01 January 2010	**970**	**190 470**	**3 984**	**21**	**1 000**	**3 191**	**66 959**	**266 595**	**13 455**	**280 050**
Total comprehensive income for the year										
Profit for the year	-	-	-	-	-	-	5 673	5 673	2 135	7 808
Other comprehensive income	-	-	5 376	12	-	-	371	5 759	5 796	11 555
Foreign currency translation differences	-	-	-	12	-	-	-	12	-	12
Revaluation of property	-	-	5 796	-	-	-	-	5 796	5 796	11 592
Realisation of revaluation reserve	-	-	(420)	-	-	-	371	(49)	-	(49)
Total comprehensive income for the year	-	-	5 376	12	-	-	6 044	11 432	7 931	19 363
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners	(5)	(638)	-	-	-	826	-	183	394	577
Treasury shares purchase	(5)	(639)	-	-	-	-	-	(644)	-	(644)
Share-based payment transactions	-	1	-	-	-	826	-	827	-	827
IFRS 3 Business Combinations	-	-	-	-	-	-		-	1 174	1 174
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(780)	(780)
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	5 277	5 277	(5 591)	(314)
Acquisitions on non-controlling interests without a change in control	-	-	-	-	-	-	5 277	5 277	(5 591)	(314)
Total transactions with owners	(5)	(638)	-	-	-	826	5 277	5 460	(5 197)	263
Balance at 31 December 2010	**965**	**189 832**	**9 360**	**33**	**1 000**	**4 017**	**78 280**	**283 487**	**16 189**	**299 676**

Statements of Changes in Equity (continued)

for the year ended 31 December 2010

	Share capital R'000	Share premium R'000	Share-based payments reserve R'000	Retained earnings R'000	Total R'000
COMPANY					
Balance at 01 January 2009	**1 008**	**191 733**	**1 251**	**20 041**	**214 033**
Total comprehensive income for the year					
Profit for the year	-	-	-	4 175	4 175
Total comprehensive income for the year	-	-	-	4 175	4 175
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners	-	15	767	-	782
Share-based payment transactions	-	15	767	-	782
Total transactions with owners	-	15	767	-	782
Balance at 31 December 2009	**1 008**	**191 748**	**2 018**	**24 216**	**218 990**
Balance at 01 January 2010	**1 008**	**191 748**	**2 018**	**24 216**	**218 990**
Total comprehensive income for the year					
Profit for the year	-	-	-	8 096	8 096
Total comprehensive income for the year	-	-	-	8 096	8 096
Transactions with owners, recorded directly in equity					
Contributions by and distributions to owners	-	1	517	-	518
Share-based payment transactions	-	1	517	-	518
Total transactions with owners	-	1	517	-	518
Balance at 31 December 2010	**1 008**	**191 749**	**2 535**	**32 312**	**227 604**

Statements of Cash Flows

for the year ended 31 December 2010

		Group		Company	
		2010	2009	2010	2009
	Notes	R'000	R'000	R'000	R'000
Cash flows for operating activities					
Cash generated / (utilised) by operating activities	41.1	**39 245**	64 928	**(2 242)**	11 551
Finance income		**8 468**	9 479	**2 581**	2 380
Finance costs		**(10 794)**	(16 995)	**(81)**	(3 364)
Taxation paid	41.2	**(14 817)**	(22 589)	**(2 198)**	-
Net cash inflows / (outflows) from operating activities		**22 102**	34 823	**(1 940)**	10 567
Cash outflow from investing activities					
Expenditure to maintain operating capacity					
Property, plant and equipment acquired	5	**(68 820)**	(12 212)	**(9 848)**	(149)
Intangible assets acquired		**(101)**	(213)	**-**	-
Proceeds of disposals of property, plant and equipment		**1 528**	5 656	**40**	-
Proceeds of disposals of intangible assets		**-**	19	**-**	-
Expenditure for expansion					
Acquisition of subsidiaries	41.3	**(7 812)**	(1 578)	**(577)**	(12 576)
Internally generated intangible assets		**(9 368)**	(4 956)	**-**	-
Investments sold / (acquired)		**51**	2 359	**-**	(121)
Loans receivable granted		**-**	(26 350)	**-**	-
Loans receivable repaid		**1 757**	1 012	**-**	-
Net cash used in investing activities		**(82 765)**	(36 263)	**(10 385)**	(12 846)
Cash flows from financing activities					
Treasury shares repurchased		**(644)**	(224)	**-**	-
Dividends paid to non-controlling interests		**(780)**	(200)	**-**	-
Borrowings raised / (repaid)		**45 537**	12 857	**489**	(29)
Deferred vendor payments repaid		**(337)**	(2 327)	**(337)**	(1 927)
Subsidiary company loans raised		**-**	-	**30 085**	10 020
Subsidiary company loans granted		**-**	-	**(17 345)**	(7 196)
Net cash generated by financing activities		**43 776**	10 106	**12 892**	868
(Decrease) / increase in cash and cash equivalents		**(16 887)**	8 666	**567**	(1 411)
Cash and cash equivalents at the beginning of the year		**26 006**	17 340	**318**	1 729
Cash and cash equivalents at the end of the year	17	**9 119**	26 006	**885**	318

Notes to the Financial Statements

for the year ended 31 December 2010

1. Reporting entity

MICRO*mega* Holdings Limited is a company domiciled in the Republic of South Africa. The address of the Company's registered office is 66 Park Lane, Sandton. The consolidated financial statements of the group as at and for the year ended 31 December 2010, comprise the Company and its subsidiaries (together referred to as the "group" and individually as "group entities") and the group's interest in associates. The group's activities range across a broad spectrum of sectors (see the segment report and the report of the directors).

2. Basis of preparation

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and its interpretations adopted by the International Accounting Standards Board (IASB) and the requirements of the Companies Act of South Africa, 1973.

The financial statements were approved by the Board of Directors on 31 March 2011.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following:

- Derivative financial instruments are measured at fair value;
- Financial instruments at fair value through profit or loss are measured at fair value;
- Available-for-sale assets are measured at fair value;
- The defined benefit asset is recognised as the net total of the plan assets, plus unrecognised past service cost and unrecognised actuarial losses, less unrecognised actuarial gains and the present value of the defined benefit obligation; and
- Owner occupied land and buildings are revalued to fair value where there is indication that there is a change from the prior year.

The methods used to measure fair value are discussed further in note 4.

(c) Functional and presentation currency

These consolidated financial statements are presented in ZAR (South African Rand), which is the company's functional currency. All financial information presented in Rand has been rounded to the nearest thousand unless otherwise indicated.

(d) Use of estimates and judgements

The preparation of the financial statements, in conformity with IFRSs, requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is included in the following notes:

- Note 6 – measurement of the recoverable amounts of cash-generating units
- Notes 9, 15, 16, 21 and 37 – valuation of financial instruments
- Note 11 – utilisation of tax losses
- Note 21 – lease classification
- Note 24 – provisions and contingencies
- Note 36 – measurement of shared-based payments
- Note 38 – business combinations

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by group entities.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the group. Control exists when the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date the control ceases. Investments in subsidiaries are carried at cost less impairment adjustments in the company's separate financial statements.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the group.

(ii) Investments in associates and jointly controlled entities (equity accounted investees)

Associates are those entities in which the group has significant influence, but not control, over the financial and operating policies. Significant influence is assumed to exist when the group holds between 20 and 50 percent of the voting power of another entity.

Investments in associates are accounted for using the equity method (equity accounted investees) and are recognised initially at cost. The group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the group's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the group, from the date that significant influence commences until the date that the significant influence ceases. When the group's share of losses exceeds its interest in an equity accounted investees, the carrying amount of that interest, including any long-term investments, is reduced to nil and the recognition of further losses is discontinued except to the extent that the group has an obligation or has made payments on behalf of the investee.

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted associates are eliminated against the investment to the extent of the group's interest in the associate. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payment during the period, and the amortised cost in foreign currency at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Rand at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Rand at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income. When a foreign operation is disposed of, in part or in full, the relevant amount in the foreign currency translation reserve is transferred to profit or loss as part of the profit or loss on disposal.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented within equity in the foreign currency translation reserve.

Notes to the Financial Statements (continued)

for the year ended 31 December 2010

(c) Financial instruments

(i) Non-derivative financial assets

The group initially recognises loans and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the group becomes a party to the contractual agreements of the instrument.

The group derecognises a financial asset when the contractual right to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The group has the following non-derivative financial assets: financial assets at fair value through profit or loss, held-to-maturity financial assets, loans and receivables and available-for-sale financial assets.

Held-to-maturity financial assets

If the group has the positive intent and ability to hold debt securities to maturity, then they are classified as held-to-maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses. Any sale or reclassification of more than a insignificant amount of held-to-maturity investments as available-for-sale, will prevent the group from classifying investment securities as held-to-maturity for the current and the following two financial years.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the previous categories. The group's investments in equity securities and certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see note 3(h)(i)) and foreign currency differences in available-for-sale equity instruments (see note 3(b)(i)), are recognised in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognised, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

Financial assets at fair value through profit or loss

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit of loss if the group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the group's documented risk management or investment strategy. Upon initial recognition attributable transaction costs are recognised in profit of loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise instalment sale assets and trade and other receivables. Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(ii) Non-derivative financial liabilities

The group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the group becomes a party to the contractual provisions of the instrument.

The group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The group has the following non-derivative financial liabilities: loans and borrowings, bank overdrafts, and trade and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

(iii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity.

Repurchase of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or re-issued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to / from retained earnings.

(iv) Derivative financial instruments, including hedge accounting

The group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposure. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value. Fair value gains and losses are recognised directly in profit or loss.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment, with the exception of land and buildings, are measured at cost less accumulated depreciation and impairment losses. Land and buildings are revalued at regular intervals, not exceeding 3 years, by independent valuers. Additions are financed under instalment sales agreements and therefore borrowing costs are not capitalised.

Cost includes expenditure that is directly attributable to the acquisition of the items of property, plant and equipment. The cost of self-constructed items of property, plant and equipment includes the cost of materials and direct labour, any other costs directly attributable to bringing the items of property, plant and equipment to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the group and its cost can be measured reliably. The carrying value of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each major component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

- Buildings 21 – 50 years
- Plant and equipment 5 – 15 years

Notes to the Financial Statements (continued)

for the year ended 31 December 2010

• Motor vehicles	4 – 5 years
• Furniture and fittings	5 – 10 years
• Office equipment	5 – 10 years
• Computer equipment	2 – 5 years
• Computer software	2 – 3 years
• Leasehold improvements	Over the period of the lease

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

(e) Intangible assets

(i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. Goodwill represents the excess of the cost of the acquisition over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative (negative goodwill), it is recognised immediately in profit or loss.

Acquisitions of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transaction with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investee, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted investee.

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding, is recognised in profit or loss when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the group intends to, and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

(iii) Other intangible assets

Other intangible assets that are acquired by the group, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

(iv) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(v) Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

• Brand names	Indefinite
• Computer software	3 – 5 years
• Customer relationships	2 – 4 years
• Patents, trademarks and other rights	10 years to indefinite
• Intellectual property	Indefinite

Amortisation methods, useful lives and residual values are reviewed at the reporting date.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets but they are tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired, and it is subsequently carried at cost less accumulated impairment losses.

(f) Leased assets

Leases in terms of which the group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognised on the group's statement of financial position.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average cost principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Where necessary, provision is made for obsolete, slow-moving and defective inventories.

(h) Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicated that one or more events had a negative effect on the estimated future cash flows from that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in the profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

(ii) Non-financial assets

The carrying amount of the group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups.

Notes to the Financial Statements (continued)

for the year ended 31 December 2010

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generated units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the group on a *pro rata* basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of cash inflows of other assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Non-current assets classified as held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the group's accounting policies. Thereafter generally the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on a *pro rata* basis, except that no loss is allocated to inventories, financial assets or deferred tax assets, which continue to be measured in accordance with the group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

(j) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are made more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

(ii) Defined benefit plans

A defined benefit plan is a post-employment plan other than a defined contribution plan. The group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods; those benefits are discounted to determine the present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the group, the recognised asset is limited to the net total of any unrecognised past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised in profit or loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in profit or loss.

The group recognises all actuarial gains and losses arising from defined benefit plans in profit or loss.

(iii) Termination benefits

Termination benefits are recognised as an expense when the group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

(iv) Short-term benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonuses or profit-sharing plans if the group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(v) Share-based payment transactions
The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options, for which the related service and non-market conditions are met.

(k) Provisions

A provision is recognised if, as a result of a past event, the group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

The group recognises an onerous contract as a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The group recognises the present obligation under the contract as a provision.

(l) Revenue

(i) Goods sold
Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. Discount is recognised as a reduction of revenue as the sales are recognised.

(ii) Services
Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

(m) Government grants

Grants that compensate the group for expenses incurred are recognised in profit or loss on a systematic basis in the same periods in which the expenses are recognised. Grants that compensate the group for the cost of an asset are recognised in profit or loss on a systematic basis over the useful life of the asset.

(n) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Notes to the Financial Statements (continued)

for the year ended 31 December 2010

(o) Finance income and expenses

Finance income comprises interest income on funds invested, dividend income, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, foreign currency gains on forward exchange contracts recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the group's right to receive payment is established, which in the case of listed securities is the ex-dividend date.

Finance expenses comprise interest expense on borrowings, unwinding of discount on provisions, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets and losses on forward exchange contracts that are recognised in profit or loss. All borrowing costs are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis.

(p) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss, except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rate expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the relevant dividend is recognised.

(q) Earnings per share

The group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprises share options granted to employees.

(r) Segment reporting

The group determines and presents operating segments based on the information that is internally provided to the Executive Chairman, who is the chief operating decision maker. A segment is a distinguishable component of the group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of the other segments. The group's primary format for segment reporting is based on business segments. The business segments are determined based on the industry that the operations are linked to.

No secondary geographical segment analysis has been included as geographical location does not play a significant role in the group's operations and thus this information will not be beneficial.

Segment revenue
Segment revenue represents the gross value of services invoiced and goods sold excluding value-added taxation, which is directly attributable and reasonably allocated to each business segment.

Investment income is included in the segment where the business activity holding the investment is situated.

Segment results
Segment results equal segment revenue less segment expenses before any adjustment to minority interests.

Segment assets and liabilities
Segment assets and liabilities include direct and reasonable allocable operating assets, investments in associates and liabilities. Segment assets comprise total assets less deferred tax assets, investments in associates, tax receivable assets and loans receivable from group companies. Segment liabilities comprise total liabilities less deferred tax liabilities, tax payable liabilities and loans payable to group companies.

(s) New standards and interpretations not yet adopted

At the date of authorisation of the financial statements of the group for the year ended 31 December 2010, the following Standards and Interpretations were in issue but not yet effective:

	Standard / Interpretation	**Effective date**
IAS 24 revision	*Related party disclosure*	Annual period commencing on or after 1 January 2011*
IAS 32 amendment	*IAS 32 Financial instruments: Presentation: Classification of rights issues*	Annual period commencing on or after 1 February 2010*
11 individual amendments to 6 standards	*Improvements to International Financial Reporting Standards 2010*	Annual period commencing on or after 1 July 2010*
IFRS 1 amendment	*First-time adoption of International Financial Reporting Standards*	Annual period commencing on or after 1 July 2010*
IFRS 7 amendment	*Disclosures – Transfers of Financial Assets*	Annual period commencing on or after 1 July 2011*
IFRS 9	*Financial instruments*	Annual period commencing on or after 1 January 2013*
IFRS 9	*Additions to IFRS 9 Financial Instruments*	Annual period commencing on or after 1 January 2013*
IFRIC 14 amendment	*Prepayment of a minimum funding requirement*	Annual period commencing on or after 1 January 2011*
IFRIC 19	*Extinguishing financial liabilities with equity instruments*	Annual period commencing on or after 1 July 2010*
* All Standards and Interpretations will be adopted at their effective date (except for those Standards and Interpretations that are not applicable to the group).		

The following standards are not applicable to the business of the entity and will therefore have no impact on future financial statements: IAS 24 revision, IAS 32 amendment, IFRS 1, IFRS 2 amendment, IFRIC 14 amendment, IFRIC 17 and IFRIC 19. The directors are of the opinion that the impact of the application of the remaining Standards and Interpretations will be as follows:

Improvements to IFRS 2010
The improvements to IFRS 2010 are 11 amendments to 6 standards. None of the amendments to the standards will have an impact on prior year reporting of the company. Amendments to IFRS 3 – Business Combinations, IFS 7 – Financial Instruments: Disclosures, IAS 1 – Presentation of Financial Statements, and IAS 34 – Significant Events and Transactions will be incorporated into accounting policy changes for treatment of potential future transactions.

IFRS 7 Amendment
The amendments to IFRS 7 will be adopted by the group for the first time for its financial reporting period ending 31 December 2012.

In terms of the amendments additional disclosure will be provided regarding transfers of financial assets that are:
- not derecognised in their entirety; and
- derecognised in their entirety but for which the company retains continuing involvement.

Notes to the Financial Statements (continued)

for the year ended 31 December 2010

The amendments will have no impact on the company's disclosure about financial instruments.

IFRS 9

IFRS 9 will be adopted by the group for the first time for its financial reporting period ending 31 December 2013. The standard will be applied retrospectively, subject to transitional provisions.

IFRS 9 addresses the initial measurement and classification of financial assets and will replace the relevant sections of IAS 39.

Under IFRS 9 there are two options in respect of classification of financial assets, namely, financial assets measured at amortised cost when the business model is to hold assets in order to collect contractual cash flows and when they give rise to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets are measured at fair value. Embedded derivatives are no longer separated from hybrid contracts that have a financial asset host.

There will be no significant impact on the financial statements as currently financial assets all carried at amortised cost.

Additions to IFRS 9

The additions to IFRS 9 will be adopted by the group for the first time for its financial reporting period ending 31 December 2013. The standard will be applied retrospectively, subject to transitional provisions.

Under IFRS 9, the classification and measurement requirements of financial liabilities are the same as per IAS 39, barring the following two aspects:

- Fair value changes for financial liabilities (other than financial guarantees and loan commitments) designated at fair value through profit or loss, attributable to the changes in the credit risk of the liability will be presented in other comprehensive income. The remaining change is recognised in profit or loss. However, if the requirement creates or enlarges an accounting mismatch in profit or loss, then the whole fair value change is presented in profit or loss. The determination as to whether such presentation would create or enlarge an accounting mismatch is made on initial recognition and is not subsequently reassessed.
- Under IFRS 9 derivative liabilities that are linked to and must be settled by delivery of an unquoted equity instrument whose fair value cannot be reliably measured, are measured at fair value.

IFRS 9 incorporates, the guidances in IAS 39 dealing with fair value measurement, derivatives embedded in host contracts that are not financial assets, and the requirements of IFRIC 9 – Reassessment of Embedded Derivatives.

There will be no impact on the financial statements.

4. Determination of fair values

A number of the group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and / or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of items of plant, equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and replacement cost when appropriate.

(ii) Intangible assets

The fair value of patents and trademarks acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the patent or trademark being owned. The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows.

The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of assets.

(iii) Inventories

The fair value of inventories acquired in a business combination is determined on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

(iv) Investments in equity and debt securities

The fair value of financial assets at fair value through profit or loss, held-to-maturity investments and available-for-sale financial assets is determined by reference to their quoted closing bid prices at the reporting date. The fair value of held-to-maturity investments is determined for disclosure purposes.

(v) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes.

(vi) Derivatives

The fair value of forward exchange contracts is based on the market related forward rate as quoted by the banks for an instrument issued on reporting date with a similar expiry date.

(vii) Share-based payment transactions

The fair value of employee share options is measured using the Black-Scholes formula. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instrument (based on the rules of the share incentive scheme) expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

5. Property, plant and equipment

	2010 Cost / Valuation R'000	2010 Accumulated depreciation and impairment losses R'000	2010 Carrying value R'000	2009 Cost / Valuation R'000	2009 Accumulated depreciation and impairment losses R'000	2009 Carrying value R'000
GROUP						
Land and buildings	**107 797**	**498**	**107 299**	30 534	-	30 534
Plant and equipment	**16 739**	**7 887**	**8 852**	16 350	5 619	10 731
Motor vehicles	**12 053**	**5 669**	**6 384**	10 694	4 939	5 755
Furniture and fittings	**8 102**	**2 988**	**5 114**	5 441	2 413	3 028
Office equipment	**3 967**	**2 212**	**1 755**	3 381	1 676	1 705
Computer equipment	**20 604**	**15 628**	**4 976**	17 620	12 067	5 553
Computer software	**1 517**	**1 034**	**483**	1 235	751	484
Leasehold improvements	**8 223**	**1 754**	**6 469**	2 177	1 096	1 081
	179 002	**37 670**	**141 332**	87 432	28 561	58 871

Included in the figures above are the following in terms of assets leased under finance leases.

Notes to the Financial Statements (continued)

for the year ended 31 December 2010

5. Property, plant and equipment (continued)

	2010 Cost R'000	2010 Accumulated depreciation and impairment losses R'000	2010 Carrying value R'000	2009 Cost R'000	2009 Accumulated depreciation and impairment losses R'000	2009 Carrying value R'000
GROUP						
Leased assets						
Office equipment held under finance leases (refer to note 20)	**124**	**98**	**26**	124	74	50

The carrying value of property, plant and equipment can be reconciled as follows:

	Carrying value at the beginning of the year R'000	Additions R'000	Additions through business combinations R'000	Disposals R'000	Transfers R'000	Revaluation R'000	Depreciation R'000	Carrying value at end of year R'000
GROUP								
2010								
Land and buildings	**30 534**	**52 544**	**9 500**	**(880)**	**-**	**16 099**	**(498)**	**107 299**
Plant and equipment	**10 731**	**488**	**-**	**-**	**-**	**-**	**(2 367)**	**8 852**
Motor vehicles	**5 755**	**2 813**	**-**	**(429)**	**-**	**-**	**(1 755)**	**6 384**
Furniture and fittings	**3 028**	**2 692**	**-**	**(2)**	**-**	**-**	**(604)**	**5 114**
Office equipment	**1 705**	**613**	**-**	**(12)**	**-**	**-**	**(551)**	**1 755**
Computer equipment	**5 553**	**3 214**	**-**	**(131)**	**-**	**-**	**(3 660)**	**4 976**
Computer software	**484**	**284**	**-**	**-**	**-**	**-**	**(285)**	**483**
Leasehold improvements	**1 081**	**6 172**	**-**	**(40)**	**-**	**-**	**(744)**	**6 469**
	58 871	**68 820**	**9 500**	**(1 494)**	**-**	**16 099**	**(10 464)**	**141 332**

	Carrying value at the beginning of the year R'000	Additions R'000	Additions through business combinations R'000	Disposals R'000	Transfers R'000	Revaluation R'000	Depreciation R'000	Carrying value at end of year R'000
GROUP								
2009								
Land and buildings	27 990	314	-	-	-	2 230	-	30 534
Plant and equipment	9 407	3 944	-	-	-	-	(2 620)	10 731
Motor vehicles	6 207	2 020	-	(713)	-	-	(1 759)	5 755
Furniture and fittings	2 704	855	-	(45)	-	-	(486)	3 028
Office equipment	1 050	1 125	-	(11)	-	-	(459)	1 705
Computer equipment	6 034	3 448	-	(131)	146	-	(3 944)	5 553
Computer software	715	145	-	-	(132)	-	(244)	484
Leasehold improvements	1 074	361	-	-	-	-	(354)	1 081
	55 181	12 212	-	(900)	14	2 230	(9 866)	58 871

Certain property, plant and equipment is encumbered as stated in note 20 – Borrowings.

Notes to the Financial Statements (continued)

for the year ended 31 December 2010

5. Property, plant and equipment (continued)

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

	2010 Cost	2010 Accumulated depreciation and impairment losses	2010 Carrying value	2009 Cost	2009 Accumulated depreciation and impairment losses	2009 Carrying value
	R'000	R'000	R'000	R'000	R'000	R'000
COMPANY						
Motor vehicles	**918**	**270**	**648**	266	119	147
Furniture and fittings	**2 862**	**640**	**2 222**	737	564	173
Office equipment	**640**	**268**	**372**	391	197	194
Computer equipment	**2 278**	**827**	**1 451**	790	621	169
Leasehold improvements	**6 150**	**744**	**5 406**	824	630	194
	12 848	**2 749**	**10 099**	3 008	2 131	877

The carrying amount of property, plant and equipment can be reconciled as follows:

	Carrying value at the beginning of the year	Additions	Disposals	Depreciation	Carrying value at end of year
	R'000	R'000	R'000	R'000	R'000
COMPANY					
2010					
Motor vehicles	**147**	**652**	**-**	**(151)**	**648**
Furniture and fittings	**173**	**2 125**	**-**	**(76)**	**2 222**
Office equipment	**194**	**257**	**(8)**	**(71)**	**372**
Computer equipment	**169**	**1 488**	**-**	**(206)**	**1 451**
Leasehold improvements	**194**	**5 326**	**-**	**(114)**	**5 406**
	877	**9 848**	**(8)**	**(618)**	**10 099**

	Carrying value at the beginning of the year	Additions	Disposals	Depreciation	Carrying value at end of year
	R'000	R'000	R'000	R'000	R'000
COMPANY					
2009					
Motor vehicles	200	2	(2)	(53)	147
Furniture and fittings	165	37	-	(29)	173
Office equipment	258	20	(5)	(79)	194
Computer equipment	189	90	(13)	(97)	169
Leasehold improvements	285	-	-	(91)	194
	1 097	149	(20)	(349)	877

Certain property, plant and equipment is encumbered as stated in note 20 – Borrowings.

Notes to the Financial Statements (continued)

for the year ended 31 December 2010

5. Property, plant and equipment (continued)

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

	Group		Company	
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000
Land and buildings comprise of the following:				
Land and buildings situated on Erf 581 and Erf 582, Elsburg Extension 1, Registration Division I.R. the province of Gauteng.	**3 383**	3 427	**-**	-
The land and buildings are jointly owned by MICRO*mega* Properties 2 (Proprietary) Limited and MICRO*mega* Investments Portfolio (Proprietary) Limited.				
The last revaluation was done in 2007. The valuation was performed by Rike Real Estate CC, and based upon recent sales of similar buildings in Elsburg at the time. The directors have not revalued the property as the municipal valuations for the two separate Erfs dated December 2010 indicate that there is no impairment. These municipal valuations total R3.446m.				
Land and buildings situated on Erf 30366 Kimberly, the province of the Northern Cape.	**-**	880	**-**	-
The property was disposed during the current year.				
Land and buildings situated on Portion 1 of Erf 90, Sandown Ext 2.	**66 500**	-	**-**	-
The effective date of the revaluation was 24 January 2011. The valuation was performed by J.D. Malakou, valuer M.I.V.S.A.				
Residential land and buildings situated on Erf 278, Hyde Park Ext 47.	**9 480**	-	**-**	-
The property was valued prior to acquisition on 13 April 2010. The valuation was performed by J.D. Malakou, valuer M.I.V.S.A.				
Factory and office buildings situated on remaining Extent of Stand 140 Wynberg.	**2 336**	2 227	**-**	-
The effective date of the revaluation was 01 November 2007. The valuation was performed by Watprop Industrial & Commercial Property Consultants.				
Factory and office buildings situated at 6 Liebenberg Street, Alrode, Erf 1599.	**25 600**	24 000	**-**	-
The effective date of the revaluation was 22 January 2011. The valuation was performed by J.D. Malakou, valuer M.I.V.S.A.				
Total	**107 299**	30 534	**-**	-

Notes to the Financial Statements (continued)

for the year ended 31 December 2010

6. Intangible assets

	2010 Cost	2010 Accumulated amortisation and impairment	2010 Carrying value	2009 Cost	2009 Accumulated amortisation and impairment	2009 Carrying value
	R'000	R'000	R'000	R'000	R'000	R'000
GROUP						
Patents, trademarks and other rights	**1 176**	**18**	**1 158**	1 075	8	1 067
Brand names	**9 689**	**1 701**	**7 988**	9 689	-	9 689
Computer software, internally generated	**20 659**	**1 011**	**19 648**	11 291	509	10 782
Intellectual property	**250**	**-**	**250**	250	-	250
Customer relationships	**3 296**	**3 250**	**46**	3 296	2 972	324
Goodwill	**57 843**	**24 031**	**33 812**	59 871	20 549	39 322
	92 913	**30 011**	**62 902**	85 472	24 038	61 434

The carrying amount of intangible assets can be reconciled as follows:

	Carrying value at the beginning of the year	Additions	Additions through business combinations	Purchase price adjustments	Disposals	Transfers	Impairments	Amortisation	Carrying value at end of year
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
GROUP									
2010									
Patents, trademarks and other rights	**1 067**	**101**	**-**	**-**	**-**	**-**	**-**	**(10)**	**1 158**
Brand names	**9 689**	**-**	**-**	**-**	**-**	**-**	**(1 701)**	**-**	**7 988**
Computer software, internally generated	**10 782**	**9 368**	**-**	**-**	**-**	**-**	**-**	**(502)**	**19 648**
Intellectual property	**250**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**250**
Customer relationships	**324**	**-**	**-**	**-**	**-**	**-**	**-**	**(278)**	**46**
Goodwill	**39 322**	**-**	**547**	**-**	**-**	**-**	**(6 057)**	**-**	**33 812**
	61 434	**9 469**	**547**	**-**	**-**	**-**	**(7 758)**	**(790)**	**62 902**

	Carrying value at the beginning of the year	Additions	Additions through business combinations	Purchase price adjustments	Disposals	Transfers	Impairments	Amortisation	Carrying value at end of year
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
GROUP									
2009									
Patents, trademarks and other rights	1 010	63	-	-	-	-	-	(6)	1 067
Brand names	9 689	-	-	-	-	-	-	-	9 689
Computer software, internally generated	6 140	5 106	-	-	(19)	(14)	-	(431)	10 782
Intellectual property	250	-	-	-	-	-	-	-	250
Customer relationships	695	-	-	-	-	-	-	(371)	324
Goodwill	46 684	-	1 578	(1 400)	-	-	(7 540)	-	39 322
	64 468	5 169	1 578	(1 400)	(19)	(14)	(7 540)	(808)	61 434

Notes to the Financial Statements (continued)

for the year ended 31 December 2010

6. Intangible assets (continued)

Purchase price adjustments represent changes to the initial purchase consideration, deferred until such time that the acquired subsidiary exceeds or fails to meet a pre-determined profit target.

The recoverable amounts of the intangible assets were assessed for impairment at 31 December 2010 by calculating the fair value of the cash generating units (CGU's) to which the goodwill and other intangible assets relate. The valuations of the CGU's reflected fair values in excess of the attributable tangible assets, intangible assets and related goodwill, except for individual CGU's in the automotive components and information technology sectors where the market conditions had declined.

Value in use was determined by discounting the future cash flows of the CGU's generated from the continuing use of the intangible assets and was based on the following key assumptions:

- Cash flows were projected on actual operating results and the 5 year business plan. Cash flows were extrapolated into perpetuity using a terminal growth rate of 2%. Management believes that this was justified due to the nature of the business industries the subsidiaries operate in.
- Revenue was projected for each subsidiary related to the intangible asset. The anticipated revenue growth included in the cash flow projections was 5%.
- A pre-tax discount rate of 13.03% (2009: 13.29%) was applied in determining the recoverable amount of the intangibles. The discount rate was estimated as the company's weighted average cost of capital which was based on a debt leveraging of 9% (2009: 10.50%) and a required rate of return on equity estimated at the R157 bond rate increased at a market rate of 7.68% (2009: 7.17%).

The values assigned to the key assumptions represent management's assessment of future trends in the industries in which the group operates and are based on both external sources and internal sources (historical data).

	2010			2009		
	Cost	Accumulated amortisation and impairment	Carrying value	Cost	Accumulated amortisation and impairment	Carrying value
	R'000	R'000	R'000	R'000	R'000	R'000
COMPANY						
Patents, trademarks and other rights	**1 000**	**-**	**1 000**	1 000	-	1 000
	1 000	**-**	**1 000**	1 000	-	1 000

The carry amount of intangible assets can be reconciled as follows:

	Carrying value at the beginning of the year	Additions	Amortisation	Carrying value at end of year
	R'000	R'000	R'000	R'000
COMPANY				
2010				
Patents, trademarks and other rights	**1 000**	**-**	**-**	**1 000**
	1 000	**-**	**-**	**1 000**

Notes to the Financial Statements (continued)

for the year ended 31 December 2010

6. Intangible assets (continued)

	Carrying value at the beginning of the year	Additions	Amortisation	Carrying value at end of year
	R'000	R'000	R'000	R'000
2009				
Patents, trademarks and other rights	1 000	-	-	1 000
	1 000	-	-	1 000

7. Investment in subsidiaries

	Group		Company	
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000
Shares at cost	**-**	-	**181 114**	180 282
Impairment of investments	**-**	-	**(33 423)**	(42 849)
	-	-	**147 691**	137 433

Each investment is reviewed annually for impairment by assessing the carrying value of the investment against the higher of the value in use and the fair value less costs to sell.

Value in use was determined by discounting the future cash flows generated from the subsidiary and was based on the following key assumptions:

- Cash flows were projected on actual operating results and the 5 year business plan. Cash flows were extrapolated into perpetuity using a terminal growth rate of 2%. Management believes that this was justified due to the nature of the business industries the subsidiaries operate in.
- A pre-tax discount rate of 13.03% (2009: 13.29%) was applied in determining the recoverable amount of the investments. The discount rate was estimated as the company's weighted average cost of capital which was based on a debt leveraging of 9% (2009: 10.50%) and a required rate of return on equity estimated at the R157 bond rate increased at a market rate of 7.68% (2009: 7.17%).

The values assigned to the key assumptions represent management's assessment of future trends in the industries in which the group operates and are based on both external sources and internal sources (historical data).

A list of the subsidiaries is included in the director's report.

Notes to the Financial Statements (continued)

for the year ended 31 December 2010

8. Investment in associates

	Group		Company	
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000
Carrying value of investment:				
Shares at cost	**320**	320	**-**	-
Carrying value at beginning of the year	**3 747**	5 527	**-**	-
Equity accounted losses in the current year	**(724)**	(768)	**-**	-
Dividend received from associate	**(143)**	-	**-**	-
Movement in loan to associate	**(404)**	(1 012)	**-**	-
	2 476	3 747	**-**	-

GCM Meter Reading Services (Proprietary) Limited

50% interest in the unlisted shares of GCM Meter Readings Services (Proprietary) Limited, a company involved in meter reading services.

	Group 2010 R'000	Group 2009 R'000	Company 2010 R'000	Company 2009 R'000
Carrying value of investment:				
Shares at cost	**1**	1	**-**	-
Equity accounted earnings since acquisition	**31**	174	**-**	-
	32	175	**-**	-

Summary financial information for equity accounted investees not adjusted for the percentage ownership held by the group:

	Group 2010 R'000	Group 2009 R'000	Company 2010 R'000	Company 2009 R'000
Assets				
Current assets	**69**	354	**-**	-
	69	354	**-**	-
Equity and liabilities				
Equity and reserves	**63**	348	**-**	-
Current liabilities	**6**	6	**-**	-
	69	354	**-**	-
Revenue	**-**	-	**-**	-
Net loss before tax	**-**	-	**-**	-

GCM Meter Reading Services (Proprietary) Limited ceased trading in 2008 and is now dormant.

Notes to the Financial Statements (continued)

for the year ended 31 December 2010

8. Investment in associates (continued)

	Group		Company	
	2010	**2009**	**2010**	**2009**
	R'000	**R'000**	**R'000**	**R'000**
Petrolmecs LDA				
49% interest in the unlisted shares of Petrolmecs LDA, a company incorporated in Angola, providing labour solutions.				
Carrying value of investment:				
Shares at cost	**319**	319	**-**	-
Equity accounted losses	**(1 427)**	(703)	**-**	-
Loan to associate	**3 552**	3 956	**-**	-
	2 444	3 572	**-**	-
The loan is unsecured and bears interest at rates determined periodically at the discretion of the Board of Directors. The loan is repayable at the discretion of the Board of Directors. In the absence of contractual repayment dates, the fair value and carrying value of the loan is deemed to be similar.				
Summary financial information for equity accounted investees not adjusted for the percentage ownership held by the group:				
Assets				
Non-current assets	**751**	1 017	**-**	-
Current assets	**13 720**	19 816	**-**	-
	14 471	20 833	**-**	-
Equity and liabilities				
Equity and reserves	**(2 381)**	(1 167)	**-**	-
Non-current liabilities	**3 436**	4 096	**-**	-
Current liabilities	**13 416**	17 905	**-**	-
	14 471	20 834	**-**	-
Revenue	**21 163**	27 084	**-**	-
Loss before tax	**(1 214)**	(1 567)	**-**	-

Notes to the Financial Statements (continued)

for the year ended 31 December 2010

9. Other investments

	Group		Company	
	2010	**2009**	**2010**	**2009**
	R'000	**R'000**	**R'000**	**R'000**
Financial assets designated at fair value through profit or loss				
Listed shares	**101**	104	**-**	-
Unlisted investments	**6 594**	6 594	**6 594**	6 594
	6 695	6 698	**6 594**	6 594

The group held the following investments:

Number of ordinary shares				
Listed shares				
Kelly Group Limited	**2 600**	2 600	**-**	-
Sanlam Limited	**3 610**	3 610	**-**	-

	2010	**2009**
Prices of listed shares	**R**	**R**
Kelly Group Limited	**4**	5
Sanlam Limited	**28**	23

The fair value of investments in listed shares is obtained with reference to the closing value of the shares at the reporting date on the JSE Limited. The balance of listed shares represents funds held in the trading margin account. A sensitivity analysis has not been performed as the effect of changes in economic conditions on listed investments held is not considered material to group results.

	2010	**2009**	**2010**	**2009**
	R'000	**R'000**	**R'000**	**R'000**
Unlisted investments				
Local investments	**6 594**	6 594	**6 594**	6 594
	6 594	6 594	**6 594**	6 594

Local unlisted investments include amounts paid to secure the share capital of the international subsidiaries of NOSA International (Proprietary) Limited, any claims against these companies together with capitalised amounts for legal fees incurred to obtain these assets. These companies have not been consolidated for the period under review as there was no control over these entities at the period end.

The recoverable amount of unlisted investments is determined using a discounted cash flow analysis, considering current economic conditions at reporting date. There has been no adjustment to fair value in the current year.

Fair value hierarchy

The group has not presented a fair value hierarchy as the only items that are fairly valued every year are the investments in shares listed on the JSE Limited and the value is considered to be immaterial. These shares are classified as level 1 fair value as their values are derived from the quoted prices. The unlisted investments are currently carried at cost.

Notes to the Financial Statements (continued)

for the year ended 31 December 2010

10. Loans receivable

	Group		Company	
	2010	**2009**	**2010**	**2009**
	R'000	**R'000**	**R'000**	**R'000**
Mguka Trading Close Corporation The loan is secured by equity securities in a number of private companies. The loan is interest free and is repayable over a period of 2 years.	**242**	342	**-**	-
Ian Gregory Morris The loan is repayable through the settlement of the GIM Holdings (Proprietary) Limited mortgage bond, over the remaining term of the bond. It is unsecured and bears interest at a rate of prime minus 2%.	**2 038**	-	**-**	-
Instalment sale assets Assets under instalment sale agreements are repayable over 3 to 5 years at effective interest rates ranging from prime lending plus 3% per annum to prime lending plus 4.5% per annum. The loans are secured by the assets subject to the agreements.	**25 936**	27 046	**-**	-
	28 216	27 388	**-**	-
Less: Portion recoverable within 12 months included in current assets	**(3 539)**	(5 497)	**-**	-
	24 677	21 891	**-**	-

All loans are Rand denominated.

11. Deferred taxation

	Group		Company	
	2010	**2009**	**2010**	**2009**
	R'000	**R'000**	**R'000**	**R'000**
Deferred tax assets and liabilities are attributable to the following:				
Deferred tax assets				
Property, plant and equipment	**(6 030)**	(6 301)	**-**	-
Intangible assets	**(2 000)**	-	**-**	-
Investments	**778**	545	**-**	-
Loans receivable	**327**	160	**-**	-
Prepayments	**(55)**	(22)	**-**	-
Income received in advance	**665**	646	**-**	-
Accrual for straight lining of leases	**1 682**	-	**229**	-
Finance lease liabilities	**8**	150	**-**	-
Allowances for credit losses	**1 710**	1 681	**-**	-
Accruals for leave pay	**1 191**	1 204	**65**	47
Provisions	**1 710**	243	**-**	-
Tax loss carry-forwards	**24 760**	17 933	**49**	-
	24 746	16 239	**343**	47

Notes to the Financial Statements (continued)

for the year ended 31 December 2010

11. Deferred taxation (continued)

	Group 2010 R'000	Group 2009 R'000	Company 2010 R'000	Company 2009 R'000
Deferred tax liabilities				
Property, plant and equipment	**(12 972)**	(8 101)	**-**	-
Intangible assets	**(13)**	(90)	**-**	-
Accrual for straight lining of leases	**(1 524)**	-	**-**	-
Allowances for credit losses	**139**	63	**-**	-
Accruals for leave pay	**47**	55	**-**	-
Provisions	**671**	10	**-**	-
Tax loss carry-forwards	**351**	-	**-**	-
	(13 301)	(8 063)	**-**	-
	11 445	8 176	**343**	47

Deferred tax assets and liabilities are only offset when the income tax relates to the same legal entity or fiscal authority or they intend to settle the assets and liabilities on a net basis.

The movements in the deferred tax amount on the statement of financial position can be reconciled as follows (amounts are shown on a net basis):

	Carrying value at the beginning of the year R'000	Recognised in profit R'000	Directly through equity R'000	Acquisition on business combinations R'000	Carrying value at end of year R'000
GROUP					
2010					
Property, plant and equipment	**(14 402)**	**1 027**	**(4 507)**	**(1 120)**	**(19 002)**
Intangible assets	**(90)**	**(1 923)**	**-**	**-**	**(2 013)**
Investments	**545**	**233**	**-**	**-**	**778**
Loans receivable	**160**	**167**	**-**	**-**	**327**
Prepayments	**(22)**	**(33)**	**-**	**-**	**(55)**
Income received in advance	**646**	**19**	**-**	**-**	**665**
Accrual for straight lining of leases	**-**	**158**	**-**	**-**	**158**
Finance lease liabilities	**150**	**(142)**	**-**	**-**	**8**
Allowances for credit losses	**1 744**	**105**	**-**	**-**	**1 849**
Accruals for leave pay	**1 259**	**(21)**	**-**	**-**	**1 238**
Provisions	**253**	**2 128**	**-**	**-**	**2 381**
Tax loss carry-forwards	**17 933**	**7 178**	**-**	**-**	**25 111**
	8 176	**8 896**	**(4 507)**	**(1 120)**	**11 445**

Notes to the Financial Statements (continued)

for the year ended 31 December 2010

11. Deferred taxation (continued)

	Carrying value at the beginning of the year R'000	Recognised in profit R'000	Directly through equity R'000	Carrying value at end of year R'000
GROUP				
2009				
Property, plant and equipment	(14 406)	638	(634)	(14 402)
Intangible assets	(195)	105	-	(90)
Investments	400	145	-	545
Loans receivable	8	152	-	160
Prepayments	(41)	19	-	(22)
Income received in advance	450	196	-	646
Finance lease liabilities	38	112	-	150
Allowances for credit losses	1 498	246	-	1 744
Accruals for leave pay	1 198	61	-	1 259
Provisions	669	(416)	-	253
Tax loss carry-forwards	15 282	2 651	-	17 933
	4 901	3 909	(634)	8 176

	Carrying value at the beginning of the year R'000	Recognised in profit R'000	Carrying value at end of year R'000
COMPANY			
2010			
Accrual for straight lining of leases	**-**	**229**	**229**
Accruals for leave pay	**47**	**18**	**65**
Tax loss carry-forwards	**-**	**49**	**49**
	47	**296**	**343**

	Carrying value at the beginning of the year R'000	Recognised in profit R'000	Carrying value at end of year R'000
COMPANY			
2009			
Accruals for leave pay	23	24	47
Tax loss carry-forwards	1 569	(1 569)	-
	1 592	(1 545)	47

Notes to the Financial Statements (continued)

for the year ended 31 December 2010

12. Non-current assets classified as held for sale

	2010 Cost	2010 Accumulated depreciation and impairment losses	2010 Carrying value	2009 Cost	2009 Accumulated depreciation and impairment losses	2009 Carrying value
	R'000	R'000	R'000	R'000	R'000	R'000
Plant and equipment	**73 820**	**49 205**	**24 615**	73 820	45 705	28 115
Furniture and fittings	**47**	**47**	**-**	47	44	3
Office equipment	**358**	**302**	**56**	358	193	165
Computer equipment	**1 164**	**1 149**	**15**	1 164	1 027	137
	75 389	**50 703**	**24 686**	75 389	46 969	28 420

The plant and machinery of Kolbenco (Proprietary) Limited, a manufacturer of pistons, is presented as a disposal group held for sale following the commitment of the group's management, on 15 December 2008 to sell the plant and machinery and cease manufacturing following the down-turn in the automotive sector. The plant and machinery has been advertised on the market and management have commenced with a formal structured plan to dispose of the assets.

The carrying value of non-current assets held for sale can be reconciled as follows:

	Carrying value at the beginning of the year	Disposals	Impairments	Depreciation	Carrying value at end of year
	R'000	R'000	R'000	R'000	R'000
2010					
Plant and equipment	**28 115**	**-**	**(3 500)**	**-**	**24 615**
Furniture and fittings	**3**	**-**	**-**	**(3)**	**-**
Office equipment	**165**	**-**	**-**	**(109)**	**56**
Computer equipment	**137**	**-**	**-**	**(122)**	**15**
	28 420	**-**	**(3 500)**	**(234)**	**24 686**

	Carrying value at the beginning of the year	Disposals	Impairments	Depreciation	Carrying value at end of year
	R'000	R'000	R'000	R'000	R'000
2009					
Plant and equipment	30 325	(2 210)	-	-	28 115
Furniture and fittings	6	(5)	-	2	3
Office equipment	230	(60)	-	(5)	165
Computer equipment	9	(1)	129	-	137
Computer software	129	-	(129)	-	-
	30 699	(2 276)	-	(3)	28 420

13. Inventories

	Group		Company	
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000
The amounts attributable to the different categories are as follows:				
Raw materials	**6 258**	9 201	**-**	-
Consumables	**1 085**	1 152	**915**	-
Work in progress	**2 059**	250	**-**	-
Manufactured finished goods	**18 460**	20 511	**-**	-
Merchandise	**35 815**	19 725	**-**	178
Goods in transit	**3 338**	5 443	**-**	-
	67 015	56 282	**915**	178
Inventory write-downs (adjustments to carrying value for obsolete and slow moving inventory)	**(15 384)**	(11 082)	**-**	-
	51 631	45 200	**915**	178

The inventory of certain subsidiary companies have been ceded as security for banking facilities granted to certain subsidiaries (see note 17 – Cash and cash equivalents).

14. Retirement benefits

Defined benefit plan

Kolbenco (Proprietary) Limited, a wholly-owned subsidiary, makes contributions to a defined benefit plan that provides pension benefits for employees upon retirement. The plan entitles a retired employee to receive an annual payment equal to 2% of the employee's highest annual salary for each year of pensionable service.

	Group		Company	
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000
Statement of financial position reconciliation				
Present value of funded obligations	**15 284**	15 003	**-**	-
Active members	**9 281**	8 522	**-**	-
Current pensioners	**5 606**	6 119	**-**	-
Risk reserve account	**397**	362	**-**	-
Present value of unfunded obligations	**-**	-	**-**	-
Total present value of the defined benefit obligation	**15 284**	15 003	**-**	-
Fair value of plan assets	**(42 128)**	(33 880)	**-**	-
Total employer surplus	**(26 844)**	(18 877)	**-**	-
Movement in the present value of the defined benefit obligation				
Defined benefit obligations at 1 January	**15 003**	24 352	**-**	-
Interest cost	**1 365**	1 470	**-**	-
Current service cost	**495**	373	**-**	-
Employee contributions paid into the plan	**151**	187	**-**	-
Benefits paid by the plan	**(1 041)**	(8 701)	**-**	-
Actuarial gain on obligation	**(689)**	(2 678)	**-**	-
Defined benefit obligation at 31 December	**15 284**	15 003	**-**	-

Notes to the Financial Statements (continued)

for the year ended 31 December 2010

14. Retirement benefits (continued)

	Group		Company	
	2010	**2009**	**2010**	**2009**
	R'000	**R'000**	**R'000**	**R'000**
Movement in the present value of plan assets				
Fair value of plan assets at 1 January	**33 880**	42 323	**-**	-
Expected return on plan assets	**3 289**	3 060	**-**	-
Contributions paid into the plan	**351**	187	**-**	-
Benefits paid by the plan	**(1 041)**	(8 701)	**-**	-
Actuarial gain / (loss) on plan assets	**5 649**	(2 989)	**-**	-
Fair value of plan assets at 31 December	**42 128**	33 880	**-**	-
Surplus / (expense) recognised in profit or loss				
Current service cost	**(495)**	(373)	**-**	-
Interest cost	**(1 365)**	(1 470)	**-**	-
Expected returns on plan assets	**3 289**	3 060	**-**	-
Actuarial gains / (losses)	**6 338**	(311)	**-**	-
Contributions paid into the plan	**200**	-	**-**	-
Income recognised in profit or loss	**7 967**	906	**-**	-

Membership statistics	**2010**	**2009**
Number of members	**6**	6
Annual salary (R'000)	**2 530**	2 153
Salary weighted average age	**57.50**	56.50
Salary weighted average service	**16.30**	16.20
Number of pensioners	**10**	11
Annual pension (R'000)	**535**	583
Pension weighted average age	**73.60**	71.10
Actuarial assumptions		
General inflation rate	**5.60%**	5.81%
Discount rate	**8.46%**	9.22%
Expected investment return	**9.60%**	9.81%
Salary inflation	**6.13%**	6.84%

The general inflation rate was calculated taking into account the difference between the yield on the R186 fixed interest government bond and the R197 index linked government bond.

The discount rate was based on the yield of the R186 government bond.

Sensitivity analysis
A percentage point change in the assumptions would have the following effect:

	One Percentage point increase	**One Percentage point decrease**
Change in the discount rate	**531**	(548)

Notes to the Financial Statements (continued)

for the year ended 31 December 2010

14. Retirement benefits (continued)

Projection of defined benefit fund for a period of one year

Movement in the present value of the defined benefit obligation	
Defined benefit obligations at 1 January 2011	**15 284**
Interest cost	**1 284**
Current service cost	**485**
Benefits paid by the plan	**(539)**
Defined benefit obligation at 31 December 2011	**16 514**
Movement in the present value of plan assets	
Fair value of plan assets at 1 January 2011	**42 128**
Expected return on plan assets	**4 043**
Contributions paid into the plan	**485**
Benefits paid by the plan	**(539)**
Fair value of plan assets at 31 December 2011	**46 117**
Net surplus	**29 603**
Plan assets comprise	**42 128**
Cash in money market accounts	**42 111**
Investments in listed equity	**17**

15. Trade and other receivables

	Group		Company	
	2010	**2009**	**2010**	**2009**
	R'000	**R'000**	**R'000**	**R'000**
Trade and other receivables	**105 328**	115 139	**305**	391
VAT receivable	**1 648**	6 639	**-**	-
Prepayments	**5 386**	1 381	**1 076**	301
Deposits	**968**	817	**8**	8
	113 330	123 976	**1 389**	700

At 31 December 2010 group trade receivables are shown after impairment adjustments of R9 117 847 (2009: R8 078 220).

The trade receivables of certain subsidiary companies have been ceded as security for banking facilities granted to certain subsidiaries, (see note 17 – Cash and cash equivalents).

Notes to the Financial Statements (continued)

for the year ended 31 December 2010

16. Amounts owing by subsidiary companies

	Group		Company	
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000
Unencumbered loans				
Automobile Radio Dealers Association 1989 (Proprietary) Limited	**-**	-	**9 388**	10 020
BTM Manufacturing (Proprietary) Limited	**-**	-	**20 676**	13 821
Cloudware (Proprietary) Limited	**-**	-	**4 419**	-
Deltec Power Distributors (Proprietary) Limited	**-**	-	**2 875**	2 408
EMPOWERisk (Proprietary) Limited	**-**	-	**281**	281
Kolbenco (Proprietary) Limited	**-**	-	**12 722**	6 989
Kyostax (Proprietary) Limited	**-**	-	**7 530**	-
Lubrication Equipment (Proprietary) Limited	**-**	-	**-**	523
MICRO*mega* Investment Portfolio (Proprietary) Limited	**-**	-	**328**	328
MICRO*mega* National Certification Authority (Proprietary) Limited	**-**	-	**-**	2 853
MICRO*mega* Properties 2 (Proprietary) Limited	**-**	-	**454**	454
MICRO*mega* Publications (Proprietary) Limited	**-**	-	**170**	-
Mzimkhulu Financial Investments (Proprietary) Limited	**-**	-	**32 578**	32 551
NOSA Namibia (Proprietary) Limited	**-**	-	**549**	549
Sciam Professional Solutions (Proprietary) Limited	**-**	-	**3 389**	-
Tiseletso Investments (Proprietary) Limited	**-**	-	**261**	231
Turrito Networks (Proprietary) Limited	**-**	-	**268**	-
Encumbered loans				
MICRO*mega* Revenue Management Solutions (Proprietary) Limited	**-**	-	**2 271**	7 202
MECS Africa (Proprietary) Limited	**-**	-	**8 778**	4 627
Interest-bearing loans				
MICRO*mega* Technologies (Proprietary) Limited	**-**	-	**8 528**	12 333
Stable-Net (Proprietary) Limited	**-**	-	**13 232**	16 182
	-	-	**128 697**	111 352
Less: Portion recoverable within 12 months included in current assets	**-**	-	**(82 626)**	(111 352)
	-	-	**46 071**	-

Amounts owing by subsidiary companies are carried at amortised cost.

The loan to MECS Africa (Proprietary) Limited has been ceded to FirstRand Bank Limited as security for facilities granted to MECS Africa (Proprietary) Limited.

The loan to MICRO*mega* Revenue Management Solutions (Proprietary) Limited has been ceded to FirstRand Bank Limited as security for facilities granted to MICRO*mega* Revenue Management Solutions (Proprietary) Limited.

The loans to Stable-Net (Proprietary) Limited and MICRO*mega* Technologies (Proprietary) Limited are unsecured, bear interest at the prime overdraft rate and have no fixed terms of repayment.

The loans to Mzimkhulu Financial Investments (Proprietary) Limited, Tiseletso Investments (Proprietary) Limited and Stable-Net (Proprietary) Limited have been subordinated until such time that their total assets, fairly valued, exceed their total liabilities.

The remaining loans are unsecured and bear interest at rates determined periodically at the discretion of the Board of Directors. The loans are repayable at the discretion of the Board of Directors. In the absence of contractual repayment dates, the fair values and carrying values of these loans are deemed to be similar.

Notes to the Financial Statements (continued)

for the year ended 31 December 2010

17. Cash and cash equivalents

	Group		Company	
	2010	**2009**	**2010**	**2009**
	R'000	**R'000**	**R'000**	**R'000**
The amounts attributable to the different categories are as follows:				
Cash on hand	**349**	256	**1**	3
Current account balances	**13 934**	11 186	**878**	311
Call account balances	**6 680**	18 494	**6**	4
	20 963	29 936	**885**	318
Bank overdrafts used for cash management purposes	**(11 844)**	(3 930)	**-**	-
	9 119	26 006	**885**	318

The following security has been provided in respect of facilities made available to group companies:

Deltec Power Distributors (Proprietary) Limited

- Trade and other receivables and a general notarial covering bond on inventories were pledged as security for First National Bank Limited overdraft facilities of the company. At year end the overdraft amounted to R 9 802 068 (2009: -)

BTM Manufacturing (Proprietary) Limited

- The company has access to First National Bank Debtors Finance, to the value of R 3.75 million.
- The facility is secured by a letter of surety amounting to R6 million given by MICRO*mega* Holdings Limited in favour of the lender for any and / or all obligations of the borrower now and / or in the future towards the lender

MECS Africa (Proprietary) Limited

- A suretyship, upon terms and conditions acceptable to First National Bank for R8 million by MICRO*mega* Holdings Limited.
- Cession in favour of First National Bank given by MICRO*mega* Holdings Limited of any and all of its rights in and to its loan account held in the company.
- Cession in favour of First National Bank of any and all of its rights in and to Cofface South Africa Insurance Policy no 149.
- Trade accounts receivables have been ceded for banking facilities granted.

MICROmega Revenue Management Solutions (Proprietary) Limited and its subsidiary companies

- A Suretyship in the amount of R1 300 000 is given by MICRO*mega* Holdings Limited in favour of the bank for all obligations.
- The loan account owing to MICRO*mega* Holdings Limited has been ceded, by MICRO*mega* Holdings Limited, to FirstRand Bank Limited for security of facilities.

MICROmega Securities (Proprietary) Limited and its subsidiary companies

- Fixed deposits held with FirstRand Bank Limited amounting to R520 000 have been ceded as security for the facilities granted to the company.
- A guarantee to the amount of R100 000 has been given to FirstRand Bank Limited as security for facilities.
- A suretyship in the amount of R679 000 in favour of the bank facilities granted by First National Bank.

NOSA – MICROmega National Certification Authority (Proprietary) Limited

- A guarantee to the amount of R211 139 has been given to FirstRand Bank Limited as security for rental of premises.
- Absa Bank Limited holds a contingency to the value of R39 000.

NOSA – NOSA (Proprietary) Limited

- The company has a settlement facility from First National Bank Limited of R2 000.

Automobile Radio Dealers Association (1989) (Proprietary) Limited

- Trade receivables have been ceded as security for banking facilities granted.

Notes to the Financial Statements (continued)

for the year ended 31 December 2010

18. Share capital and share premium

	Group		Company	
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000
Authorised				
200 000 000 ordinary shares of 1 cent each	**2 000**	2 000	**2 000**	2 000
Issued				
Balance at beginning of year - 100 802 677 (2009: 100 802 677)	**970**	971	**1 008**	1 008
Balance at end of year	**970**	971	**1 008**	1 008
Less treasury shares repurchased during the year	**(5)**	(1)	**-**	-
Balance at the end of year	**965**	970	**1 008**	1 008
Share premium				
Balance at beginning of year	**190 470**	190 678	**191 748**	191 733
Share options exercised	**1**	15	**1**	15
Balance at end of the year	**190 471**	190 693	**191 749**	191 748
Less treasury shares repurchased during the year	**(639)**	(223)	**-**	-
Balance at end of the year	**189 832**	190 470	**191 749**	191 748
	190 797	191 440	**192 757**	192 756

The directors are authorised, until the forthcoming annual general meeting, to dispose of the unissued shares for any purpose and upon such terms and conditions as they deem fit, subject to the provision of section 221 and 222 of the Companies Act and the requirements of the JSE Limited.

The group has also issued share options (see note 36 – Share-based payments).

19. Non-distributable reserves

The group had the following non-distributable reserves at year end:

Revaluation reserve
The revaluation reserve comprises all revaluation surpluses relating to the revaluation of owner occupied properties.

Foreign currency translation reserve
The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Deal differences reserve
The deal difference reserve comprises a retention amount to cover any unmatched trades that may occur in the broking businesses.

Share-based payments reserve
The share-based payments reserve represents the vested fair value of services provided in exchange for share options.

Notes to the Financial Statements (continued)

for the year ended 31 December 2010

20. Borrowings

	Group		Company	
	2010	**2009**	**2010**	**2009**
	R'000	**R'000**	**R'000**	**R'000**
Instalment sale liabilities Liabilities under instalment sale agreements repayable over periods from three months to four years at effective interest rates ranging from prime lending rate less 1.25% to prime lending rate plus 1.15% per annum. The liabilities are secured by property, plant and equipment with a carrying value of R7 767 438 (2009: R10 259 803) together with a cession of revenue streams associated with revenue generating equipment financed by instalment sale agreements.	**19 550**	23 373	**550**	61
Finance lease liability Liability under a finance lease agreement repayable over 2 years at an effective interest rate of prime lending rate plus 1.5% per annum. Secured by property, plant and equipment with a carrying value of R26 136 (2009: R49 914).	**43**	76	**-**	-
Mortgage bonds Bond is repayable over 149 months at a rate of prime minus 2% and is secured by property with a value of R76 000 000.	**44 372**	168	**-**	-
Anglo American Corporation The loan is interest free and currently is repayable upon the existence of sufficient cash reserves in Kolbenco (Proprietary) Limited. The loan is unsecured.	**2 000**	2 000	**-**	-
Daimler Chrysler South Africa (DCSA) The loan from DCSA is repayable on the basis of units invoiced in relation to the total units per the contract. Payment commences on the 15th of the month following the first delivery. The loan bears interest at the prime bank lending rate less 2%. The current portion has been calculated based on the unit projections for the following financial year. The loan is secured by plant and equipment with a carrying value of R14 946 350 (2009: R18 039 396).	**14 946**	13 839	**-**	-
Warren Friedland The loan is interest free, unsecured and repayable in the ordinary course of business.	**7 440**	-	**-**	-
John Newbury Investments (Proprietary) Limited The loan is unsecured, bears interest at the prime bank lending rate and has to be repaid on or before 1 January 2012.	**111**	1 383	**-**	-
	88 462	40 839	**550**	61
Less: Amounts payable within 12 months included in current liabilities	**(31 886)**	(21 372)	**(233)**	(29)
	56 576	19 467	**317**	32

All the liabilities are Rand denominated.
Please refer to note 5 – Property, plant and equipment, for disclosure on assets held under finance leases.
The fair values of the borrowings have been assessed taking into account their effective interest rates and maturity periods. None of the fair values differ materially from the corresponding carrying values.
For an analysis of the maturity of these borrowings, please refer to note 37.

Notes to the Financial Statements (continued)

for the year ended 31 December 2010

21. Deferred vendor payments

	Group		Company	
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000
The amount due to vendors represents the balance of the purchase consideration owing in respect of acquisitions. The loans are settled through the issue of shares and cash resources upon achievement of profit warranties.	**789**	871	**789**	871
Less: Amount payables within 12 months included in current liabilities	**(789)**	(871)	**(789)**	(871)
	-	-	**-**	-
Amounts to be settled:				
Through the issue of shares	**534**	871	**534**	871
Through the distribution of cash resources	**255**	-	**255**	-
	789	871	**789**	871

Deferred vendor payments are recognised when there is a reasonable expectation that the predetermined profit warranties will be achieved.

22. Trade and other payables

	Group		Company	
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000
Trade and other payables	**51 803**	58 439	**2 834**	1 427
VAT payable	**2 935**	6 163	**258**	2 544
Income received in advance	**4 324**	3 761	**2 538**	-
Leave pay accrual	**4 610**	5 374	**232**	167
Payroll accruals	**18 614**	12 318	**1 974**	1 492
	82 286	86 055	**7 836**	5 630

23. Amounts owing to subsidiary companies

	Company	
	2010	2009
	R'000	R'000
B&B Software (Proprietary) Limited	**-**	4 305
Intermap (Proprietary) Limited	**4 970**	5 240
NOSA (Proprietary) Limited	**11 213**	9 101
SA International Capital & Market Brokers (Proprietary) Limited	**18 824**	2 696
MICRO*mega* National Certification Authority (Proprietary) Limited	**2 195**	-
MICRO*mega* Financial Services (Proprietary) Limited	**3 873**	-
Lubrication Equipment (Proprietary) Limited	**1 599**	-
Sebata Municipal Solutions (Proprietary) Limited	**19 165**	10 412
Swazi Occupational Safety & Health (Proprietary) Limited	**71**	71
	61 910	31 825

Notes to the Financial Statements (continued)

for the year ended 31 December 2010

23. Amounts owing to subsidiary companies (continued)

Amounts owing to subsidiary companies are carried at amortised cost.

The loans are unsecured and bear interest at rates determined periodically by the board of MICRO*mega* Holdings Limited. The loans are repayable at the discretion of the board of MICRO*mega* Holdings Limited. In the absence of a contractually agreed repayment date, the fair values and carrying values of these loans are deemed to be similar.

24. Provisions

	Carrying amount at the beginning of the year R'000	Additional provisions raised R'000	Used during year R'000	Carrying value at end of year R'000
GROUP				
2010				
Provision for loyalty payment	**36**	**167**	**-**	**203**
Provision for onerous leases	**-**	**2 399**	**-**	**2 399**
Provision for severance packages	**-**	**5 904**	**-**	**5 904**
	36	**8 470**	**-**	**8 506**

	Carrying amount at the beginning of the year R'000	Additional provisions raised R'000	Used during year R'000	Carrying value at end of year R'000
GROUP				
2009				
Provision for labour dispute	62	-	(62)	-
Provision for loyalty payment	2	34	-	36
	64	34	(62)	36

Loyalty payments

The group makes provision for accumulated payments due to specific employees in terms of loyalty programs which become payable after five years from the granting date. The balance represents amounts payable to individuals still in the employment of the group as per amounts agreed in their employment contracts.

Onerous leases

The group recognises an onerous contract as a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it. The group recognises the present obligation under the contract as a provision.

Severance packages

The group makes provision for severance packages payable to ex-employees of the discontinued operation, Kolbenco (Proprietary) Limited. The provision was not raised in prior years due to conditions precedent in the settlement arrangement with the staff.

Notes to the Financial Statements (continued)

for the year ended 31 December 2010

25. Revenue

	Group		Company	
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000
The amounts attributable to the different categories are as follows:				
Sale of goods	**244 705**	307 427	**-**	-
Rendering of services	**437 609**	439 880	**16 850**	25 500
	682 314	747 307	**16 850**	25 500
Revenue from continuing operations	**681 925**	721 900	**16 850**	25 500
Revenue from discontinued operations	**389**	25 407	**-**	-
	682 314	747 307	**16 850**	25 500

26. Other income

	Group		Company	
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000
Bad debts recovered	**753**	287	**-**	-
Conference income	**4 552**	3 020	**-**	-
Membership fee income	**11**	24	**-**	-
Other income	**758**	531	**-**	-
Profit on disposals of property, plant and equipment	**34**	2 480	**32**	-
Profit on disposal of other investments	**-**	2 320	**-**	-
Rent received	**-**	212	**-**	-
SMEDP grant income	**469**	-	**-**	-
Warranty income	**460**	235	**-**	-
	7 037	9 109	**32**	-

27. Other (income) / expenses

	Group		Company	
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000
Impairment of investment in subsidiary	**-**	-	**15 367**	8 205
Reversal of prior year impairment of investment in subsidiary	**-**	-	**(24 793)**	(6 302)
	-	-	**(9 426)**	1 903

Notes to the Financial Statements (continued)

for the year ended 31 December 2010

28. Auditors remuneration

	Group 2010 R'000	Group 2009 R'000	Company 2010 R'000	Company 2009 R'000
Auditor remuneration	**3 391**	3 141	**654**	619
Adjustment for previous year	**124**	449	**44**	342
	3 515	3 990	**698**	961

29. Administration expenses

	Group 2010 R'000	Group 2009 R'000	Company 2010 R'000	Company 2009 R'000
Included in administrative expenses are the following expenses:				
Movements in allowance for credit losses	**1 040**	2 187	**-**	-
Bad debt expense	**1 522**	686	**-**	-
Consulting fees	**1 415**	2 580	**143**	24
Depreciation of property, plant and equipment	**10 698**	9 869	**618**	349
Loss on disposal of property, plant and equipment	**-**	-	**-**	20
Impairment of assets classified as held for sale	**3 500**	-	**-**	-
Amortisation of intangible assets	**790**	808	**-**	-
Impairment of intangible assets	**1 701**	-	**-**	-
Impairment of goodwill	**6 057**	7 540	**-**	-
Operating lease charges	**20 235**	14 316	**4 385**	1 276
- Premises	**17 811**	11 726	**4 385**	1 276
- Motor vehicles	**1 105**	1 135	**-**	-
- Equipment	**1 319**	1 455	**-**	-

30. Personnel expenses

	Group 2010 R'000	Group 2009 R'000	Company 2010 R'000	Company 2009 R'000
Salaries and wages – senior management	**27 239**	36 081	**6 385**	3 083
Salaries and wages – other	**85 195**	76 789	**2 853**	4 785
Contributions to pension and provident funds	**6 381**	5 477	**228**	187
Contributions to medical aids	**2 518**	509	**189**	5
Contributions to life cover	**1 464**	1 491	**80**	64
Share-based payments expense	**827**	909	**518**	767
Severance package provision	**5 904**	-	**-**	-
Income recognised on defined benefit fund – refer to note 14	**(7 967)**	(906)	**-**	-
	121 561	120 350	**10 253**	8 891

Notes to the Financial Statements (continued)

for the year ended 31 December 2010

31. Directors emoluments

	Basic salary R'000	Allowances R'000	Bonuses R'000	Provident fund R'000	Directors fees R'000	Total 2010 R'000	Total 2009 R'000
2010							
IG Morris	**1 519**	**120**	**-**	**-**	**-**	**1 639**	1 714
RC Lewin	**-**	**-**	**-**	**-**	**55**	**55**	75
DM Carson	**-**	**-**	**-**	**-**	**-**	**-**	15
PV Henwood	**-**	**-**	**-**	**-**	**110**	**110**	80
DSE Carlisle	**996**	**54**	**200**	**74**	**-**	**1 324**	1 144
DJ Case	**682**	**18**	**150**	**49**	**-**	**899**	-
	3 197	**192**	**350**	**123**	**165**	**4 027**	3 028

The following options have been granted in terms of MICRO*mega* Share Incentive Trust to directors and are still outstanding (refer to note 36 – Share-based payments):

	Number of ordinary share options 2010	2009
DSE Carlisle		
Options granted at beginning of year	**530 000**	-
Movement during year:		
- Options granted prior to appointment to the board	**-**	250 000
- New options granted during the year	**70 000**	280 000
- Options granted at end of year	**600 000**	530 000
Comprising:		
Share options available at an issue price of R 1.00 per share, exercisable in equal instalments on the 31 March 2012, 2013 and 2014	**280 000**	280 000
Share options available at an issue price of R 2.00 per share, exercisable in equal instalments on the 31 March 2008, 2009 and 2010	**70 000**	-
Share options available at an issue price of R 3.70 per share, exercisable in equal instalments on the 1 January 2010, 2011 and 2012	**250 000**	250 000
	600 000	530 000
DJ Case		
Movement during year:		
- Options granted prior to appointment to the board	**350 000**	-
- New options granted during the year	**150 000**	-
- Options granted at end of year	**500 000**	-
Comprising:		
Share options available at an issue price of R 1.00 per share, exercisable in equal instalments on the 31 March 2012, 2013 and 2014	**100 000**	-
Share options available at an issue price of R 1.45 per share, exercisable in equal instalments on the 31 March 2013, 2014 and 2015	**150 000**	-
Share options available at an issue price of R 3.70 per share, exercisable in equal instalments on the 1 January 2010, 2011 and 2012	**250 000**	-
	500 000	-

Notes to the Financial Statements (continued)

for the year ended 31 December 2010

32. Net finance (expense) / income

	Group		Company	
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000
Interest income on bank deposits	**1 417**	3 047	**5**	30
Interest income on loans receivable	**3 666**	4 585	**-**	-
Interest income from subsidiary companies	**-**	-	**2 576**	2 349
Interest income from associates	**1 616**	1 433	**-**	-
Dividend income from subsidiary companies	**-**	-	**-**	1
Dividend income from listed investments	**4**	2	**-**	-
Fair value adjustment on investments	**-**	21	**-**	-
Profit on foreign exchange	**1 765**	391	**-**	-
Finance income	**8 468**	9 479	**2 581**	2 380
Interest expense on bank deposits	**(2 779)**	(3 404)	**(2)**	(45)
Interest expense on instalment sale liabilities	**(2 188)**	(1 893)	**(37)**	(9)
Interest expense on finance lease liabilities	**(16)**	(20)	**-**	-
Interest expense on other borrowings	**(1 014)**	(1 379)	**-**	-
Loss on foreign exchange	**(4 797)**	(10 299)	**-**	-
Interest expense on loans from subsidiary companies	**-**	-	**(42)**	(3 310)
Finance costs	**(10 794)**	(16 995)	**(81)**	(3 364)
Net finance (expense) / income	**(2 326)**	(7 516)	**2 500**	(984)

33. Income tax expense / (credit)

	Group		Company	
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000
South African normal tax				
- Current tax	**12 676**	14 904	**-**	1 122
Current year	**13 111**	14 940	**-**	1 122
Prior year adjustments	**(435)**	(36)	**-**	-
- Secondary tax on dividends	**156**	89	**-**	-
- Deferred tax	**(8 896)**	(3 909)	**(296)**	1 545
Current year	**(8 896)**	(3 909)	**(296)**	1 545
Tax for the year	**3 936**	11 084	**(296)**	2 667

Notes to the Financial Statements (continued)

for the year ended 31 December 2010

33. Income tax expense / (credit) (continued)

	Group		Company	
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000
Reconciliation of rate of tax	%	%	%	%
South African normal tax rate	**28.00**	28.00	**28.00**	28.00
Adjusted for:				
Disallowable expenditure	**2.45**	1.39	**2.05**	3.20
Exempt income	**(1.23)**	-	**-**	(0.01)
Utilisation of assessed losses	**0.07**	2.46	**-**	-
Investment and other allowances	**(11.59)**	(0.56)	**-**	-
Impairment charges and other capital profits	**18.39**	7.17	**(33.84)**	7.79
Secondary tax on dividends	**1.33**	0.12	**-**	-
Prior year adjustments	**(3.91)**	(0.04)	**-**	-
Net increase	**5.51**	10.54	**(31.79)**	10.98
Effective rate	**33.51**	38.54	**(3.79)**	38.98

Refer to the statement of changes in equity for taxes recognised directly in equity.

34. Discontinued operation

On 15 December 2008 management of the group committed to ceasing the manufacture of pistons in Kolbenco (Proprietary) Limited due to the downturn in the automotive sector. The plan to cease local manufacturing was communicated to employees in December 2008. Management have commenced with a formal structured plan to dispose of the assets and settle outstanding liabilities.

	Group		Company	
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000
Results of discontinued operation				
Revenue	**389**	25 407	**-**	-
Cost of sales	**(9 008)**	(22 703)	**-**	-
Gross profit	**(8 619)**	2 704	**-**	-
Operating expenses	**(2 147)**	(10 377)	**-**	-
Loss before tax	**(10 766)**	(7 673)	**-**	-
Taxation credit	**3 027**	1 584	**-**	-
Loss after tax	**(7 739)**	(6 089)	**-**	-
Cash flows from / (used) in discontinued operation				
Net cash used by operating activities	**(4 182)**	(6 798)	**-**	-
Net cash from investing activities	**121**	4 254	**-**	-
Net cash from financing activities	**6 282**	8 336	**-**	-
Net cash from discontinued operation	**2 221**	5 792	**-**	-

Notes to the Financial Statements (continued)

for the year ended 31 December 2010

35. Earnings per share

GROUP

The calculation of earnings per ordinary share of 5.86 cents (2009: 16.88 cents) is based on the earnings attributable to ordinary shareholders of R5 673 332 (2009: R16 361 729) and a weighted average of 96 783 034 (2009: 96 958 071) ordinary shares in issue throughout the year.

The calculation of diluted earnings per ordinary share of 5.83 cents (2009: 16.77 cents) is based on earnings attributable to ordinary shareholders of R5 673 332 (2009: R16 361 729) and a diluted weighted average of 97 265 958 (2009: 97 561 294) ordinary shares in issue throughout the year.

Reconciliation between weighted average ordinary shares and diluted weighted average ordinary shares:

	2010	2009
Weighted average ordinary shares	**96 783 034**	96 958 071
Share options	**482 924**	603 223
Weighted average diluted ordinary shares	**97 265 958**	97 561 294

The weighted average number of shares is the number of shares outstanding at the beginning of the year adjusted for any additional shares issued during the period appropriately weighted for the time the shares are outstanding. Furthermore, any treasury shares held by the group are deducted from this amount.

The calculation of headline earnings per share of 16.46 cents (2009: 20.75 cents) is based on earnings of R15 926 839 (2009: R20 120 719) and a weighted average of 96 783 034 (2009: 96 958 071) ordinary shares in issue throughout the year.

Reconciliation between earnings and headline earnings:

	Profit before taxation	Taxation	Non-controlling interest	Net profit 2010	Net profit 2009
	R'000	R'000	R'000	R'000	R'000
Per the statement of comprehensive income	**11 744**	**(3 936)**	**(2 135)**	**5 673**	16 362
Profit on disposal of property, plant and equipment	**(34)**	**9**	**-**	**(25)**	(1 786)
Impairment of assets classified as held for sale	**3 500**	**(980)**	**-**	**2 520**	-
Profit on disposal of investments	**-**	**-**	**-**	**-**	(1 995)
Impairment of intangible assets	**7 758**	**-**	**-**	**7 758**	7 540
	22 968	**(4 907)**	**(2 135)**	**15 926**	20 121

The calculation of loss per ordinary share of discontinued operations of 8.00 cents (2009: 6.28 cents loss) is based on the loss attributable to ordinary shareholders of R7 738 584 (2009: R6 089 030) and a weighted average of 96 783 034 (2009: 96 958 071) ordinary shares in issue throughout the year.

COMPANY

The calculation of earnings per ordinary share of 8.36 cents (2009: 4.31 cents) is based on the earnings attributable to ordinary shareholders of R8 095 406 (2009: R4 174 929) and a weighted average of 96 783 034 (2009: 96 958 071) ordinary shares in issue throughout the year.

The calculation of diluted earnings per ordinary share of 8.32 cents (2009: 4.28 cents) is based on a earnings attributable to ordinary shareholders of R8 095 406 (2009: R4 174 929) and a diluted weighted average of 97 265 958 (2009: 97 561 294) ordinary shares in issue throughout the year.

Notes to the Financial Statements (continued)

for the year ended 31 December 2010

35. Earnings per share (continued)

Reconciliation between weighted average ordinary shares and diluted weighted average ordinary shares:

	2010	2009
Weighted average ordinary shares	**96 783 034**	96 958 071
Share options	**482 924**	603 223
Weighted average diluted ordinary shares	**97 265 958**	97 561 294

The weighted average number of shares is the number of shares outstanding at the beginning of the year adjusted for any additional shares issued during the period appropriately weighted for the time the shares are outstanding. Furthermore, any treasury shares held by the group are deducted from this amount.

The calculation of headline (loss) / profit per share of 1.40 cents (2009: 6.28 cents earnings) is based on a loss of R1 353 727 (2009: R6 092 356 profit) and a weighted average of 96 783 034 (2009: 96 958 071) ordinary shares in issue throughout the year.

Reconciliation between earnings and headline (loss) / earnings:

	Profit before taxation R'000	Taxation R'000	Net profit 2010 R'000	2009 R'000
Per the statement of comprehensive income	**7 800**	**296**	**8 096**	4 175
(Profit) / loss on disposal of property, plant and equipment	**(32)**	**8**	**(24)**	14
Impairment of investment in subsidiary	**15 367**	**-**	**15 367**	8 205
Reversal of prior year impairment of investment in subsidiary	**(24 793)**	**-**	**(24 793)**	(6 302)
	(1 658)	**304**	**(1 354)**	6 092

36. Share-based payments

The group established the MICRO*mega* Share Incentive Trust in 2001 together with a detailed share incentive scheme. The purpose of this scheme is to provide employees of the group with the opportunity to acquire an interest in the equity of the group, thereby providing such employees with a further incentive to advance the group's interests and promoting an identity of interests between such employees and the shareholders of the group. This trust is not owned by MICRO*mega* Limited and has no assets and liabilities nor are any shares held by the trust. Therefore, the trust has not been consolidated as a part of the group annual financial statements.

In terms of the scheme, share options may not be exercised until after the period, provided that the employee remains in the employment of the group, calculated from the acceptance date, of:

- more than 3 years shall have elapsed, in which event not more than one third thereof;
- more than 4 years shall have elapsed, in which event not more than a further one third thereof representing two thirds thereof cumulatively;
- more than 5 years shall have elapsed, in which event not more than a further one third thereof representing 100% thereof cumulatively.

The share options lapse if employment terminates before the share options have vested.

The share options expire upon the expiry of the option period, being 8 years from the grant date.

36. Share-based payments (continued)

Outstanding options
The following options have been granted in terms of MICRO*mega* Share Incentive Trust to employees and are still outstanding:

	Number of ordinary share options			
	Group		Company	
	2010	**2009**	**2010**	**2009**
Options granted at beginning of year	**4 858 414**	4 090 314	**2 405 000**	1 300 000
Movement during year:				
- New options granted during the year	**1 045 000**	1 330 000	**1 045 000**	1 105 000
- Options exercised during the year	**(3 333)**	(30 000)	**-**	-
- Options lapsed during the year	**(285 000)**	(531 900)	**(200 000)**	-
- Options granted at end of year	**5 615 081**	4 858 414	**3 250 000**	2 405 000
Comprising:				
Share options available at an issue price of R 0.45 per share	**414 841**	414 841	**-**	-
Share options available at an issue price of R 0.85 per share	**428 200**	428 200	**-**	-
Share options available at an issue price of R 0.90 per share	**250 000**	250 000	**-**	-
Share options available at an issue price of R 1.00 per share	**981 540**	984 873	**955 000**	955 000
Share options available at an issue price of R 1.25 per share	**225 000**	225 000	**-**	-
Share options available at an issue price of R 1.45 per share	**975 000**	-	**975 000**	-
Share options available at an issue price of R 1.80 per share	**-**	85 000	**-**	-
Share options available at an issue price of R 2.00 per share	**1 240 500**	1 170 500	**220 000**	150 000
Share options available at an issue price of R 3.70 per share	**1 100 000**	1 300 000	**1 100 000**	1 300 000
	5 615 081	4 858 414	**3 250 000**	2 405 000

Group share-based payment expenditure amounting to R825 376 (2009: R908 544) related to equity-settled share-based payment transactions was recognised directly in profit.

Company share-based payment expenditure amounting to R517 272 (2009: R781 691) related to equity-settled share-based payment transactions was recognised directly in profit.

Information on options granted during the year ended 31 December 2010
Fair value was determined by the use of the Black-Scholes Model. The following inputs were used:
- Weighted average share price – R1.58
- Exercise price – R1.45 and R2.00
- Expected volatility – 46.21%
- Option life – 3 to 5 years
- Expected dividends – 0%
- Risk-fee interest rate – 6.57%

37. Financial risk management

37.1 Overview

The group has exposure to the following risks from its use of financial instruments:
- credit risk
- liquidity risk
- currency risk

This note presents information about the group's exposure to each of the above risks, the group's objectives, policies and processes for measuring and managing risk, and the group's management of capital. Further quantitative disclosures are included throughout these financial statements.

Notes to the Financial Statements (continued)

for the year ended 31 December 2010

37. Financial risk management (continued)

37.1 Overview (continued)

The Board of Directors has overall responsibility for the establishment and oversight for the group's risk management framework. The Board of Directors is responsible for developing and monitoring the group's risk management policies.

The group's risk management policies are established to identify and analyse the risk faced by the group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the group's activities.

The Board of Directors oversees how management monitors compliance with the group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the group.

37.2 Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's trade receivables from customers, lease debtors and deposits with banks.

Trade and other receivables

The group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the group's customer base, including the default risk of the industry and country, in which customers operate, has less of an influence on credit risk. There is no concentration of credit risk in a single customer.

The Board of Directors has established a credit policy under which each new customer is analysed individually for creditworthiness before the group's standard payment and delivery terms and conditions are offered. Customers that fail to meet the group's benchmark creditworthiness may transact with the group only on a prepayment basis.

The group establishes an allowance for credit losses that represents its estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified.

37.3 Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash / liquid assets to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

Typically the group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the group's statement of financial position remains lowly geared and thus the Directors are comfortable with the ability to receive lines of credit.

37.4 Currency risk

The group is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currency of the group. The currencies in which these transactions primarily are denominated are the US Dollar and the Euro.

The group hedges foreign purchases. These purchases occur in Deltec Power Distributors (Proprietary) Limited and Lubrication Equipment (Proprietary) Limited. Forward exchange contracts are used to hedge its currency risk, with a maturity of less than one year from reporting date. When necessary, forward exchange contracts are rolled over at maturity. The group only hedges through forward exchange contracts and all gains or losses are measured directly in profit or loss.

There were foreign receivables and payables outstanding at 31 December 2010. Refer to note 37.6 – Financial risk management – Exposure to credit risk.

37.5 Capital management

The Board of Director's policy is to maintain a strong capital base so as to maintain creditor and shareholder confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the group defines as net operating income divided by total shareholders' equity. The Board of Directors also monitors the level of dividends to ordinary shareholders. There were no changes in the group's approach to capital management during the year. The group is not subject to externally imposed capital requirements.

Notes to the Financial Statements (continued)

for the year ended 31 December 2010

37. Financial risk management (continued)

37.6 Exposure to credit risk

The carrying amounts of financial assets represent the maximum exposure to credit risk as shown below:

	Group		Company	
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000
Loans receivable	**28 216**	27 388	**-**	-
Trade and other receivables	**113 330**	123 976	**1 389**	700
Cash and cash equivalents	**20 963**	29 936	**885**	318
Loans to subsidiaries	**-**	-	**128 697**	111 352
Loans to associates	**3 552**	3 956	**-**	-
	166 061	185 256	**130 971**	112 370

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	Group		Company	
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000
Domestic	**82 590**	80 597	**305**	391
Foreign	**22 738**	34 542	**-**	-
	105 328	115 139	**305**	391
Other receivables	**8 002**	8 837	**1 084**	309
Total trade and other receivables	**113 330**	123 976	**1 389**	700

Due to the wide spectrum of industries in which the group operates, information on the maximum exposure to credit risk for trade receivables at the reporting date by type of customer has not been disclosed.

Refer to note 17 – Cash and cash equivalents, for trade receivable offered as security for banking facilities.

The ageing of trade and other receivables at reporting date was:

	2010		2010	
	Group		Company	
	Gross	Impairment	Gross	Impairment
	R'000	R'000	R'000	R'000
Not past due	**39 542**	**-**	**305**	**-**
Past due 30 days	**27 281**	**-**	**-**	**-**
Past due 30 – 120 days	**47 623**	**(9 118)**	**-**	**-**
	114 446	**(9 118)**	**305**	**-**

Notes to the Financial Statements (continued)

for the year ended 31 December 2010

37. Financial risk management (continued)

37.6 Exposure to credit risk (continued)

	2009 Group		2009 Company	
	Gross	Impairment	Gross	Impairment
	R'000	R'000	R'000	R'000
Not past due	60 160	-	391	-
Past due 30 days	19 720	-	-	-
Past due 30 – 120 days	43 337	(8 078)	-	-
	123 217	(8 078)	391	-

37.7 Liquidity risk

The following are the contractual maturities of financial liabilities:

	Group				Company			
	Carrying amount	1 year	2-5 years	Greater than 5 years	Carrying amount	1 year	2-5 years	Greater than 5 years
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
2010								
Non-derivative liabilities								
Interest bearing borrowings	**79 022**	**22 446**	**22 493**	**34 083**	**550**	**233**	**317**	**-**
Non-interest bearing borrowings	**9 440**	**9 440**	**-**	**-**	**-**	**-**	**-**	**-**
Trade and other payables	**82 286**	**82 286**	**-**	**-**	**7 836**	**7 836**	**-**	**-**
Deferred vendor payments	**789**	**789**	**-**	**-**	**789**	**789**	**-**	**-**
Bank overdraft	**11 844**	**11 844**	**-**	**-**	**-**	**-**	**-**	**-**
Loans to subsidiary companies	**-**	**-**	**-**	**-**	**61 910**	**61 910**	**-**	**-**
	183 381	**126 805**	**22 493**	**34 083**	**71 085**	**70 768**	**317**	**-**
2009								
Non-derivative liabilities								
Interest bearing borrowings	38 839	19 372	19 467	-	61	29	32	-
Non-interest bearing borrowings	2 000	2 000	-	-	-	-	-	-
Trade and other payables	86 055	86 055	-	-	5 630	5 630	-	-
Deferred vendor payments	871	871	-	-	871	871	-	-
Bank overdraft	3 930	3 930	-	-	-	-	-	-
Loans to subsidiary companies	-	-	-	-	31 825	31 825	-	-
	131 695	112 228	19 467	-	38 387	38 355	32	-

37. Financial risk management (continued)

37.7 Liquidity risk (continued)

The maximum exposure to liquidity risk for trade payables at the reporting date by geographic region was:

	Group		Company	
	2010	**2009**	**2010**	**2009**
	R'000	**R'000**	**R'000**	**R'000**
Domestic	**42 126**	45 871	**2 834**	1 427
Foreign	**9 677**	12 568	**-**	-
	51 803	58 439	**2 834**	1 427
Other payables (refer to note 22 – Trade and other payables)	**30 483**	27 616	**5 002**	4 203
Total trade and other payables	**82 286**	86 055	**7 836**	5 630

37.8 Exposure to currency risk

			Group 2010		
	Rand	**Euro**	**US Dollar**	**Other**	**Total**
	R'000	**R'000**	**R'000**	**R'000**	**R'000**
Trade receivables	**82 590**	**-**	**22 131**	**607**	**105 328**
Trade payables	**42 126**	**4 305**	**5 372**	**-**	**51 803**

Sensitivity Analysis

The group is exposed to currency risk to the extent that trade receivable and trade payable foreign currency balances would fluctuate. A 10 percent movement in currencies held on the reporting date would have increased / (decreased) profit or loss as follows:

		10 percent strengthening	**10 percent weakening**
		R'000	**R'000**
Euro	(Decrease) / increase in profit	**(431)**	**431**
US Dollar	(Decrease) / increase in profit	**1 676**	**(1 676)**
Other (GBP)	(Decrease) / increase in profit	**61**	**(61)**

			Group 2009		
	Rand	**Euro**	**US Dollar**	**Other**	**Total**
	R'000	**R'000**	**R'000**	**R'000**	**R'000**
Trade receivables	80 597	-	34 534	8	115 139
Trade payables	45 871	2 000	10 568	-	58 439

Sensitivity Analysis

The group is exposed to currency risk to the extent that trade receivable and trade payable foreign currency balances would fluctuate. A 10 percent movement in currencies held on the reporting date would have increased / (decreased) profit or loss as follows:

		10 percent strengthening	**10 percent weakening**
		R'000	**R'000**
Euro	(Decrease) / increase in profit	**(200)**	**200**
US Dollar	Increase / (Decrease) in profit	**2 397**	**(2 397)**
Other	Increase / (Decrease) in profit	**1**	**(1)**

Notes to the Financial Statements (continued)

for the year ended 31 December 2010

37. Financial risk management (continued)

37.9 Interest rate risk

Profile

The interest rate profile of the interest bearing financial instruments was:

	Interest rate	Group 2010 R'000	Group 2009 R'000	Company 2010 R'000	Company 2009 R'000
Variable rate instruments					
- Bank overdraft	9.00%	**11 844**	3 930	**-**	-
- Interest bearing liabilities		**79 022**	38 839	**550**	61
- Instalment sales agreements	8.75% – 10.15%	**19 550**	23 373	**550**	61
- Finance lease liabilities	10.50%	**43**	76	**-**	-
- Mortgage bond	7.00%	**44 372**	168	**-**	-
- Daimler Chrysler South Africa	7.00%	**14 946**	13 839	**-**	-
- J Newbury Investments (Proprietary) Limited	9.00%	**111**	1 383	**-**	-

Sensitivity analysis

The group does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore a change in interest rates at the reporting date would not affect profit and loss.

A change in 100 basis points in interest rates on the reporting date would have increased / (decreased) profit or loss as follows:

		1 percent strengthening R'000	1 percent weakening R'000
2010	(Decrease) / increase in profit	**(909)**	**909**
2009	(Decrease) / increase in profit	(428)	428

37.10 Financial risk management

Fair value analysis	2010 Carrying Value R'000	2010 Fair Value R'000	2009 Carrying Value R'000	2009 Fair Value R'000
GROUP				
Assets				
Other investments	**6 695**	**6 695**	6 698	6 698
Loan to associate company	**3 552**	**3 552**	3 956	3 956
Loans receivable	**28 216**	**28 216**	27 388	27 388
Trade and other receivables	**113 330**	**113 330**	123 976	123 976
Cash and cash equivalents	**20 963**	**20 963**	29 936	29 936
Liabilities				
Interest bearing borrowings	**79 022**	**79 022**	38 839	38 839
Non-interest bearing borrowings	**9 440**	**9 440**	2 000	2 000
Trade and other payables	**82 286**	**82 286**	86 052	86 052
Deferred vendor payments	**789**	**789**	871	871
Bank overdraft	**11 844**	**11 844**	3 930	3 930

Notes to the Financial Statements (continued)

for the year ended 31 December 2010

37. Financial risk management (continued)

37.10 Financial risk management (continued)

Estimation of fair values

The method of estimation of fair values has been detailed in note 4 – Determination of fair values.

No disclosure has been done on the hierarchy of the fair values reached as the group only has listed investments to the value of R101 000 (2009: R104 000).

	Fair value analysis			
	2010		2009	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	R'000	R'000	R'000	R'000
COMPANY				
Assets				
Other investments	**6 594**	**6 594**	6 594	6 594
Amounts owing by subsidiary companies	**128 697**	**128 697**	111 352	111 352
Trade and other receivables	**1 389**	**1 389**	700	700
Cash and cash equivalents	**885**	**885**	318	318
Liabilities				
Interest bearing borrowings	**550**	**550**	61	61
Amounts owing to subsidiary companies	**61 910**	**61 910**	31 825	31 825
Trade and other payables	**7 836**	**7 836**	5 630	5 630
Deferred vendor payments	**789**	**789**	871	871

37.11 Equity price risk

The group is not exposed to equity price risk.

Notes to the Financial Statements (continued)

for the year ended 31 December 2010

38. Acquisitions of subsidiaries and non-controlling interests

Business Combinations

On 12 October 2010, the group acquired 86% of the shares of GIM Holdings (Proprietary) Limited for R7 237 138 payable in cash.

	Acquired assets and liabilities R'000	Fair value of identifiable assets R'000
Property, plant and equipment	9 500	9 500
Deferred tax liability	(1 120)	(1 120)
Loans receivable	2 038	2 038
Other financial assets	48	48
Borrowings	(2 086)	(2 086)
Outside shareholders	(1 174)	(1 174)
Total net assets acquired	**7 206**	**7 206**
Goodwill		31
Consideration paid		**7 237**
Cash		-
Total consideration		**7 237**
Cash acquired		-
Cash portion of consideration		-
Net cash outflow		**7 237**

Summarised statement of comprehensive income

	3 months R'000	12 months R'000
Revenue	180	720
Cost of sales	-	-
Gross profit	180	720
Operating expenses	-	-
Profit before tax	180	720
Taxation expense	(50)	(202)
Profit after tax	130	518

Notes to the Financial Statements (continued)

for the year ended 31 December 2010

38. Acquisitions of subsidiaries and non-controlling interests (continued)

Business Combinations

On 1 March 2010, the group acquired the 51% of the shares of MICRO*mega* Publications (Proprietary) Limited for R510 000 payable in cash. MICRO*mega* Publications (Proprietary) Limited contributed a profit of R318 804 for 2010. The acquisition was for a start-up business and no assets nor liabilities were acquired. No intangible assets were raised on acquisition as the value of the business lies in the workforce and partnership to be built up with NOSA (Proprietary) Limited, an existing wholly owned subsidiary of the group.

	Acquired assets and liabilities	Fair value of identifiable assets
	R'000	R'000
Total net assets acquired	**-**	**-**
Goodwill		510
Consideration paid		**510**
Cash		-
Total consideration		**510**
Cash acquired		-
Profit warranty to be paid on the publication of results		255
Net cash outflow		**255**

The statement of comprehensive income effect has not been extrapolated as the results of MICRO*mega* Publications (Proprietary) Limited are consolidated from its date of inception.

	10 months
	R'000
Revenue	1 601
Cost of sales	(319)
Gross profit	**1 282**
Operating expenses	(839)
Profit before tax	**443**
Taxation expense	(124)
Profit after tax	**319**

Notes to the Financial Statements (continued)

for the year ended 31 December 2010

39. Commitments

	Group		Company	
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000
Operating lease commitments				
The future minimum lease payments under non-cancelable operating leases are as follows:				
Premises and office equipment				
Not later than 1 year	**8 879**	11 580	**6 442**	-
Later than 1 year and not later than 5 years	**16 793**	12 021	**32 110**	-
Later than 5 years	**-**	-	**55 588**	-
	25 672	23 601	**94 140**	-
Finance lease liability on office equipment				
Not later than 1 year	**38**	33	**-**	-
Later than 1 year and not later than 5 years	**5**	43	**-**	-
	43	76	**-**	-

Capital commitments

The group had made no capital commitments as at date of the annual financial statements.

40. Related Parties

During the year there were transactions amongst group companies. These companies are described in the director's report. All intercompany transactions and balances are eliminated on consolidation.

During the year the group purchased 86% of GIM Holdings (Proprietary) Limited from Ian Gregory Morris. The transaction was announced to the public via SENS and the print media on 12 October 2010.

Management fees allocated to the subsidiary companies were as follows:

	2010	2009
	R'000	R'000
Management fees	**16 850**	25 500

Dividends received from subsidiary companies in 2010 amounted to R0 (2009: R1 432).

There is a loan to Ian Gregory Morris of R2 038 305 from GIM Holdings (Proprietary) Limited which arose on historical expenses of GIM Holdings (Proprietary) Limited. The loan was in place prior to the acquisition of GIM Holdings (Proprietary) Limited on 12 October 2010.

Notes to the Financial Statements (continued)

for the year ended 31 December 2010

41. Notes to the cash flow

	Group		Company	
	2010	**2009**	**2010**	**2009**
	R'000	**R'000**	**R'000**	**R'000**
41.1 Cash generated / (utilised) by operating activities				
Profit before taxation	**11 744**	28 763	**7 800**	6 842
Adjustments for:				
Depreciation and amortisation	**11 488**	10 677	**618**	349
Profit on disposals of property, plant and equipment	**(34)**	(2 480)	**(32)**	20
Profit on disposals of other investments	**-**	(2 320)	**-**	-
Impairment of goodwill	**6 057**	7 540	**-**	-
Impairment of intangible assets	**1 701**	-	**-**	-
Impairment of investment in subsidiaries	**-**	-	**(9 426)**	1 903
Impairment of assets classified as held for sale	**3 500**	-	**-**	-
Finance income	**(8 468)**	(9 479)	**(2 581)**	(2 380)
Finance expenses	**10 794**	16 995	**81**	3 364
Movement in retirement benefit assets and liabilities	**(7 967)**	(906)	**-**	-
Movement in provisions	**8 470**	(28)	**-**	-
Movement in derivatives	**-**	(282)	**-**	-
Realisation of non-distributable reserves	**(49)**	-	**-**	-
Movement in foreign currency translation reserve	**12**	-	**-**	-
Share of loss of equity accounted associates	**724**	768	**-**	-
Movement in share-based payments reserve	**827**	909	**518**	782
	38 799	50 157	**(3 022)**	10 880
Movements in working capital	**446**	14 771	**780**	671
(Increase) / decrease in inventories	**(6 431)**	45 859	**(737)**	(166)
Decrease / (increase) in trade and other receivables	**10 646**	588	**(689)**	(83)
(Decrease) / increase in trade and other payables	**(3 769)**	(31 676)	**2 206**	920
	39 245	64 928	**(2 242)**	11 551
41.2 Taxation paid				
Balance owing at beginning of the year	**(942)**	(8 538)	**(1 122)**	-
Current tax for the year recognised in profit or loss	**(12 832)**	(14 993)	**-**	(1 122)
Balance (prepaid) / owing at end of the year	**(1 043)**	942	**(1 076)**	1 122
	(14 817)	(22 589)	**(2 198)**	-

Notes to the Financial Statements (continued)

for the year ended 31 December 2010

41. Notes to the cash flow (continued)

41.3 Acquisition of subsidiaries

During the current year the group acquired the following entities:

	Group		Company	
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000
Fair value of assets acquired				
Property, plant and equipment	**9 500**	-	**-**	-
Loans receivable	**2 038**	-	**-**	-
Deferred taxation	**(1 120)**	-	**-**	-
Investment in subsidiaries	**-**	-	**832**	12 576
Other investments	**48**	-	**-**	-
Borrowings	**(2 086)**	-	**-**	-
Non-controlling interest	**(860)**	-		
Assets acquired	**7 520**	-	**832**	12 576
Goodwill	**547**	1 578	**-**	-
Purchase consideration	**8 067**	1 578	**832**	12 576
Gross cash outflow on acquisition	**8 067**	1 578	**832**	12 576
Less: Amounts to be paid based on profit targets	**(255)**	-	**(255)**	-
Net cash outflow on acquisition	**7 812**	1 578	**577**	12 576

42. Segmental analysis

Operating Segments
Information about reportable segments

	Financial Services		Support Services		Information Technology		Automotive Components		Property Investments		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Total external revenues	**44 229**	36 619	**324 269**	365 123	**107 820**	164 527	**232 621**	216 290	**11 208**	2 677	**720 147**	785 236
Finance Income	**1 656**	887	**(604)**	1 244	**7 203**	5 836	**21**	561	**762**	2 359	**9 038**	10 887
Finance Expenses	**(336)**	(683)	**(1 210)**	(5 939)	**(6 140)**	(6 233)	**1**	(4 414)	**(1 227)**	(484)	**(11 364)**	(17 753)
Depreciation and amortisation	**894**	613	**2 054**	1 247	**3 577**	4 168	**4 213**	3 825	**296**	16	**11 034**	9 869
Reportable segment profit before income tax	**8 216**	7 963	**19 765**	14 117	**3 889**	18 817	**(12 770)**	(13 903)	**14 713**	4 085	**33 813**	31 079
Share of profit / (loss) of associates	**-**	-	**(724)**	(768)	**-**	-	**-**	-	**-**	-	**(724)**	(768)
Reportable segment assets	**321 701**	243 511	**102 868**	75 644	**132 361**	139 232	**185 827**	174 560	**119 657**	33 676	**862 414**	666 623
- Non-current assets	**182 081**	167 562	**21 534**	10 914	**52 078**	44 987	**58 612**	46 398	**107 212**	28 423	**421 517**	298 284
- Current assets	**139 620**	75 949	**81 334**	64 730	**80 283**	94 245	**127 215**	128 162	**12 445**	5 253	**440 897**	368 339
Investment in associates	**-**	-	**2 439**	3 572	**37**	175	**-**	-	**-**	-	**2 476**	3 747
Capital expenditure	**9 305**	331	**4 337**	1 618	**1 180**	4 031	**1 607**	6 239	**52 391**	26	**68 820**	12 245
Reportable segment liabilities	**92 834**	16 093	**42 532**	33 868	**85 656**	99 219	**134 030**	111 687	**78 479**	10 431	**433 531**	271 298
- Non-current liabilities	**3 352**	32	**1 850**	50	**7 131**	10 982	**4 545**	6 997	**55 300**	7 405	**72 178**	25 466
- Current liabilities	**89 482**	16 061	**40 682**	33 818	**78 525**	88 237	**129 485**	104 690	**23 179**	3 026	**361 353**	245 832

The comparative figures have been restated for the new segment. All property owning companies have been moved into the Property Investments segment with effect from 1 January 2009.

Notes to the Financial Statements (continued)

for the year ended 31 December 2010

42. Segmental analysis (continued)

Reconciliations of reportable segment revenues, profit, assets and liabilities and other material items

	2010 R'000	2009 R'000
Revenue		
Total revenue for reportable segments	**720 147**	785 236
Consolidated adjustments	**(37 833)**	(37 929)
Consolidated revenue	**682 314**	747 307
Profit		
Total profit for reportable segments	**33 813**	31 079
Share of (loss) / profit of associates	**(724)**	(768)
Consolidation adjustments	**(21 345)**	(1 548)
Consolidated profit before income tax	**11 744**	28 763
Assets		
Total assets for reportable segments	**862 414**	666 623
Intangible assets arising on consolidation	**34 154**	41 643
Investments in associates	**2 746**	3 209
Consolidation adjustments	**(394 450)**	(290 689)
Consolidated total assets	**504 864**	420 786
Liabilities		
Total liabilities for reportable segments	**433 531**	271 298
Consolidation adjustments	**(228 343)**	(130 562)
	205 188	140 736

	Reportable segment totals R'000	Adjustments R'000	Consolidated totals R'000
Other material items 2010			
Finance income	**9 038**	**(570)**	**8 468**
Finance expenses	**(11 364)**	**570**	**(10 794)**
Capital expenditure	**68 820**	**-**	**68 820**
Depreciation and amortisation	**11 034**	**454**	**11 488**

	Reportable segment totals R'000	Adjustments R'000	Consolidated totals R'000
Other material items 2009			
Finance income	10 887	(1 408)	9 479
Finance expenses	(17 753)	758	(16 995)
Capital expenditure	12 245	-	12 245
Depreciation and amortisation	9 869	808	10 677

42. Segmental analysis (continued)

	Financial Services		Support Services		Information Technology		Automotive Components		Property Investments		Consolidation Adjustments		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Reportable segment results	**6 896**	7 759	**21 579**	18 812	**2 825**	19 216	**(10 341)**	(10 051)	**15 180**	2 209	**(21 345)**	(898)	**14 794**	37 047
Share of loss of associates	**-**	-	**(724)**	(768)	**-**	-	**-**	-	**-**	-	**-**	-	**(724)**	(768)
Finance income	**1 656**	887	**(604)**	1 244	**7 203**	5 836	**21**	561	**762**	2 359	**(570)**	(1 408)	**8 468**	9 479
Finance expenses	**(336)**	(683)	**(1 210)**	(5 939)	**(6 140)**	(6 233)	**(2 451)**	(4 414)	**(1 227)**	(484)	**570**	758	**(10 794)**	(16 995)
Income tax expense	**(1 482)**	(2 559)	**(7 596)**	(5 697)	**997**	(4 976)	**5 010**	2 569	**(5 576)**	(1 171)	**4 711**	750	**(3 936)**	(11 084)
Non-controlling interest	**-**	(17)	**(874)**	(741)	**-**	-	**-**	-	**-**	-	**(1 261)**	(559)	**(2 135)**	(1 317)
Contributions to earnings per segment	**6 734**	5 387	**10 571**	6 911	**4 885**	13 843	**(7 761)**	(11 335)	**9 139**	2 913	**(17 895)**	(1 357)	**5 673**	16 362
(Profit) / loss on disposal of property, plant and equipment	**(23)**	(237)	**(3)**	(7)	**(32)**	(80)	**19**	(1 462)	**14**	-	**-**	(25)	**(1 786)**	
Profit on disposal of unlisted investments	**-**	(1 995)	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	(1 995)
Impairment of property, plant and equipment	**-**	-	**-**	-	**-**	-	**2 520**	-	**-**	-	**-**	-	**2 520**	-
Impairment of intangible assets	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**7 758**	7 540	**7 758**	7 540
Contribution to headline earnings per segment	**6 711**	3 155	**10 568**	6 904	**4 853**	13 763	**(5 222)**	(12 797)	**9 153**	2 913	**(10 137)**	6 183	**15 926**	20 121

Notes to the Financial Statements (continued)

for the year ended 31 December 2010

43. Shareholder's information

Analysis of the share register at 31 December 2010

Portfolio size	Number of shareholders	Percentage of shareholders	Number of shares	Percentage of share capital
1 to 50 000	970	93.90%	3 368 815	3.34%
50 001 to 250 000	40	3.87%	4 252 861	4.22%
Over 250 000	23	2.23%	93 181 001	92.44%
	1 033	**100.00%**	**100 802 677**	**100.00%**

Non-public & public shareholders	Number of shares	Percentage of share capital
Non-public shareholders		
HSBC Investment Management	21 939 699	21.76%
Insight Communications Limited	16 876 000	16.74%
Alpha Management Limited	14 300 000	14.19%
Insight Corp.	12 625 921	12.53%
Subsidiary companies	4 373 057	4.34%
Directors (Direct & indirect beneficial interest)	1 507 713	1.50%
Directors – Subsidiary companies (Direct & indirect beneficial interest)	257 224	0.26%
Trustee of The MICRO*mega* Share Incentive Scheme	115 380	0.11%
Total non-public shareholders	**71 994 994**	**71.42%**
Total public shareholders	**28 807 683**	**28.58%**
Total	**100 802 677**	**100.00%**

Major shareholders	Number of shares	Percentage of share capital
HSBC Investment Management	21 939 699	21.76%
Insight Communications Limited	16 876 000	16.74%
Alpha Management Limited	14 300 000	14.19%
Insight Corp.	12 625 921	12.53%
Robel Management Limited	9 000 000	8.93%
TTSA Securities (Proprietary) Limited	4 341 167	4.31%
Enigma Investments Holdings Limited	3 000 000	2.98%
Warren Friedland	1 930 754	1.92%
The Ross Lewin Family Trust	1 427 493	1.42%
Nedbank Capital Markets	1 240 000	1.23%

	2010		2009	
	Direct	**Indirect**	**Direct**	**Indirect**
DC King (Chairman)	**-**	**21 939 699**	-	-
IG Morris	**-**	**-**	-	31 890
RC Lewin	**-**	**1 427 493**	-	1 427 493
DSE Carlisle	**37 500**	**-**	7 500	-
PV Henwood	**-**	**-**	-	-
DJ Case	**42 720**	**-**	-	-

There was no change in these shareholdings to the date of the notice of the annual general meeting.

Notice of Annual General Meeting

MICRO*mega* HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1998/003821/06)
(Share code: MMG ISIN: ZAE000034435)
("MICRO*mega*" or "the Company")

Notice of Annual General Meeting

NOTICE is hereby given that the annual general meeting of shareholders of MICRO*mega* Holdings Limited will be held in the MICRO*mega* boardroom, 66 Park Lane, Sandton, 2196 at 10h00 on Friday, 15 July 2011 for the purpose of considering, and if deemed fit, passing, with or without modification, the following ordinary and special resolutions.

The conditions precedent to each of the resolutions becoming effective are that each of the resolutions set out below is passed in its current form or any modified form approved by the meeting.

ORDINARY RESOLUTION NUMBER 1:
"Resolved to receive, consider and adopt the Annual Financial Statements for the year ended 31 December 2010, together with the audit and risk committee report and the reports of directors and auditors."

In order for ordinary resolution number 1 to be passed, the majority of the votes of all members present or represented by proxy must be cast in favour of the resolution.

ORDINARY RESOLUTION NUMBER 2:
"Resolved to re-elect, by way of a separate vote, Messrs IG Morris and DSE Carlisle, who in accordance with article 80.1 of the Company's memorandum of incorporation, retire as directors but being eligible to do so, offer themselves for re-election."

In order for ordinary resolution number 2 to be passed, the majority of the votes of all members present or represented by proxy must be cast in favour of the resolution.

ORDINARY RESOLUTION NUMBER 3:
"Resolved to re-elect, Mr DC King, who in accordance with article 83.2 of the Company's memorandum of incorporation, retires as director but being eligible to do so offers himself for re-election.

In order for ordinary resolution number 3 to be passed, the majority of the votes of all members present or represented by proxy must be cast in favour of the resolution.

A brief CV of each director can be found on page 3 of the annual report.

ORDINARY RESOLUTION NUMBER 4:
"Resolved that Mr PV Henwood and Mr RC Lewin be and hereby are appointed as members of the audit committee until the next annual general meeting. The proposed members have the necessary qualifications and experience required to attend to their duties and their independence, in terms of the Companies Act 71 of 2008, as amended has been confirmed by the board of directors."

In order for ordinary resolution number 4 to be passed, the majority of the votes of all members present or represented by proxy must be cast in favour of the resolution.

A brief CV of each audit committee member can be found on page 3 of the annual report.

ORDINARY RESOLUTION NUMBER 5:
"Resolved that, on the recommendation of the audit and risk committee, KPMG Incorporated, together with Jacques Wessels as individual registered auditor for the Company, be re-appointed as auditors of the Company and to authorise the audit and risk committee to determine the remuneration of the auditors."

In order for ordinary resolution number 5 to be passed, the majority of the votes of all members present or represented by proxy must be cast in favour of the resolution.

SPECIAL RESOLUTION NUMBER 1:
"Resolved that in terms of section 69(9) of the Companies Act 71 of 2008, as amended, the fees payable to the non-executive directors of the

Notice of Annual General Meeting (continued)

Company, be revised with effect from the date of approval of this special resolution, which special resolution will be valid for a maximum period of two years, as follows:

- R5 000 per month as a base fee;
- R10 000 for attendance at any board meeting;
- R5 000 for chairing any audit committee meeting;
- R5 000 for chairing any remuneration committee meeting;
- R5 000 for attendance at any audit committee meeting; and
- R5 000 for attendance at any remuneration committee meeting."

REASON FOR AND EFFECT OF SPECIAL RESOLUTION NUMBER 1:
Section 69(9) of the Companies Act 71 of 2008, as amended requires shareholders to approve the fees paid to non-executive directors for their services as directors. Special resolution number 1 is being proposed to shareholders to approve the inclusion of a base fee payable to non-executive directors in addition to a meeting attendance fee, which fee has not been increased.

In order for this special resolution number 1 to be passed, a 75% majority of the votes of all members present or represented by proxy must be cast in favour of the resolution.

SPECIAL BUSINESS
To consider and if deemed to fit to pass the following special and ordinary resolutions:

ORDINARY RESOLUTION NUMBER 6:
"Resolved that in accordance with article 4.2 of the memorandum of incorporation the entire authorised but unissued share capital of the company, from time to time, be placed under the control of the directors of the company until the next annual general meeting with the authority to allot and issue all or part thereof in their discretion, subject to section 38 of the Companies Act 71 of 2008, as amended, and the JSE Limited Listings Requirements."

In order for ordinary resolution number 6 to be passed, the majority of the votes of all members present or represented by proxy must be cast in favour of the resolution.

ORDINARY RESOLUTION NUMBER 7:
"Resolved that in terms of the JSE Limited Listings Requirements, that the directors are hereby granted a general authority to allot and issue unissued ordinary shares in the Company for cash as and when suitable situations arise, subject to the following conditions:

1. that this authority shall only be valid until the next annual general meeting but shall not extend beyond 15 months;
2. that the shares may only be issued to public shareholders as defined by paragraph 4.26 of the JSE Limited Listings Requirements and not to related parties;
3. that a paid press announcement giving full details, including the impact on net asset value and earnings per share, be published after any issue representing, on a cumulative basis within one financial year, 5% or more of the number of shares in issue prior to the issue concerned;
4. that the issues in the aggregate in any one financial year shall not exceed 15% of the number of shares of the company's issued ordinary share capital;
5. that in determining the price at which an issue of shares will be made in terms of this authority, the maximum discount shall be 10% of the weighted average traded price of the shares on the JSE, as determined over 30 business days prior to the date the price of the issue is determined or agreed by the directors."

In terms of the JSE Limited Listings Requirements, in order for this ordinary resolution to be passed, a 75% majority of the votes of all members present or represented by proxy must be cast in favour of the resolution.

ORDINARY RESOLUTION NUMBER 8:
"Resolved that the amendments prescribed by Schedule 14 of the JSE Limited Listings Requirements, to be made to the MICRO*mega* Share Incentive Scheme, with master's reference number IT 91/03, as set out in Appendix 2 to this notice of annual general meeting and tabled at this meeting and initialled by the chairman for identification purposes be and are hereby approved."

In terms of the JSE Limited Listings Requirements, in order for this ordinary resolution to be passed, a 75% majority of the votes of all members present or represented by proxy must be cast in favour of the resolution. Votes attaching to shares owned or controlled by persons who are existing participants in the scheme and which have been acquired in terms of the scheme and may be impacted by the changes will be excluded from the vote.

The salient details of the Scheme, as amended has been included as Appendix 1 to this notice of annual general meeting and the trust deed will

Notice of Annual General Meeting (continued)

be available for inspection at the registered office of the company for a period of 14 days prior to the date of the annual general meeting called in terms of this notice.

SPECIAL RESOLUTION NUMBER 2:

"Resolved that the directors of the company and/or its subsidiaries be and they hereby are authorised by a way of general authority contemplated in Sections 40 and 48 of the Companies Act 71 of 2008 ("the Act"), as amended, up to and including the date of the following annual general meeting, to approve the repurchase of the Company's shares, subject to the provisions of the Act and the JSE Limited Listings Requirements and provided that:

1. the general authority shall only be valid until the next annual general meeting, but in any event shall not extend beyond 15 months from the date of the passing of this resolution;
2. 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;
3. authorisation has been given in terms of the company's memorandum of incorporation;
4. the general authority to repurchase be limited to maximum of 20% of the company's issued share capital in any financial year;
5. repurchases in any one financial year shall not be made at a price of more than 10% above the weighted average of the market value at which such ordinary shares are traded on the JSE for the five business days immediately preceding the date on which the transaction is agreed.
6. an announcement will be published as soon as the company has acquired ordinary shares constituting, on a cumulative basis, 3% of the number of ordinary shares in issue at the time the general is granted, which announcement shall contain full details of such acquisition.
7. the repurchase shall be implemented on the JSE ("Open Market"), but subject to the company's sponsor having furnished the JSE with prior written confirmation of the Company's working capital adequacy;
8. the Company may only appoint one agent to effect any repurchase on the Company's behalf; and
9. the Company or its subsidiaries may not repurchase shares during a prohibited period, as defined by the JSE Limited Listings Requirements, unless it has in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed and full details of the programme have been disclosed in an announcement over SENS prior to the commencement of the prohibited period."

In order for this special resolution number 2 to be passed, a 75% majority of the votes of all members present or represented by proxy must be cast in favour of the resolution.

REASON FOR AND EFFECT OF SPECIAL RESOLUTION NUMBER 2:

The reason for this special resolution number 2 is to grant the directors of the Company a general authority in terms of the Act and the JSE Limited Listings Requirements for the repurchase the company shares by the Company and/or a subsidiary of the Company. The effect of this special resolution will be to allow the Company or any of its subsidiaries to acquire the Company shares.

The directors of MICRO*mega* have no specific intention, at present, for the Company to repurchase any of its shares but consider such a general authority should be put in place should an opportunity present itself to do so in the best interests of the Company and its shareholders. In considering this, the directors must be of the opinion that for a period of 12 months following the decision to use this authority:

1. the Company and the group will be able, in the ordinary course of business, to pay its debts;
2. the assets of the Company and group, fairly valued in accordance with International Financial Reporting Standards, will be in excess of the liabilities of the Company;
3. the Company and the group will have adequate capital and reserves for purposes of their business for the foreseeable future; and
4. the working capital of the Company and the group will be adequate.

Attention is drawn to the JSE Limited Listings Requirements that require the following disclosures prior to voting on this particular resolution:

- Directors
- Major shareholders
- Director's interests in securities
- Share capital of the company, all of which are contained in the Company's annual report.

Material changes

Other than the facts and developments reported on in the annual report, there have been no material changes in the affairs or financial position of the Company and its subsidiaries since the date of signature of the audit report and up to the date of this notice.

Director's responsibility statement

The directors, whose names are provided on page 15 of the annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that to the best of their knowledge and belief no facts 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 special resolution contains all information required by law and the JSE Limited Listings Requirements.

Notice of Annual General Meeting (continued)

Litigation statement

In terms of section 11.26 of the JSE Limited Listings Requirements, the directors of the Company are not aware of any legal or arbitration proceedings, including proceedings pending or threatened, that may have or have had in the recent past, being at least the previous 12 months, a material effect on the group's financial position.

SPECIAL RESOLUTION NUMBER 3:

"Resolved that in terms of section 45 of the Companies Act 71 of 2008 ("the Act"), as amended, the Company be and is hereby granted a general authority, by way of a special resolution which special resolution shall be valid for a maximum period of two years from its passing, to provide loans and other financial assistance to any subsidiary or associated company as and when required, subject to the provisions of the Act."

REASON FOR AND EFFECT OF SPECIAL RESOLUTION NUMBER 3:

The reason for and effect of special resolution number 3 is to grant the Company a general authority in terms of the Act to provide a treasury management function for the entire group of companies. This general authority shall be valid for a maximum period of two years from the date of passing this special resolution.

In order for special resolution number 3 to be passed, a 75% majority of the votes of all members present or represented by proxy must be cast in favour of the resolution.

PROXY AND VOTING PROCEDURES

In terms of the Companies Act 71 of 2008, as amended, any member entitled to attend and vote at the above meeting may appoint one or more persons as proxy, to attend and speak and vote in his or her stead. A proxy need not be a member of the company. Forms of proxy must be deposited at the office of the transfer secretaries not later than 48 hours before the time fixed for the meeting (excluding Saturdays, Sundays and public holidays).

If your MICRO*mega* shares have been dematerialised and are held in a nominee account, then your Central Securities Depository Participant ("CSDP") or broker, as the case may be, should contact you to ascertain how you wish to cast your vote and thereafter cast your vote in accordance with your instructions. If you have not been contacted it would be advisable for you to contact your CSDP or broker, as the case may be, and furnish them with your instructions. If your CSDP or broker, as the case may be, does not obtain instructions from you, they will be obliged to act in terms of your mandate furnished to them, or if the mandate is silent in this regard to abstain from voting. Dematerialised shareholders whose shares are held in a nominee account must not complete the attached form of proxy.

Unless you advise your CSDP or broker timeously, in terms of the agreement between yourself and your CSDP or broker, by the cut-off time advised by them that you wish to attend the annual general meeting or send a proxy to represent you at the meeting, your CSDP or broker will assume you do not wish to attend the meeting or send a proxy. If you wish to attend the meeting, your CSDP or broker will issue the necessary letter of representation to you to attend the meeting.

Shareholders who have dematerialised their shares through a CSDP or broker, other than "own name" registered dematerialised shareholders, who wish to attend the meeting, must request their CSDP or broker to issue them with a letter of representation, or they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement/mandate entered into between them and the CSDP or broker.

By order of the board

TS de Mendonca
Company Secretary
8 June 2011

Appendix 1

Salient Features of the MICRO*mega* Share Incentive Scheme

The salient features of the MICRO*mega* Share Incentive Scheme ("the Scheme"), as amended, are as follows:

1. The purpose of the Scheme is to provide employees of the group with the opportunity to acquire an interest in the equity of the company, thereby providing such employees with a further incentive to advance the group's interests and promoting an identity of interests between such employees and the shareholders of the company.

2. The Scheme consists of a combination of a share option scheme and a share purchase scheme.

3. The trustees of the trust are Tanya de Mendonca and Alan Barrington Swan.

4. The trustees of the trust may not be executive directors of the company and shall not be participants under the scheme.

5. The trust shall be funded from:
   5.1. the trust's own resources, if any;
   5.2. loans made to the trust by companies in the MICRO*mega* Holdings Limited group of companies, in accordance with section 38(2)(b) of the Companies Act 61 of 1973;
   5.3. loans by third parties to the trust to be procured by the company upon such terms as the company is able to arrange; and/or
   5.4. any other resource which is available to the trust from time to time.

6. The total number of scheme shares which may be offered to participants in terms of the trust is 15 120 401 ordinary shares of the company's entire issued ordinary share capital.

7. The maximum number of shares to which any one eligible participant is entitled shall not exceed 5 040 133 ordinary shares of the company's issued ordinary share capital.

8. An eligible participant is any person who is an officer or other employee of any company of other entity or association of persons forming part of the group (including any present and future salaried director or non-executive director of any company forming part of the group).

9. The trustees shall, if the board so directs, offer eligible applicants, the opportunity to acquire scheme shares at the share price, which price may be higher or lower than the price at which the shares in question were or are to be acquired by the trust.

10. The price per share payable by a participant shall be the average of the closing prices of a share on the JSE on the three trading days immediately preceding the date upon which the board will have resolved to direct the trustees to offer the relevant scheme shares to eligible participants.

11. Dividends declared by the company in respect of scheme shares shall be paid firstly to the trustees, to reduce interest accrued in respect of the participant's share debt; secondly, as to any amount determined by the board, in its discretion, not exceeding the balance of the participant's share debt for the time being, to the trust by way of reduction of the participant's share debt; and as to the balance (if any), to the relevant participant.

12. Notwithstanding that any scheme shares are paid for by the participant in full at any time, no scheme shares shall be released until –

    12.1 more than 3 years shall have elapsed, in which event not more than one third thereof;
    12.2 more than 4 years shall have elapsed, in which event not more than a further one third thereof representing two thirds thereof cumulatively;
    12.3 more than 5 years shall have elapsed, in which event not more than a further one third thereof representing 100% thereof cumulatively,

    of the relevant scheme shares may, if the share debt in respect of them is fully discharged, be released.

13. In the event of any capitalisation issue or any sub-division or consolidation of ordinary shares or any reduction of the ordinary share capital of MICRO*mega* Holdings Limited, the number of scheme shares and/or the scheme share price shall be adjusted by the board in such a manner as it may deem appropriate with the objective that such adjustment should give a participant an option to the same proportion of the equity capital as that to which he was entitled prior to the adjustment event; provided that the auditors of the company, acting as experts and not as arbitrators, shall have confirmed in writing that in their opinion such adjustments are fair and reasonable.

    If the company at any time before the share debt owing on any scheme shares has been paid in full is placed in liquidation for purposes of reorganisation; or is a party to a scheme of arrangement affecting the structuring of its share capital; or reduces its share capital; or sub-divides or consolidates its shares, such adjustments shall be made to the purchase price in respect of those scheme shares as have

Appendix 1

Salient Features of the MICRO*mega* Share Incentive Scheme (continued)

not been fully paid as a partner or director of the company's auditors for the time being (acting as an expert) in his discretion may confirm in writing to the board as being fair and reasonable in the circumstances, subject (where necessary) to the sanction of the Court.

14. If the employment of any participant terminates prior to the expiry of the minimum period as a result of his death (other than by suicide), retrenchment, retirement or as a result of his retirement due to ill health or permanent disability, the participant shall be entitled, within one year from the date of termination of his employment, to make payment for all or any multiple of 100 of his scheme shares, which shares shall thereafter be released to him.

    If the employment of any participant terminates prior to the expiry of the minimum period as a result of his lawful summary dismissal or his dismissal on the grounds of his proven dishonest, fraudulent or grossly negligent conduct (whether such termination occurs as a result of notice given to or by him or otherwise), the purchase of the scheme shares by the participant shall be cancelled on the basis that the trustees shall purchase and appropriate the scheme shares of that participant as the property of the trust against the subscription or purchase price thereof.

    If the employment of any participant terminates for any reason other than mentioned above and if the date of termination of employment falls on or after any of the dates on which it is competent for scheme shares to be released to a participant, the participant shall, not later than sixty days from the date of termination of his employment with the group, make payment in respect of all or any multiple of 100 of such scheme shares which are capable of being so released, which shares shall thereafter be released to him.

15. A summary will be included in the annual financial statements of the MICRO*mega* Holdings Limited of the number of scheme shares in issue or acquired, any changes in such numbers during the financial year under review, the number of shares held by the trust which may be acquired by eligible applicants and the number of shares under the control of the directors of the company for allotment or issue in terms of this scheme.

16. The provisions of the Scheme will be capable of amendment by the board of directors and the trustees, provided that no amendment shall operate in respect of the following matters unless such amendments have received the prior approval of the JSE and the company in general meeting by the passing of an ordinary resolution, (requiring a 75% majority of the votes cast in favour of such resolution) excluding votes attaching to shares owned or controlled by participants of the scheme –

    16.1 the eligibility of participants under this scheme;
    16.2 the calculation of the total number of shares which may be acquired for the purpose of or pursuant to this scheme;
    16.3 the maximum number of share options, scheme shares, rights and options and allocation shares which may be acquired by any participant;
    16.4 the option price;
    16.5 the share price; and
    16.6 the allocation price;
    16.7 any amendment of this clause; and
    16.8 the voting, dividend, transfer and other rights attaching to share options, options shares, scheme shares, rights and options and allocation shares.

17. Scheme shares shall not be taken into account for the purposes of voting at general meetings of the company in respect of resolutions proposed in terms of the JSE Limited Listings Requirements and shall also not be taken into account for the purposes of determining the categorisation of transactions as set out in section 9 of the JSE Limited Listings Requirements.

18. The trust shall terminate as soon as there are no longer any participants who hold or have acquired scheme shares, share options, rights and options or allocation shares and the board so resolves. Upon such termination, the assets (if any) of the trust shall be realised and any surplus remaining after the discharge of the trust's liabilities shall be paid over to the company. Any deficit arising from the winding-up of the trust shall be borne by the company.

Appendix 2 to the Notice of Annual General Meeting

The proposed amendments to the MICRO*mega* Share Incentive Scheme, are as follows:

Phrases or words in bold indicate additions and phrases or words which have been struck through indicate deletions.

1. To amend the definition of JSE to read as follows:
   "JSE" – ~~the Johannesburg Stock Exchange~~ **JSE Limited, (Registration No. 2005/022939/06), licensed as an exchange under the Securities Services Act, 2004;**

2. To amend the definition of trustees to read as follows:
   "trustees" – the trustees of the trust for the time being, the first trustees being the persons referred to in 2.3, **who may not be executive directors of the company and who shall not be participants under the scheme.**

3. To amend the definition of eligible participant to read as follows:
   1.1.8 a person eligible for participation in this scheme, namely an officer or other employee of any company or other entity or association of persons forming part of the group (including any present and future salaried director or non-executive director of any company forming part of the group), which person shall be nominated from time to time by the board ~~in its discretion~~; provided that the participation of a ~~non-executive~~ director shall always be subject to the provisions of section 38 of the Act;

4. To delete clause 1.1.9 in its entirety as well as all references to existing scheme shares.

5. To amend the definition of share debt to read as follows:
   1.1.26 share debt" – the amount for the time being owing by a participant to the trust in respect of scheme shares, which amount may be increased from time to time in regard to any participant in accordance with the directions of the ~~board, in its discretion,~~ trustees, in its discretion, by such amount/s which may become payable by the participant in question –

6. To include the IT number of the trust, being IT91/03 in clause 1.1.29.

7. To include a new clause 3.1.10 allowing the trustees to purchase securities through the market in order to satisfy the obligations in terms of the scheme, to read as follows:
   3.1.10 subject to the Act, the JSE Listings Requirements and in order to satisfy its obligations in terms of the scheme, to subscribe for or purchase such number of shares on the JSE, at such prices as may be agreed from time to time by the trustees and the board.

8. To include a new clause 3.2 restricting the voting rights of shares held by the Scheme, to read as follows:
   3.2 Scheme shares shall not be taken into account for the purposes of voting at general meetings of the company in respect of resolutions proposed in terms of the JSE Listings Requirements and shall also not be taken into account for the purposes of determining the categorisation of transactions as set out in section 9 of the JSE Listings Requirements.

9. To include a new clause 3.3 to read as follows:
   3.3 The company shall comply with paragraphs 3.63 to 3.74 of the JSE Listings Requirements in relation to any dealing by the trust in any shares.

10. To amend clause 8.1, allowing the trustees to purchase and subscribe for shares, to read as follows:
    8.1 Subject to the provisions of the Act, the trustees shall, for the purposes of the scheme, from time to time –
    8.1.1 purchase or subscribe for; or
    8.1.2 be given options to purchase or subscribe for; or
    8.1.3 be given rights and options to purchase or subscribe for,
    such number of shares at such prices as may be agreed upon by the trustees and the board from time to time, **provided that the purchase of or subscription for shares, options or rights and options shall only be effected once a participant (or group of participants) has been formally identified.**

11. To amend clause 8.2, in order to state the number of shares that may be utilised for the purposes of the scheme, to read as follows:
    8.2 Subject to 8.3, without the prior authority of the company in general meeting, the aggregate number of shares which may be acquired under this scheme together with the existing scheme **shall be** not be more than,**15 120 401 ordinary shares,** ~~being 15%~~ of the company's entire issued ordinary share capital ~~from time to time~~; provided that the said number shall be increased or reduced in direct proportion to the increase or reduction in the number of ordinary shares in the company's issued share capital arising from any conversion, redemption, consolidation, sub-division, issue for cash, vendor placing, rights or capitalisation issue of shares in the capital of the company.

Appendix 2

Appendix 2 to the Notice of Annual General Meeting (continued)

12. To amend clause 8.3, in order to provide for a fixed maximum number of shares for any one participant, to read as follows:

    8.3 ~~Subject to 8.4~~ The aggregate number of shares that may be acquired by any one participant in terms of this scheme together with the existing scheme shall not exceed, **5 040 133 ordinary shares,** ~~being 5%~~ of the company's issued ordinary share capital ~~from time to time~~; provided that the said number shall be increased or reduced in direct proportion to the increase or reduction of ordinary shares in the company's issued share capital arising from any conversion, redemption, consolidation, sub-division, issue for cash, vendor placing, rights or capitalisation issue of shares in the capital of the company.

13. To delete clause 8.4 in its entirety and to include a new clause 8.4 to read as follows:

    8.4 ~~In the determination of the number of scheme shares, option shares or allocation shares which may be acquired by participants in terms of 8.2 or 8.3, the board shall be entitled to direct the trustees to refrain from taking into account shares which have been or are capable of being released to a participant in terms of this scheme; provided that a period of more than ten years have passed from the date on which the board directed the trustees to offer eligible applicants an opportunity to acquire relevant scheme shares and/or the board resolved to grant, or directed the trustees to grant, the relevant options and/or relevant rights and options.~~

    Scheme shares which are not subsequently issued to participants in terms of the provisions of this deed, shall revert back to the trust.

14. To amend clause 10.3.2 to read as follows:

    10.3.2 be accompanied by payment of such amount per share (if any) **as determined in accordance with clause 1.1.28** ~~as may be stipulated by the board from time to time on a basis which is fair and equitable to all participants~~.

15. To amend clause 11.1 to read as follows:

    11.1 Save for the amount per share (if any) referred to in clause 10.3.2, the trust shall fund the acquisition of scheme shares by a participant and, to the extent not covered by any dividends accruing to a participant **in accordance with the provisions of clause 13** and, if the ~~board~~ **trustees** so direct~~s in its discretion~~, any taxation liability of a participant specified in clause 1.1.26.2.

16. To amend clause 11.5 to read as follows:

    11.5 The outstanding balance from time to time of a participant's share debt shall bear interest at such rate (if any) as ~~the board~~ determine**d by the trustees and set out in the offer made in accordance with clause 10.** The ~~board~~ **trustees** may ~~determine such rate in its discretion and~~ may alter such rate from time to time by giving not less than thirty days' prior written notice of such alternation to participants, provided that –

17. To delete clause 12.2.4.2 in its entirety.

18. To amend clause 13.12 to read as follows:

    13.1.2 secondly, ~~as to the amount determined by the board, in its discretion, not exceeding the balance of the participants' share debt for the time being,~~ to the trust by way of reduction pro tanto of the participant's share debt; and

19. To deleted clause 13.3 in its entirety.

20. To amend clause 16.2.2 to read as follows:

    16.2.2 upon the participant making application for the voluntary surrender of his estate or his estate being otherwise sequestrated or upon any attachment of any interest of a participant under the scheme~~, unless the board passes a resolution to the contrary~~.

21. To amend clause 18.2.1 to read as follows:

    18.2.1 prior to the expiry of the option period for any reason other than those referred to in clauses 18.2.2 and 18.2.3 the participant shall be entitled to exercise all or any multiple of 100 of that number of his share options which he was entitled to exercise in terms of clause 16.1 immediately prior to the termination of his employment by not later than sixty days after the date of termination of his employment, failing which the said share options shall automatically lapse. Those share options which the participant is not entitled to exercise in terms of clause 16.1 on the date on which his employment terminates shall automatically lapse ~~unless the board otherwise determines~~;

22. To amend clause 19.6 to read as follows:

    19.6 The provisions of clause 19.5 shall apply, mutatis mutandis, to participants holding share options. ~~, provided that the board shall have a discretion to determine the rights of such participants in the circumstances outlined in clause 19.5. Any decision by the board under this clause 19.6 shall be fair and equitable to the participant concerned.~~

Appendix 2 to the Notice of Annual General Meeting (continued)

23. To include a new clause 19.7, relating to share adjustment events to read as follows:

19.7 **The issue of shares as consideration for an acquisition, the issue of shares for cash and the issue of shares or a vendor consideration placing will not constitute an adjustment event for the purposes of 19.**

24. To amend clause 20.2.4.1 to read as follows:

20.2.4.1 for any reason other than those stated in clauses 20.2.4.2 and 20.2.4.3 –

20.2.4.1.1 ~~subject to clause 20.2.4.2,~~ the agreement shall be automatically cancelled on the basis that the trustees shall purchase and appropriate the allocation shares of that participant as the property of the trust at a purchase price which shall be set-off pro-tanto against the subscription or purchase price thereof and which is equal to the lesser of –

~~20.2.4.2.2~~ a price per allocation share equal to the average closing price at which a share is traded on the JSE on the three trading days immediately preceding the date of such purchase,

~~provided that the board shall be entitled to apply other terms or impose other conditions which are more favourable to the participant than the aforegoing provisions of this clause 0;~~

25. To amend clause 29, relating to amendments to the share trust, to read as follows:

29.1 ~~It shall be competent for the board and the trustees with the approval of the JSE, to amend any of the provisions of this scheme provided that –~~

The amendment of any of the following provisions of the scheme shall require the prior approval of the JSE and the company in general meeting by the passing of an ordinary resolution, (requiring a 75% majority of the votes cast in favour of such resolution) excluding votes attaching to shares owned or controlled by participants of the scheme –

~~29.1.1 no such amendment shall affect the vested rights of any participant; and~~

29.1.2 ~~no such amendment affecting any of the following matters shall be competent unless it is~~ sanctioned by the board –

29.1.1 the eligibility of participants under this scheme;

29.1.2 the calculation of the total number of shares which may be acquired for the purpose of or pursuant to this scheme;

29.1.3 the maximum number of share options, scheme shares, rights and options and allocation shares which may be acquired by any participant;

29.1.4 the option price;

29.1.5 the share price; and

29.1.6 the allocation price;

29.1.7 any amendment of this clause 29.1.2; and

29.1.8 the voting, dividend, transfer and other rights attaching to share options, options shares, scheme shares, rights and options and allocation shares.

29.2 It shall be competent for the board and the trustees to amend, by way of a resolution, any of the provisions of this scheme other than the provisions referred to in 29.1.1 to 29.1.8 above provided that the amendment is not contrary to the JSE Listings Requirements."

Corporate Information

as at 30 June 2011

Company Registration Number: 1998/003821/06

Registered Office: 66 Park Lane, Sandton, 2196, Johannesburg, South Africa

Telephone: 011 218 8000
Facsimile: 011 218 8220
E-mail: info@micromega.co.za
Website: www.micromega.co.za

Directors
Mr DC King
Mr IG Morris
Mr DSE Carlisle
Mr DJ Case
Mr PV Henwood
Mr RC Lewin

Sponsor
Java Capital
2 Arnold Road, Rosebank, 2196, Johannesburg, South Africa
PO Box 2087, Parklands, 2121, Johannesburg, South Africa

Transfer Secretaries
Computershare Investor Services (Proprietary) Limited
70 Marshall Street, Johannesburg, 2001, South Africa
PO Box 61051, Marshalltown, 2107, South Africa

Auditors
KPMG Inc.
KPMG Crescent, 85 Empire Road, Parktown, 2193, Johannesburg, South Africa
Private Bag X9, Parkview, 2122, Johannesburg, South Africa

Bankers
First National Bank
6th Floor, 1 First Place, Bank City, Corner Simmonds and Pritchard Streets, Johannesburg, South Africa

Company Secretary
Ms TS de Mendonca

Proxy Form

MICRO*mega* HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1998/003821/06)
(Share code: MMG ISIN: ZAE000034435)
("MICRO*mega*" or "the Company")

Directors
DC King, IG Morris, DSE Carlisle, DJ Case, PV Henwood, RC Lewin

FORM OF PROXY
This form is only for the use by registered shareholders of MICRO*mega* in certificated ordinary shares or in dematerialised ordinary shares in their own name, at the annual general meeting to be held at 10h00 on Friday, 15 July 2011 in the MICRO*mega* boardroom ("the annual general meeting").

Holders of dematerialised ordinary shares in the Company which shares are not registered in their own names must not complete this form of proxy but should timeously inform their Central Securities Depository Participant ("CSDP") or stock broker of their intention to attend the annual general meeting and request such CSDP or stockbroker to issue them with the necessary authorisation to attend or provide such CSDP with their voting instructions should they not wish to attend the general meeting in person.

Such ordinary shareholders must not return this form of proxy to the transfer secretaries. Holders of certificated ordinary shares in the company through a nominee must provide such nominee with their voting instructions in terms of the custody agreement entered into with such nominees. If such holders wish to attend the annual general meeting in person, then they will need to request such nominee to provide them with the necessary authority to attend and vote such shares.

I/We (name in full) ....

of (address) ....

....

being the holders of .... ordinary shares in MICRO*mega*, hereby appoint (see note 1)

.... or failing him/her

.... or failing him/her

the Chairman of the annual general meeting as my/our proxy to attend and speak and vote for me/us on my/our behalf at the annual general meeting which will be held for the purpose of consideration, and if deemed fit, passing with or without modification, the ordinary and special resolutions to be proposed at the annual general meeting and at each adjournment of the annual general meeting and to vote for or against the ordinary and special resolutions or to abstain from voting in respect of the ordinary shares in the issued share capital of MICRO*mega* registered in my/our name/s, in accordance with the following instructions (see note 2).

	Insert an "X" or the number or ordinary shares (see note 2)		
	For	**Against**	**Abstain**
Ordinary resolution number 1: To receive and adopt the annual financial statements for 31 December 2010.			
Ordinary resolution number 2: To re-elect Messrs:			
2.1 IG Morris; and			
2.2 DSE Carlisle.			
Ordinary resolution number 3: To re-elect Mr DC King.			
Ordinary resolution number 4: Appointment of audit committee members:			
4.1 PV Henwood; and			
4.2 RC Lewin.			
Ordinary resolution number 5: To re-appoint KPMG Incorporated as auditors.			
Special resolution 1: Approval of non-executive director's fees.			
Ordinary resolution number 6: To place the unissued share capital under the control of the directors until the next annual general meeting.			
Ordinary resolution number 7: To give the directors general authority to allot and issue unissued ordinary shares in the company for cash.			
Ordinary resolution number 8: To amend the MICRO*mega* Share Incentive Scheme.			
Special resolution 2: To give the directors general authority, up to and including the date of the following annual general meeting, to approve the purchase by the company of its own shares.			
Special resolution 3: To grant the company a general authority to provide loans and other financial assistance to the MICRO*mega* Group of Companies.			

Insert an "X" in the relevant spaces above according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of ordinary shares than you own in MICROmega, insert the number of ordinary shares held in respect of which you desire to vote (see note 2).

Signed at.. on 2011

Signature.. Assisted by me (Where applicable) ....

Each member is entitled to appoint a proxy (who need not be a member of MICRO*mega*) to attend, speak and, on a poll, vote in place of that member in the annual general meeting.

PLEASE READ THE NOTES ON THE REVERSE SIDE OF THIS FORM OF PROXY.

NOTES

1. An ordinary shareholder may insert the name of a proxy or the names of two alternative proxies of the ordinary shareholder's choice in the space/s provided, with or without deleting "the Chairman of the annual general meeting", but any such deletion must be initialled by the ordinary shareholder. The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow. In the event that no names are indicated on the proxy form, the Chairman of the annual general meeting shall be appointed as proxy.
2. Please insert an "X" in the relevant space according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of ordinary shares than you own in MICRO*mega*, insert the number of ordinary shares held in respect of which you wish to vote. Failure to comply with the above will be deeded to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the ordinary shareholder's votes exercisable at the annual general meeting. An ordinary shareholder or his/her proxy is not obliged to use all the votes exercisable by the ordinary shareholder or by his/her proxy, but the total of the votes cast in respect of which abstention is recorded may not exceed the total number of votes exercisable by the ordinary shareholder or by his/her proxy.
3. **Forms of proxy must be received by the transfer secretaries, Computershare Investor Services (Proprietary) Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), by no later than 10h00 on Wednesday, 13 July 2011.**
4. Where there are joint holders of any ordinary shares, only that holder whose name appears first in the register in respect of such ordinary shares need sign this proxy form.
5. The completion and lodging of this form of proxy will not preclude the relevant ordinary shareholder from attending the annual general meeting and speaking and voting in person at the annual general meeting to the exclusion of any proxy appointed in terms of this form.
6. Any alteration to this form must be initialled by the shareholder concerned.
7. If this form of proxy is signed under a power of attorney, then such power of attorney or of a notarially certified copy thereof must be sent with this form of proxy for noting (unless it has already been noted by the transfer secretaries).
8. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.
9. The Chairman of the annual general meeting may accept any form of proxy which is completed other than in accordance with these notes if he is satisfied as to the manner in which the ordinary shareholder wishes to vote.

MICROmega

The difference is in the detail

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