

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2011

3. BUSINESS SEGMENTS

3.1 Segment revenues and results

The following is an analysis of the Group's revenue and results from operations by reportable segments:

	Segment revenue		Segment profit	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
Engineering consumables	2 387 363	2 018 304	319 665	292 673
Capital equipment	1 876 542	1 749 538	157 525	123 441
Group, financing and other operations	269 896	201 030	28 303	37 179
	4 533 801	3 968 872	505 493	453 293
Share of profits of associate			871	639
Finance costs			(545 242)	(432 886)
Interest and dividends received			490 132	408 498
Profit before taxation			451 254	429 544
Taxation			(25 032)	(64 155)
Profit for the year			426 222	365 389

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of profits of associate, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of assessment of segment performance.

3.2 Segment assets and liabilities

	2011 R'000	2010 R'000
Segment assets		
Engineering consumables	1 450 792	1 233 928
Capital equipment	1 081 667	884 232
Group, financing and other operations	4 356 408	3 818 954
Total assets	6 888 867	5 937 114

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2011

3. BUSINESS SEGMENTS CONTINUED

3.2 Segment assets and liabilities continued

	2011 R'000	2010 R'000
Segment liabilities		
Engineering consumables	414 378	300 217
Capital equipment	778 091	631 884
Group, financing and other operations	3 841 549	3 391 750
Total liabilities	5 034 018	4 323 851

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than investments in associate and tax assets;
- all liabilities are allocated to reportable segments other than current and deferred tax liabilities.

3.3 Other segment information

	Depreciation and amortisation		Additions to property, plant and equipment and intangible assets	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
Engineering consumables	19 425	16 006	70 670	10 523
Capital equipment	56 513	22 993	89 552	25 815
Group, financing and other operations	5 351	4 464	4166	47 992
Total	81 289	43 463	164 388	84 330

Geographical segments

The Group has not reported segment information by geographical location as the operations occur substantially within southern Africa.

Customers

The Group has not reported segment information by customer as no customer contributes in excess of 10% of the Group's total revenue.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2011

	GROUP		COMPANY	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
4. OPERATING PROFIT BEFORE FINANCE COSTS, INTEREST AND DIVIDENDS RECEIVED				
Operating profit before finance costs, interest and dividends received is arrived at after taking into account the following items:				
Income				
Profit on disposal of property, plant and equipment	2 361	3 762	–	–
Release of deferred profit on issue of shares by subsidiary	3 870	3 870	–	–
Negative goodwill recognised on acquisition of subsidiary	–	7 952	–	–
Credit default swap derivative	69 681	(52 963)	–	–
Interest rate swap derivative	30	1 303	–	–
Goodwill impairment reversed	–	3 442	–	–
Net impairment of property, plant and equipment	4 271	(190)	–	–
Expenses				
Auditors' remuneration – audit fees	3 257	3 557	–	–
– Current year	3 114	3 123	–	–
– Prior year	49	150	–	–
– Other services	94	284	–	–
Depreciation*	30 499	30 215	–	–
– Buildings	4 230	3 420	–	–
– Plant and equipment	4 849	3 404	–	–
– Leasehold improvements	1 887	1 449	–	–
– Motor vehicles	6 316	4 144	–	–
– Furniture and fittings	2 457	2 058	–	–
– Office equipment	4 922	4 064	–	–
– Computer equipment	5 838	6 630	–	–
– Golf cars	–	5 039	–	–
– Forklifts	–	7	–	–
Amortisation of intangible assets	2 230	2 141	–	–
Put option/credit default swap derivative	69 681	(52 963)	–	–
Loss on disposal of property, plant and equipment	2 244	30	–	–
Employment costs	550 503	430 712	–	–
Operating lease expenses	65 149	14 390	–	92
– Premises	47 482	13 271	–	92
– Equipment	494	407	–	–
– Motor vehicles	17 148	–	–	–
– Other	25	712	–	–
Pension and provident fund contributions	19 267	20 491	–	–
Share options expense	19 227	22 045	–	–

* This excludes depreciation charge disclosed in cost of sales of R48 559 749 (2010: R11 106 792).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2011

	GROUP		COMPANY	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
5. FINANCE COSTS				
Bank overdrafts and loans	19 630	22 631	1	2
Foreign exchange premiums	1 794	9 496	–	–
Finance leases	1 216	827	–	–
Guaranteed repurchase liability	4 537	–	–	–
Debentures, promissory notes and other long-term borrowings	518 065	399 932	12	–
Total	545 242	432 886	13	2
6. INTEREST RECEIVED				
Bank balances and cash	12 955	2 419	6	23
Finance leases	72	–	–	–
Partnership income	–	123 035	–	–
Foreign exchange gains	2 268	5 240	–	–
Long-term receivables	162 110	67 748	169	–
Total	177 405	198 442	175	23
7. TAXATION				
South African normal taxation				
Current tax				
– current year	23 245	18 044	575	433
– prior year	(25)	1 436	93	(65)
Deferred tax				
– current year	(5 683)	(4 466)	–	–
– prior year	(2 134)	(5 127)	–	–
Secondary tax on companies	946	808	–	–
Foreign tax	8 683	53 460	–	–
Total	25 032	64 155	668	368
Reconciliation of tax rate	%	%	%	%
Statutory tax rate	28,0	28,0	28,0	28,0
Permanent differences and exempt income	(23,7)	(25,3)	(27,7)	(27,7)
Secondary tax on companies	0,2	0,2	–	–
Utilisation of tax losses	(0,5)	(0,7)	–	–
Prior year under provision	(0,4)	0,3	0,1	–
Foreign tax	1,9	12,4	–	–
Effective tax rate	5,5	14,9	0,4	0,3

Estimated tax losses in the Group amount to R68 559 128 (2010: R59 403 245). A deferred tax asset of R8 507 183 (2010: R2 970 595) was raised with respect to certain of these tax losses due to the uncertainty in estimating the remaining tax losses.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2011

	GROUP		COMPANY	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
7. TAXATION CONTINUED				
7.1 Deferred tax				
Net balance at the beginning of the year	55 563	43 901	–	–
Arising on acquisition of subsidiaries	312	2 069	–	–
Statement of comprehensive income charge	7 817	9 593	–	–
Net balance at the end of the year	63 692	55 563	–	–
Comprising:				
Capital allowances	(8 264)	(10 422)	–	–
Tax losses	8 507	2 971	–	–
Provisions	52 210	45 272	–	–
Other temporary differences	11 239	18 252	–	–
Prepayments	–	(510)	–	–
Total	63 692	55 563	–	–
Disclosed as:				
Deferred taxation asset	69 940	69 852	–	–
Deferred taxation liability	(6 248)	(14 289)	(784)	–
Total	63 692	55 563	(784)	–
8. EARNINGS PER SHARE				
Basic earnings per share (cents)	504	453	–	–
Diluted earnings per share (cents)	480	441	–	–
8.1 Basic earnings per share				
The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:				
Profit for the year attributable to owners of the Company	354 155	320 896	–	–
Weighted average number of ordinary shares for the purposes of basic earnings per share	70 211	70 779	–	–
8.2 Diluted earnings per share				
The earnings used in the calculation of diluted earnings per share are as follows:				
Earnings used in the calculation of diluted earnings per share	354 155	320 896	–	–
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	73 720	72 767	–	–

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2011

	GROUP	
	2011 R'000	2010 R'000
9. PROPERTY, PLANT AND EQUIPMENT		
Land and buildings	201 412	196 784
– Gross carrying amount	229 255	225 213
– Accumulated depreciation and impairment	27 843	28 429
Plant and equipment	19 831	14 991
– Gross carrying amount	48 285	37 123
– Accumulated depreciation and impairment	28 454	22 132
Leasehold improvements	5 263	4 448
– Gross carrying amount	9 502	6 809
– Accumulated depreciation	4 239	2 361
Motor vehicles	19 666	10 430
– Gross carrying amount	47 925	31 341
– Accumulated depreciation and impairment	28 259	20 911
Furniture and fittings	7 837	8 347
– Gross carrying amount	17 245	15 556
– Accumulated depreciation	9 408	7 209
Office equipment	19 271	16 392
– Gross carrying amount	57 422	49 402
– Accumulated depreciation and impairment	38 151	33 010
Computer equipment	8 630	9 229
– Gross carrying amount	53 141	48 876
– Accumulated depreciation and impairment	44 511	39 647
Rental assets – Golf cars	13 005	11 586
– Gross carrying amount	27 678	26 010
– Accumulated depreciation	14 673	14 424
Rental assets – Forklifts	48 411	40 653
– Gross carrying amount	119 723	93 728
– Accumulated depreciation and impairment	71 312	53 075
Rental assets – Equipment	10 627	–
– Gross carrying amount	11 864	–
– Accumulated depreciation and impairment	1 237	–
Net carrying value	353 953	312 860
Total gross carrying amount	622 040	534 058
Total accumulated depreciation and impairment	268 087	221 198

9.1 Details of land and buildings

A register containing details of land and buildings is available for inspection during business hours at the registered office of the Company by members or their duly authorised agents.

9.2 Encumbrances

The Group has encumbered land and buildings, motor vehicles and golf cars having a carrying value of R202 million (2010: R155 million) to secure banking financing facilities as detailed in note 26.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2011

	GROUP	
	2011 R'000	2010 R'000
9. PROPERTY, PLANT AND EQUIPMENT CONTINUED		
9.3 Reconciliation of movement in carrying value		
Land and buildings		
Balance at the beginning of the year	196 784	151 040
Additions	1 597	47 227
Acquisitions of subsidiaries	10 210	–
Impairment reversed	5 771	4 000
Depreciation for the year	(4 230)	(3 420)
Disposals	(8 720)	(2 063)
Balance at the end of the year	201 412	196 784
Plant and equipment		
Balance at the beginning of the year	14 991	13 307
Additions	7 047	4 207
Acquisitions of subsidiaries	3 108	983
Impairment	(181)	(97)
Depreciation for the year	(4 849)	(3 404)
Disposals	(285)	(5)
Balance at the end of the year	19 831	14 991
Leasehold improvements		
Balance at the beginning of the year	4 448	3 275
Additions	2 497	2 622
Acquisitions of subsidiaries	205	–
Depreciation for the year	(1 887)	(1 449)
Balance at the end of the year	5 263	4 448
Motor vehicles		
Balance at the beginning of the year	10 430	10 657
Additions	9 189	4 183
Acquisitions of subsidiaries	7 925	4
Impairment	–	(12)
Depreciation for the year	(6 316)	(4 144)
Disposals	(1 562)	(258)
Balance at the end of the year	19 666	10 430
Furniture and fittings		
Balance at the beginning of the year	8 347	9 112
Additions	1 627	1 203
Acquisitions of subsidiaries	362	110
Depreciation for the year	(2 457)	(2 058)
Disposals	(42)	(20)
Balance at the end of the year	7 837	8 347

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2011

	GROUP	
	2011 R'000	2010 R'000
9. PROPERTY, PLANT AND EQUIPMENT CONTINUED		
9.3 Reconciliation of movement in carrying value <small>continued</small>		
Office equipment		
Balance at the beginning of the year	16 392	16 567
Additions	7 441	4 037
Acquisitions of subsidiaries	514	51
Impairment	–	(189)
Depreciation for the year	(4 922)	(4 064)
Disposals	(154)	(10)
Balance at the end of the year	19 271	16 392
Computer equipment		
Balance at the beginning of the year	9 229	11 953
Additions	4 766	3 508
Acquisitions of subsidiaries	369	614
Impairment reversed (raised)	181	(158)
Depreciation for the year	(5 838)	(6 630)
Disposals	(77)	(58)
Balance at the end of the year	8 630	9 229
Rental assets – Golf cars		
Balance at the beginning of the year	11 586	13 086
Additions	6 873	4 798
Depreciation for the year	(4 559)	(5 039)
Disposals	(895)	(1 259)
Balance at the end of the year	13 005	11 586
Rental assets – Forklifts		
Balance at the beginning of the year	40 653	–
Additions	61 473	11 639
Acquisitions of subsidiaries	–	46 329
Impairment	(1 500)	(3 734)
Depreciation for the year	(42 764)	(11 114)
Disposals	(9 451)	(2 467)
Balance at the end of the year	48 411	40 653
Rental assets – Equipment		
Balance at the beginning of the year	–	–
Additions	11 864	–
Depreciation for the year	(1 237)	–
Balance at the end of the year	10 627	–
Total		
Balance at the beginning of the year	312 860	228 997
Additions	114 374	83 424
Acquisitions of subsidiaries	22 693	48 091
Net impairment reversed (raised)	4 271	(190)
Depreciation for the year*	(79 059)	(41 322)
Disposals	(21 186)	(6 140)
Balance at the end of the year	353 953	312 860

* Depreciation relating to the forklifts, equipment and golf car hire fleets is included in cost of sales.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2011

	GROUP		COMPANY	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
10. FINANCIAL INVESTMENTS				
Unlisted securities				
<i>Business Venture Investments No 1048 (Pty) Limited – 50 000 redeemable non-cumulative preference shares</i>	752 100	752 100	–	–
The shares are redeemable from 8 August 2011 to 8 February 2016 in semi-annual instalments. Dividends are received at a rate of 10,9% per annum compounded semi-annually. The preference shares are pledged as security to the debenture holders under a credit default swap (refer note 26).				
<i>Business Venture Investments No 1057 (Pty) Limited – 50 000 redeemable non-cumulative preference shares</i>	443 000	443 000	443 000	443 000
The shares are redeemable from 8 August 2011 to 8 February 2016 in semi-annual instalments. Dividends are received at a rate of 10,9% per annum compounded semi-annually. The preference shares are pledged as security to the debenture holders under a credit default swap (refer note 26).				
<i>Gryphon Financial Engineering (Pty) Limited preference shares – fully paid Class “A” par value redeemable preference shares of R1,00</i>	1 866 382	1 684 987	–	–
Dividends are received at a rate of 10,35% per annum compounded quarterly. Government bonds have been pledged as security via a put option with Gryphon Support Services (Pty) Limited (refer note 27).				
<i>Treasury shares</i>	–	–	16 009	–
Total	3 061 482	2 880 087	459 009	443 000
Current portion of financial investments disclosed in current assets	(97 998)	–	(36 326)	–
Long-term portion of financial investments	2 963 484	2 880 087	422 683	443 000
Directors' valuation	2 963 484	2 880 087	422 683	443 000

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2011

	GROUP	
	2011 R'000	2010 R'000
11. GOODWILL		
Goodwill arising on acquisition of subsidiaries		
Balance at the beginning of the year	245 403	242 491
Acquisition of subsidiaries	58 788	6 354
Acquisition of non-controlling interest in subsidiaries	555	–
Goodwill impaired during the year	–	(3 442)
Balance at the end of the year	304 746	245 403
The carrying amount of the goodwill has been allocated as follows:		
Bearing Man Group	271 422	213 615
Goldquest International		
Hydraulics SA (Pty) Limited	1 683	1 683
Disa Equipment (Pty) Limited	11 793	11 793
Tiletoria Cape Group	13 847	13 292
Humulani Marketing (Pty) Limited	6 001	5 020
Total	304 746	245 403
The directors assess the carrying value of goodwill with reference to the future cash flows of the cash-generating unit.		
12. OTHER INTANGIBLE ASSETS		
Computer software		
– Gross carrying value	20 496	18 529
– Accumulated amortisation	(10 836)	(8 606)
Re-acquired agency rights	48 047	–
Net carrying value	57 707	9 923
Reconciliation of movement in carrying value		
Balance at the beginning of the year	9 923	11 158
Acquisition of subsidiaries	48 047	–
Additions	1 967	906
Amortisation for the year	(2 230)	(2 141)
Balance at the end of the year	57 707	9 923
13. FINANCIAL ASSET		
Credit default swap derivative	249 230	179 549
The fair value of the credit default swap derivative was determined by discounting the contractual stream of receipts on the long-term receivable using the zero swap curve at the valuation date.		

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2011

	GROUP	
	2011 R'000	2010 R'000
14. FINANCE LEASE RECEIVABLE		
Later than one year and not later than five years	356	–
Due in the second and fifth years inclusive	473	–
	829	–
Unearned interest on finance lease	(97)	–
Net investment in finance lease	732	–
Net investment in finance leases can be analysed as follows:		
Not later than one year	299	–
Later than one year and not later than five years	433	–
Net investment in finance lease	732	–
The Group entered into finance lease agreements over certain of its equipment and forklifts. The average term of finance leases entered into is five years.		
The interest rate inherent in the leases is fixed at the contract date for the entire lease term. The average effective interest rate is prime-linked.		
15. LONG-TERM RECEIVABLE		
Serec Capital (Pty) Limited	259 604	–
The long-term receivable earns interest ranging from 8% to 12% and no fixed repayment terms have been set. The loans are long-term in nature.		
Other	2 589	6 721
	262 193	6 721
Current portion of long-term receivables disclosed in current assets	(1 201)	–
Total	260 992	6 721
16. INVESTMENT IN SUBSIDIARIES		
Details of the Company's subsidiaries at 31 March 2011 are as follows:		
Shares at cost	502 264	502 264
Total	502 264	502 264

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for the year ended 31 March 2011

16. INVESTMENT IN SUBSIDIARIES CONTINUED

Name of subsidiary	Principal activity	Place of operation	GROUP	
			Proportion of ownership interest and voting power held	
			2011 %	2010 %
Direct holdings				
Bearing Man 1955 Limited	Investment holding company	South Africa	100	100
Humulani Investments (Pty) Limited*	Investment holding company	South Africa	80	80
Indirect holdings				
Bearing Man (Botswana) (Pty) Limited	Trading company	Botswana	80	80
Bearing Man (Namibia) (Pty) Limited	Trading company	Namibia	80	80
Bearing Man (Swaziland) (Pty) Limited	Trading company	Swaziland	80	80
Bearing Man (Mozambique) Lda	Trading company	Mozambique	80	80
Bearing Man (Zambia) (Pty) Limited	Trading company	Zambia	80	80
Invicta Properties (Pty) Limited	Property holding company	South Africa	80	80
Oscillating Systems Technology Africa (Pty) Limited	Trading company	South Africa	80	80
Disa Equipment (Pty) Limited	Trading company	South Africa	80	80
Criterion Equipment (Pty) Limited	Trading company	South Africa	80	80
Goldquest International Hydraulics SA (Pty) Limited	Trading company	South Africa	80	80
Humulani Marketing (Pty) Limited	Trading company	South Africa	80	80
Farmmac (Pty) Limited	Trading company	South Africa	80	80
Tiletoria Cape (Pty) Limited	Trading company	South Africa	48	48
Spring Lights 149 (Pty) Limited	Trading company	South Africa	48	48
Wegezi Power Holdings (Pty) Limited	Trading company	South Africa	56	–
Trendy Property Investments (Pty) Limited	Trading company	South Africa	41	–
SET agency	Trading company	South Africa	41	–
Alpha Bearings (Pty) Limited	Trading company	South Africa	21	–
Turnkey Hydraulics KZN (Pty) Limited	Trading company	South Africa	56	–
Hi-Quip Hydraulics (Pty) Limited	Trading company	South Africa	80	–
Humulani Marketing Mozambique Lda	Trading company	Mozambique	80	–
Edmik Engineering (Pty) Limited	Trading company	South Africa	56	–
Smart Taps (Pty) Limited	Trading company	South Africa	38	–

* The 5% of the ordinary issued share capital of Humulani Investments (Pty) Limited owned by the Humulani Investments Share Incentive Trust has been consolidated in terms of SIC12. Refer the Report of the directors on pages 39 to 41 of the 2011 Annual Report for further details.

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	GROUP	
	2011 R'000	2010 R'000
16. INVESTMENT IN SUBSIDIARIES CONTINUED		
The Group acquired 70% of the share capital of Wegezi Power Holdings (Pty) Limited, effective 1 April 2010.		
The Group acquired 70% of the share capital of Turnkey Hydraulics KZN (Pty) Limited, effective 1 April 2010.		
The Group acquired 100% of the share capital of Hi-Quip Hydraulics (Pty) Limited, effective 1 September 2010.		
The Group acquired 70% of the share capital of Edmik Engineering (Pty) Limited, effective 1 November 2010.		
The Group acquired 80% of the share capital of Smart Taps (Pty) Limited, effective 1 June 2010.		
The Group acquired 51% of the share capital of Trendy Property Investments (Pty) Limited, effective 1 April 2010.		
The Group, through Trendy Property Investments (Pty) Limited, acquired 100% of the share capital of the SET Agency, effective 1 April 2010.		
The Group, through SET Agency, acquired 51% of the share capital of Alpha Bearings (Pty) Limited, effective 1 October 2010.		
A register containing details of the other direct and indirect subsidiaries is available for inspection during business hours at the registered office of the Company by members or their duly authorised agents.		
The Company's attributable interest in the aggregate profits and losses (after taxation and non-controlling interest) of its subsidiaries is as follows:		
Profits	289 068	272 077
Losses	4 261	41

17. INVESTMENT IN ASSOCIATE

Name of associate	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held	
			2011 %	2010 %
Compact Computers Solutions (Pty) Ltd	Trading company	South Africa	40	40

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2011

	GROUP	
	2011 R'000	2010 R'000
17. INVESTMENT IN ASSOCIATE CONTINUED		
Summarised financial information in respect of the Group's associate is set out below.		
Total assets	3 569	2 018
Total liabilities	(2 892)	(1 406)
Net assets	677	612
Revenue for the year	20 450	17 890
Profit for the year	2 177	1 599
Group's share of profits of associate	871	639
Reconciliation of carrying amount:		
Acquisition of associate	2 080	2 080
Equity accounted earnings, net of taxation	1 510	639
Dividends received	(1 400)	(600)
Carrying value at the end of the year	2 190	2 119

	GROUP		COMPANY	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
18. LOANS TO SUBSIDIARIES				
Bearing Man 1955 Limited	–	–	228 228	223 872
Humulani Investments (Pty) Limited	–	–	9 522	177 264
	–	–	237 750	401 136
The loans are unsecured, bear no interest and no fixed terms of repayment have been negotiated.				
19. INVENTORIES				
Merchandise	1 554 083	1 441 226	–	–
Work-in-progress	20 841	38 932	–	–
Obsolescence provision	(193 309)	(181 363)	–	–
Total	1 381 615	1 298 795	–	–
Inventory carried at net realisable value	193 891	261 403	–	–
Inventory write-down expensed	2 828	3 062	–	–
Inventory recognised in the statement of comprehensive income	3 169 438	2 886 154	–	–

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for the year ended 31 March 2011

	GROUP		COMPANY	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
20. TRADE AND OTHER RECEIVABLES				
Trade receivables	685 354	598 856	–	–
Provision for doubtful debts	(37 495)	(39 925)	–	–
Prepayments	6 758	3 367	–	121
Other receivables	43 909	108 681	7 293	7 025
Total	698 526	670 979	7 293	7 146
The directors consider that the carrying value of trade and other receivables approximates fair value at year-end.				
<i>Movement in provision for doubtful debts</i>				
Balance at the beginning of the year	39 925	35 827	–	–
Acquisition of subsidiaries	358	11 583	–	–
Amounts written off during the year, net of recoveries	(3 556)	(1 487)	–	–
Net provision raised (released) during the year	768	(5 998)	–	–
Balance at the end of the year	37 495	39 925	–	–
<i>Trade receivables past due and not impaired</i>				
All past due receivable balances have been assessed for recoverability and it is believed that their credit quality remains intact. The ageing of these past due trade receivables that have not been impaired, is as follows:				
60 days	12 731	4 754	–	–
90 days	8 687	2 343	–	–
More than 120 days	11 866	–	–	–
Total	33 284	7 097	–	–
<i>Trade receivables past due and impaired</i>				
60 days	5 408	1 280	–	–
90 days	4 958	12 349	–	–
More than 120 days	27 129	26 296	–	–
Total	37 495	39 925	–	–
21. ORDINARY SHARE CAPITAL				
Authorised				
134 000 000 (2010: 134 000 000) ordinary shares of 5 cents each	6 700	6 700	6 700	6 700
Issued				
74 480 555 (2010: 74 480 555) ordinary shares of 5 cents each	3 724	3 724	3 724	3 724

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2011

	Number of shares		Number of shares	
	2011 '000	2010 '000	2011 '000	2010 '000
21. ORDINARY SHARE CAPITAL CONTINUED				
Unissued shares				
The unissued ordinary shares are under the control of the directors in terms of a resolution of the shareholders passed at the last annual general meeting. This authority remains in force until the next annual general meeting.	64 045	63 288	64 045	63 288
At the Company's annual general meeting held on 29 July 2010, a special resolution was passed giving the directors general authority to repurchase its own shares not exceeding 20% of the issued share capital on the open market. This authority remains in force until the next annual general meeting.				

	GROUP		COMPANY	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
22. SHARE PREMIUM				
The ordinary share premium is made up as follows:				
Balance at the end of the year	282 715	282 715	282 715	282 715
23. TREASURY SHARES				
4 525 913 (2010: 3 768 261) ordinary shares of 5 cents each	(226)	(188)	–	–
Share premium	(119 583)	(96 382)	–	–
Balance at the end of the year	(119 809)	(96 570)	–	–
24. ORDINARY DIVIDENDS*				
Final				
102 cents paid on 12 July 2010 (2010: 85 cents) to shareholders registered in the books of the Company on 9 July 2010	75 971	63 308	75 971	63 308
Interim				
57 cents paid on 6 December 2010 (2010: 49 cents) to shareholders registered in the books of the Company on 3 December 2010	42 454	36 496	42 454	36 496
Dividends received on treasury shares	(6 651)	(4 966)	–	–
Total	111 774	94 838	118 425	99 804

* In accordance with IAS10 the final dividend of 126 cents per share (2010: 102 cents) proposed by the directors has not been reflected in the financial statements as it had not been declared at the year-end.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2011

	GROUP		COMPANY	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
25. GUARANTEED REPURCHASE LIABILITY				
Present value at the beginning of the year	–	–	–	–
Acquisition of subsidiary	16 902	–	–	–
Liability raised during the year	1 060	–	–	–
Interest accrued during the year	1 615	–	–	–
Liabilities settled during the year	(6 449)	–	–	–
Present value at the end of the year	13 128	–	–	–
Guaranteed repurchase liability can be analysed as follows:				
Not later than one year	3 781	–	–	–
Later than one year and not later than five years	9 347	–	–	–
	13 128	–	–	–
<p>The Group has entered into repurchase undertakings with financial institutions over certain forklifts sold to customers. The company will repurchase these forklifts from the financial institution at a predetermined value at the end of the customers' rental term with the respective financial institution.</p> <p>The directors consider that the carrying value of the guaranteed repurchase liability approximates fair value.</p>				
26. LONG-TERM BORROWINGS				
26.1 Secured borrowings				
<i>Finance lease agreements</i>	32 090	27 368	–	–
<p>The lease agreements are repayable between 36 and 60 months and bear interest at fixed rates between 11% and 13,8% per annum. The leases are repaid in equal monthly instalments. No arrangements have been entered into for contingent rental payments. The borrowings are secured by certain motor vehicles and golf cars as detailed in note 9.2.</p>				
<i>Mortgage bonds</i>	143 879	125 620	–	–
<p>The mortgage bonds are repayable over 120 months. The mortgage bonds attract interest at JIBAR plus 2,05% per annum. The capital on the JIBAR linked bonds are repayable from the third year onwards. The JIBAR linked variable rates bonds have been swapped for fixed rate loans for a period of two years. These bonds are secured by certain land and buildings as referred to in note 9.2.</p>				
Balance carried forward	175 969	152 988	–	–

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2011

	GROUP		COMPANY	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
26. LONG-TERM BORROWINGS CONTINUED				
26.1 Secured borrowings continued				
Balance brought forward	175 969	152 988	–	–
<i>Debentures</i>	1 195 100	1 195 100	–	–
The debentures bear interest at 12,5% per annum and are redeemable in semi-annual instalments from 8 August 2011 to 8 February 2016. The rights of the debenture holders to the repayment of interest and capital are subordinated in favour of the claims of the creditors of certain of the Group's companies. The debentures are secured by certain preference share investments by means of a credit default swap transaction entered into with Standard Bank of South Africa Limited as detailed in note 10.				
<i>Serec Capital (Pty) Limited loan</i>	1 867 506	1 686 001	–	–
The loan bears interest at a compounded quarterly fixed rate of 11,73% per annum. The fixed date of repayment is 15 August 2018. The Group may however elect to repay the loan at an earlier date without premium or penalty. The loan is secured by a credit default swap as referred to in note 13.				
26.2 Unsecured borrowings				
<i>Other borrowings</i>	16 059	10 857	–	–
The amounts payable are unsecured, interest-free and no fixed repayment terms have been negotiated. The loans are long-term in nature.				
<i>Gryphon Financial Engineering (Pty) Limited</i>	259 604	–	–	–
The amounts payable are unsecured, interest ranges from 8% to 12% and no fixed repayment terms have been set. The loans are long-term in nature.				
<i>Invicta Share Trust loan</i>	–	–	688	688
The loan is unsecured, interest-free and no fixed repayment terms have been negotiated. The loan is long-term in nature.				
Total borrowings	3 514 238	3 044 946	688	688
Less: Current portion of long-term borrowings disclosed in current liabilities	(122 290)	(18 056)	–	–
Total long-term borrowings	3 391 948	3 026 890	688	688

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2011

	GROUP		COMPANY	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
26. LONG-TERM BORROWINGS CONTINUED				
Borrowings are repayable as follows:				
On demand or within one year	122 290	18 056	–	–
In second to fifth year inclusive	510 847	145 789	–	–
After five years	2 881 101	2 881 101	688	688
Total	3 514 238	3 044 946	688	688
There is no limit on the Group's borrowings and guarantees in terms of the Company's Articles of Association.				
27. FINANCIAL LIABILITIES				
Put option/credit default swap derivative	249 230	179 549	–	–
Interest rate swap derivative	2 589	2 619	–	–
	251 819	182 168	–	–
The fair values of the put option/credit default swap derivative and the interest rate swap derivative were determined by discounting the contractual stream of payments using the zero swap curve at the valuation date.				
28. TRADE AND OTHER PAYABLES				
Trade payables	833 602	561 786	–	–
Other payables	247 036	373 007	2 647	2 431
Deferred income	30 849	12 984	–	–
Total	1 111 487	947 777	2 647	2 431
29. PROVISIONS				
Employee benefit provisions	68 014	42 885	–	–
Warranties and service provisions	25 223	29 686	–	–
Total	93 237	72 571	–	–
Movements in provisions				
<i>Employee benefit provisions</i>				
Balance at the beginning of the year	42 885	86 439	–	–
Charged (credited) to income	24 532	(46 024)	–	–
Acquisition of subsidiaries	597	2 470	–	–
Balance at the end of the year	68 014	42 885	–	–
<i>Warranties and service provisions</i>				
Balance at the beginning of the year	29 686	16 971	–	–
(Credited) charged to income	(4 463)	10 884	–	–
Acquisition of subsidiaries	–	1 831	–	–
Balance at the end of the year	25 223	29 686	–	–

The provision has been recognised for expected warranty claims on certain products sold during the last three financial years.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2011

	GROUP		COMPANY	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
30. LOAN FROM SUBSIDIARY				
Humulani Marketing (Pty) Limited	–	–	420	218 344
Total	–	–	420	218 344
The loan is unsecured, bears no interest and no fixed terms of repayment have been negotiated.				
31. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS				
Profit before taxation	451 254	429 544	180 885	147 013
<i>Adjusted for:</i>				
Depreciation	79 059	30 215	–	–
Amortisation of intangible assets	2 230	2 141	–	–
Impairment of property, plant and equipment	(4 271)	190	–	–
Interest rate swap gain	(30)	(1 303)	–	–
Net profit on disposal of property, plant and equipment	(117)	(3 732)	–	–
Finance costs	545 242	432 886	13	2
Dividends received	(312 727)	(210 056)	(180 718)	(146 034)
Share of profits of associate	(871)	(639)	–	–
Interest received	(177 405)	(198 442)	(175)	(23)
Negative goodwill on acquisition of subsidiaries	–	(7 952)	–	–
Goodwill impairment	–	3 442	–	–
Currency translation of foreign operations	(833)	(7 649)	–	–
Revaluation reserve reversed on liquidation of Group company	–	(3 169)	–	–
Share appreciation rights exercised	(70 506)	–	–	–
Share appreciation rights charge	19 226	22 045	–	–
Cash generated before movements in working capital	530 251	487 521	5	958
Working capital changes:	96 296	102 705	69	(147)
(Increase) decrease in inventories	(67 256)	391 825	–	–
Decrease (increase) in trade and other receivables	23 529	60 925	(147)	(138)
Increase (decrease) in trade and other payables and provisions	140 023	(350 045)	216	(9)
Cash generated from operations	626 547	590 226	74	811
32. DIVIDENDS PAID TO GROUP SHAREHOLDERS				
Amounts unpaid at the beginning of the year	2 967	565	639	565
Final dividend paid 2 July 2010 (2010: 13 July 2009)	75 971	63 308	75 971	63 308
Interim dividend paid 6 December 2010 (2010: 7 December 2009)	42 454	36 496	42 454	36 496
Dividends received on treasury shares	(6 651)	(4 966)	–	–
Amounts unpaid at the end of the year	(7 062)	(2 967)	(737)	(639)
Total	107 679	92 436	118 327	99 730

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2011

	GROUP		COMPANY	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
33. TAXATION PAID (REFUNDED)				
Amounts unpaid (prepaid) at the beginning of the year	13 014	(35 405)	665	34
Acquisition of subsidiary	1 416	–	–	–
Charged to the statement of comprehensive income	32 849	73 748	668	368
Amounts prepaid (unpaid) at the end of the year	1 098	(13 014)	(690)	(665)
Total	48 377	25 329	643	(263)
34. CASH AND CASH EQUIVALENTS				
Bank and cash balances	432 403	260 553	9 717	12 681
Bank overdrafts and bankers' acceptances	(23 747)	(45 846)	–	–
Total	408 656	214 707	9 717	12 681

	GROUP	
	Bank R'000	Trading R'000
Banking and trading facilities		
Gross facility balances	289 964	2 117 367
Facilities utilised	(14 125)	(963 873)
Facilities available	275 839	1 153 494

These facilities are callable on notice being given by the facility provider.

The directors are of the view that there are adequate facilities in place to operate for the next twelve months.

35. CONTINGENT LIABILITIES

The Group has guaranteed certain finance facilities granted to customers of ABSA Bank. At the year-end, the finance facilities guaranteed were R252 443 (2010: R313 233).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2011

36. DIRECTORS' EMOLUMENTS

	Directors' fees R'000	Audit and Remuneration Committee fees R'000	Salary and benefits R'000	Retirement benefits R'000	Share appreciation rights exercised – amount included in reserve R'000	Share appreciation rights exercised – amount recognised in retained earnings R'000	Bonus R'000	Total emoluments R'000
2011								
Executive directors								
C Barnard	–	–	1 471	222	1 843	4 196	1 400	9 132
A Goldstone	–	–	2 044	255	9 660	7 345	2 000	21 304
AM Sinclair	–	–	2 239	160	1 818	3 737	1 500	9 454
CE Walters	–	–	2 523	227	948	2 613	1 500	7 811
	–	–	8 277	864	14 269	17 891	6 400	47 701
Non-executive directors								
CH Wiese	665	22	–	–	–	–	–	687
JS Mthimunye	125	88	–	–	–	–	–	213
DI Samuels	348	286	–	–	–	–	–	634
JD Wiese	69	–	–	–	–	–	–	69
LR Sherrell	69	22	–	–	–	–	–	91
AK Masuku	10	–	–	–	–	–	–	10
	1 286	418	–	–	–	–	–	1 704
Total	1 286	418	8 277	864	14 269	17 891	6 400	49 405

	Directors' fees R'000	Audit and Remuneration Committee fees R'000	Salary and benefits R'000	Retirement benefits R'000	Bonus R'000	Total emoluments R'000
2010						
Executive directors						
C Barnard	–	–	1 099	170	1 200	2 469
A Goldstone	–	–	1 400	201	5 000	6 601
AM Sinclair	–	–	1 656	103	470	2 229
CE Walters	–	–	1 871	166	498	2 535
	–	–	6 026	640	7 168	13 834
Non-executive directors						
CH Wiese	635	22	–	–	–	657
J Mthimunye	84	80	–	–	–	164
DI Samuels	332	262	–	–	–	594
LR Sherrell	63	–	–	–	–	63
	1 114	364	–	–	–	1 478
Total	1 114	364	6 026	640	7 168	15 312

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2011

36. DIRECTORS' EMOLUMENTS CONTINUED

With effect from 31 March 2010, a portion of the cumulative total of the bonuses paid to the directors have been deducted from the benefit accrued to the directors under the long-term bonus share incentive right scheme. The cumulative portion of the bonuses that was deducted in the previous year from the benefits accrued, are reflected below:

	Cumulative total of bonus paid to date R
C Barnard	480 000
A Goldstone	14 984 900
AM Sinclair	1 200 000
CE Walters	1 297 200

Share appreciation rights awarded	Total number of grants awarded to date	Number of grants exercised in the current year	Number of grants awarded in the current year	Weighted average cost of grants awarded in the current year	Grant date
2011					
A Goldstone	2 150 000	2 000 000	150 000	5,87	2 March 2010
AM Sinclair	1 110 000	419 375	130 000	5,87	2 March 2010
C Barnard	975 000	404 000	125 000	5,87	2 March 2010
CE Walters	1 380 000	200 000	130 000	5,87	2 March 2010
2010					
A Goldstone	4 000 000	–	1 000 000	4,44	13 March 2009
AM Sinclair	1 399 375	–	300 000	4,44	13 March 2009
C Barnard	1 254 000	–	400 000	4,44	13 March 2009
CE Walters	1 450 000	–	300 000	4,44	13 March 2009

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2011

	GROUP		COMPANY	
	2011 R'000	2010 R'000	2011 R'000	2010 R'000
37. RETIREMENT BENEFITS				
The Group contributes to a defined contribution pension plan and a defined contribution provident plan which are governed by the Pension Funds Act, 1956. No actuarial valuation of the plans is required. All staff are members of a fund and the costs of providing retirement benefits are charged to the statement of comprehensive income as they are incurred. Refer to note 4 for contributions made to retirement funds during the year.				
38. COMMITMENTS				
Commitments in respect of unexpired rental agreements for premises:				
– Payable within twelve months	50 300	30 861	–	54
– Payable thereafter	54 989	43 618	–	–
Total	105 289	74 479	–	54
Commitments in respect of unexpired rental agreements for motor vehicles:				
– Payable within twelve months	11 847	12 624	–	–
– Payable thereafter	18 809	14 904	–	–
Total	30 656	27 528	–	–
Commitments in respect of unexpired rental agreements for office equipment:				
– Payable within twelve months	76	231	–	–
– Payable thereafter	145	113	–	–
Total	221	344	–	–
Commitments in respect of contracted capital expenditure	7 121	988	–	–

Expenditure will be financed from existing cash facilities.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2011

39. FINANCIAL RISK MANAGEMENT

The Group is considered to be exposed to interest rate, credit, liquidity and foreign currency risk.

Interest rate management

The interest rate profile of total borrowings is as follows:

Description	Currency	Redemption period	Interest rate % p.a.	2011 R'000	2010 R'000
Bank overdrafts	ZAR	N/A	8,25 – 10,50	23 747	45 846
Fixed rate borrowings	ZAR	2006 – 2018	11,00 – 13,80	3 242 308	2 893 217
Variable rate borrowings	ZAR	2009 – 2020	8,50 – 14,10	149 640	133 673

The Group is exposed to interest rate risk on its variable rate borrowings. The exposure to interest rate risk is managed using derivatives, where it is considered appropriate, and through a closely monitored cash management system. The impact of a change in the interest rate of 2% will have an effect of approximately R3 million (2010: R3 million) on the statement of comprehensive income.

Credit risk management

Potential areas of credit risk consist of trade accounts receivable and short-term cash investments. Trade accounts receivable consist of a widespread customer base. Group companies monitor the financial position of their customers on an ongoing basis. Where considered appropriate, use is made of credit guarantee insurance. The granting of credit is controlled by application and account limits. Provision is made for specific bad debts and at the year-end management did not consider there to be any material credit risk exposure that was not already covered by credit guarantee or a bad debt provision (refer to note 20 for further detail in this regard). It is Group policy to deposit short-term cash investments with only the major banks and financial institutions.

Liquidity risk management

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

The following table details the Group's contractual maturities on its financial liabilities (excluding the credit default swap, put option and interest rate swap derivatives):

	Less than 1 year R'000	2 to 5 years R'000	More than 5 years R'000	Total R'000
2011				
Mortgage bonds	10 298	65 103	68 478	143 879
Serec Capital loan	–	–	1 867 506	1 867 506
Debentures	97 998	1 097 102	–	1 195 100
Finance lease liabilities and unsecured borrowings	13 994	18 096	–	32 090
Guaranteed repurchase liability	3 781	9 347	–	13 128
Trade and other payables	1 111 487	–	–	1 111 487
	1 237 558	1 189 648	1 935 984	4 363 190
2010				
Mortgage bonds	2 804	65 815	57 001	125 620
Serec Capital loan	–	–	1 686 001	1 686 001
Debentures	–	566 477	628 623	1 195 100
Finance lease liabilities and unsecured borrowings	15 252	8 736	3 380	27 368
Trade and other payables	947 777	–	–	947 777
	965 833	641 028	2 375 005	3 981 866

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2011

39. FINANCIAL RISK MANAGEMENT CONTINUED

Foreign currency risk management

All the Group's monetary assets and liabilities are denominated in South African Rand, with the exception of those assets and liabilities of BMG foreign entities which are fairly insignificant from a Group perspective.

The Group utilises currency derivatives to eliminate or reduce the exposure to its foreign currency denominated assets and liabilities, and to hedge future transactions. The Group has entered into certain forward exchange contracts in various currencies which will be utilised for settlement of orders placed on suppliers and which are due for payment in the coming year. It is the Group's policy not to speculate in foreign exchange contracts.

At year-end, open forward exchange contracts are marked-to-market and the profits and losses arising on the contracts are recognised in the statement of comprehensive income. The estimated net fair values have been determined at the year-end, using available market information and appropriate valuation methodologies.

As at year-end, no uncovered foreign exchange denominated transactions were in existence.

The forward exchange contracts in place at the year-end to cover current and future inventory purchases, are as follows:

	Foreign currency '000	Average exchange rate	Rand '000
2011			
US Dollar	63 637	6,8600	436 550
Euro	224 389	0,9697	217 590
Yen	1 091 990	12,0662	90 500
Australian Dollar	19	6,9474	132
Singapore Dollar	13	5,4615	71
British Pound	289	10,9446	3 163
Swiss Franc	125	7,4240	928
Swedish Krona	452	1,0619	480
2010			
US Dollar	40 490	7,6181	308 457
Euro	20 188	10,8838	219 722
Yen	786 602	11,6117	67 742
Australian Dollar	19	5,6842	108
Singapore Dollar	327	1,0734	351
British Pound	112	11,8036	1 322
Swiss Franc	17	7,5882	129

The forward exchange contracts mature within twelve months.

Capital risk management

Capital is managed to ensure that operations are able to continue as a going concern, whilst maximising return to stakeholders through an appropriate debt and equity structure. The capital structure of the Group consists of debt, which includes borrowings, cash and cash equivalents, preference shares, debentures, a credit default swap and equity. Capital risk was reviewed in detail by the Board in the corporate restructure process and assessment of new acquisitions.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

for the year ended 31 March 2011

39. FINANCIAL RISK MANAGEMENT CONTINUED

Financial instruments

Financial instruments as disclosed in the statement of financial position include trade receivables and payables, other receivables and payables, long-term debtors, overdrafts and short-term borrowings, long-term borrowings and shareholders for dividend.

	GROUP	
	2011 R'000	2010 R'000
Categories of financial instruments		
<i>Financial assets</i>		
<i>Investments at cost or fair value</i>		
Financial investments	3 061 482	2 880 087
<i>Financial assets at fair value</i>		
Financial asset	249 230	179 549
<i>Loans and receivables at amortised cost</i>		
Finance lease receivable	732	–
Long-term loans	262 193	6 721
Trade and other receivables	691 768	667 612
Bank balances and cash	432 403	260 553
	4 697 808	3 994 522
<i>Financial liabilities</i>		
<i>Financial liabilities at fair value</i>		
Financial liabilities	251 819	182 168
<i>Financial liabilities at amortised cost</i>		
Borrowings	3 514 238	3 044 946
Guaranteed repurchase liability	13 128	–
Trade and other payables	1 080 638	947 777
Bank overdrafts and bankers' acceptances	23 747	45 846
	4 883 570	4 220 737

Fair value disclosure

The following is an analysis of the financial instruments that are measured subsequent to initial recognition at fair value. They are grouped into levels 1 to 3 based on the extent to which the fair value is observable.

The levels are classified as follows:

Level 1 – fair value is based on quoted prices in active markets for identical financial assets or liabilities

Level 2 – fair value is determined using directly observable inputs other than Level 1 inputs

Level 3 – fair value is determined on inputs not based on observable market data

	31 March 2011	Level 1	Level 2	Level 3
<i>Financial assets at fair value</i>				
Financial asset	249 230	–	249 230	–
<i>Financial liabilities at fair value</i>				
Financial liabilities	251 819	–	251 819	–
Trade and other payables	544 019	–	544 019	–

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

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39. FINANCIAL RISK MANAGEMENT CONTINUED

	31 March 2010	Level 1	Level 2	Level 3
<i>Financial assets at fair value</i>				
Financial asset	179 549	–	179 549	–
<i>Financial liabilities at fair value</i>				
Financial liabilities	182 168	–	182 168	–
Trade and other payables	382 378	–	382 378	–

40. DIRECTORS' INTERESTS IN THE SHARES OF THE COMPANY

	Number of shares held			
	2011		2010	
	Direct interest	Indirect interest	Direct interest	Indirect interest
C Barnard	147 439	72 438	100 000	25 000
A Goldstone	138 966	3 619 401	588 966	3 749 008
DI Samuels	800 460	4 000 000	800 460	4 000 000
LR Sherrell	–	9 427 788	–	–
RE Sherrell	–	–	3 760 018	6 253 400
AM Sinclair	137 000	–	137 000	–
CE Walters	297 500	–	300 000	–
CH Wiese	–	25 480 590	–	25 113 992

41. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties, are limited to dividends received from subsidiaries of R132 million (2010: R97 million).

Remuneration of key management personnel

The remuneration of the directors of the subsidiaries, who are the key management personnel of the Group, is set out below:

	GROUP	
	2011 R'000	2010 R'000
Short-term employee benefits	53 798	33 521
Retirement benefits	1 290	1 279
	55 088	34 800

Services provided by Bravura Equity Services ("Bravura")

Bravura is a related entity to one of the directors and major shareholders in the Group. Bravura has provided financial services to the Group with regard to its BEE transaction in 2006, giving rise to certain investments and borrowings (refer notes 10 and 26 respectively). During the current and prior year, Bravura provided financial services to the counterparty in the transaction giving rise to the investments and derivative instruments (refer notes 10 and 13) and borrowings (refer notes 26 and 27).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS continued

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42. ACQUISITION OF SUBSIDIARIES

The significant acquisitions included the following:

- 70% of the share capital of Wegezi Power Holdings (Pty) Limited, effective 1 April 2010.
- 51% of the share capital of Trendy Property Investments (Pty) Limited, effective 1 April 2010.
- 70% of the share capital of Turnkey Hydraulics KZN (Pty) Limited, effective 1 April 2010.
- 100% of the share capital of Hi-Quip Hydraulics (Pty) Limited, effective 1 September 2010.
- 70% of the share capital of Edmik Engineering (Pty) Limited, effective 1 November 2010.
- 80% of the share capital of Smart Taps (Pty) Limited, effective 1 June 2010.

	GROUP	
	2011 R'000	2010 R'000
Fair value of net assets acquired:		
Property, plant and equipment	22 693	48 091
Re-acquired rights	48 047	–
Bank and cash	(4 512)	–
Other assets	72 814	77 398
Deferred taxation	312	2 069
Long-term borrowings	(6 874)	(15 658)
Other liabilities	(52 293)	(75 828)
Non-controlling interest	(11 043)	(1 510)
Net asset value	69 144	34 562
Non-controlling interest acquired in existing subsidiary	1 647	–
Fair value of net assets acquired	70 791	34 562
Bank and cash	4 512	–
Net fair value of net assets acquired	75 303	34 562
Cash outflow on acquisitions	134 646	32 964
Fair value of net assets acquired	(75 303)	(34 562)
Net goodwill	59 343	(1 598)
Positive goodwill	59 343	6 354
Negative goodwill	–	(7 952)
Profit after tax since acquisition date included in the consolidated results for the year	26 706	10 350
Revenue since acquisition date included in the consolidated results for the year	297 420	202 506
Profit (loss) after tax should the business combinations have been included for the entire year	21 602	(33 270)
Revenue should the business combinations have been included for the entire year	328 876	189 865

43. EVENTS AFTER THE REPORTING PERIOD

Theramanzi Investments (Pty) Limited ("Trust Subsidiary") (a 100% held subsidiary of the Humulani Empowerment Trust ("Trust"), and aloeCap (Pty) Limited ("aloeCap") entered into an agreement effective 1 June 2011, in terms of which the Trust Subsidiary, acquired aloeCap's 20% equity stake in Humulani Investments (Pty) Limited.