

intelligence

AND INNOVATION



ANNUAL REPORT 2010

**Business
Connexion**
Connective Intelligence™



DNA

In nature, every living organism intrinsically knows how to exist, survive and ultimately thrive, by virtue of its core component, DNA. An intelligent matrix of interconnected components, which drives the very nature of every organism.

In the same way, Connective Intelligence constructs the DNA of the Business Connexion organisation, intelligently and intrinsically connecting its people and skills, to provide simple, yet extraordinary solutions. This enables our business to seamlessly thrive, across the African continent and throughout the world.



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Corporate profile

Business Connexion is South Africa's largest provider of information and communications technology services.

The group's mission is to provide simple, content-rich and affordable knowledge solutions – which we define as Connective Intelligence. This is the intelligence required to take existing connections and make them simpler, richer and ultimately more rewarding. This means understanding the intricate mechanisms of our customers' businesses, making each aspect more effective.

Business Connexion's vision is to ignite the power of Connective Intelligence – which forms the basis of our strategy and approach to business.

The group employs 4 305 (at 31 August 2010) people deployed throughout the southern African region, with a growing footprint on the remainder of the continent and in the United Kingdom.

The group's history is rooted in a series of mergers and acquisitions that stretches over a thirty year span and has resulted in the creation of Africa's first black-empowered ICT giant.

The group comprises six divisions:

- Services division
- Technology division
- Innovation division
- International division
- Investment division, and
- Corporate office

The Services division delivers business consulting services and managed services ranging from communications, through data centre management up to information security services. Skilled specialists focus on delivering solutions such as on-demand computing, virtualisation and "anything as a service" to the customer base.

The Technology division relies on in-depth knowledge and strong alliances with vendors to deliver core infrastructure solutions to both group customers and the Services division.

The Innovation division captures and capitalises on the company's intellectual property which is expected to be a key revenue driver into the future.

These three divisions are intricately linked to one another to offer holistic information and communications technology (ICT) solutions to the group's customer base. The International division, by combining the skills set and solution offering of all three divisions, is able to drive the group's market share on the African continent and further abroad.

The newly formed Investment division focuses on key strategic initiatives to drive the group's growth by partnering with other market leaders to enhance the group's depth and breadth of solution offerings.

The Corporate office forms the administrative foundation of the group providing transactional support and specialist skills in marketing and communications, finance, human resources, commercial services and corporate information technology.



Group financial performance

Challenging environment – revenue down in the Technology and Innovation divisions

Continued improvement in gross profit margins 28,6%

Operating expenses reduced by* 10,0%

Operating profit margins steadily improving 4,9%

Diluted headline earnings per share – up by* 52,1%

Return on equity 8,0%

Return on assets 10,4%

Improving working capital management

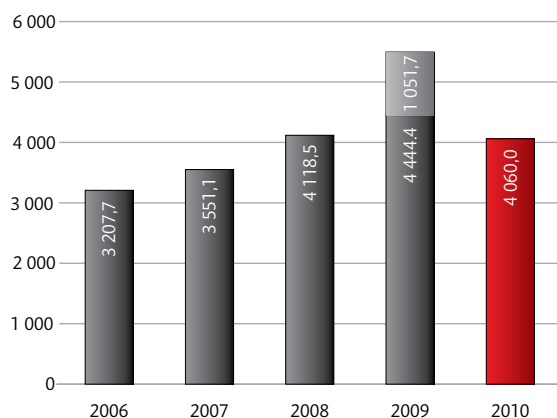
Group restructure and B-bBEE deal completed

Positive operating cash flow

* Compared to year ended 31 May 2009

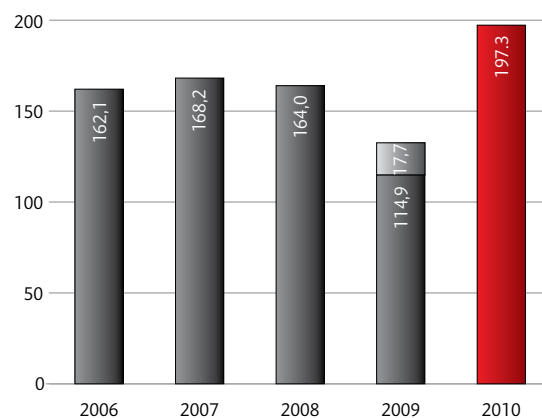
Revenue

R millions



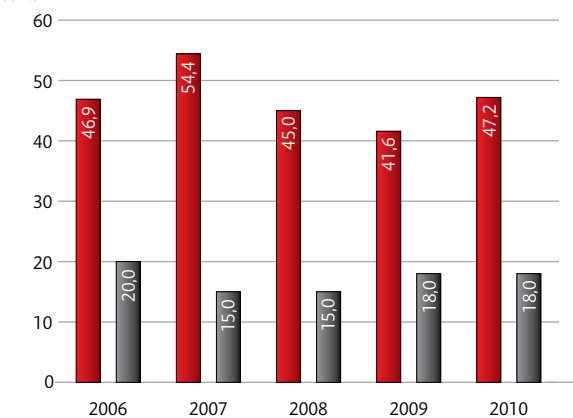
Operating profit

R millions



Headline earnings per share and dividends per share

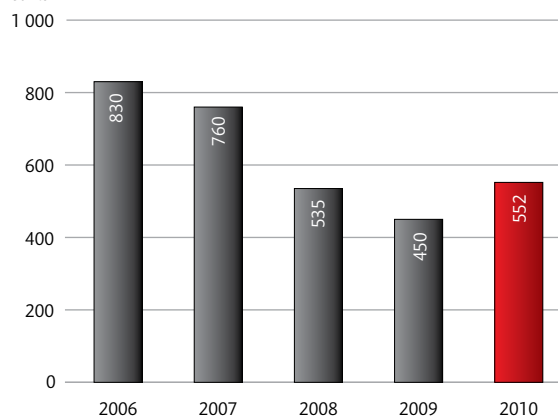
cents



■ Headline earnings per share ■ Dividends per share paid

Share price

cents



Group five year financial review

for periods ended 31 August and 31 May

	CAGR*	31 August 2010 12 months R000	31 August 2009 15 months R000	31 May 2008 12 months R000	31 May 2007 12 months R000	31 May 2006 12 months R000
	%					
Statement of comprehensive income						
Revenue	5,7	4 059 979	5 496 127	4 118 534	3 551 125	3 207 679
Cost of sales	6,4	2 899 924	4 036 713	3 030 566	2 536 463	2 229 381
Gross profit		1 160 055	1 459 414	1 087 968	1 014 662	978 298
Operating expenses	4,0	962 767	1 326 811	923 972	846 486	816 228
Operating profit	4,7	197 288	132 603	163 996	168 176	162 070
Share of losses from associates		(2 231)				
Net investment income		27 098	52 369	48 889	33 343	21 942
Profit before tax	4,5	222 155	184 972	212 885	201 519	184 012
Taxation		76 087	80 256	84 811	34 232	46 040
Non-controlling interests		(22 821)	2 216	(13 373)	(30 397)	(21 649)
Profit attributable to equity holders	1,4	123 247	106 932	114 701	136 890	116 323

	CAGR*	31 August 2010 12 months R000	31 August 2009 15 months R000	31 May 2008 12 months R000	31 May 2007 12 months R000	31 May 2006 12 months R000
	%					
Statement of financial position						
Non-current assets	7,7	842 004	863 202	887 389	677 032	613 872
Current assets excluding cash	4,7	1 256 265	1 141 320	1 165 034	1 046 786	1 032 514
Cash	(15,7)	358 823	333 431	524 272	585 843	743 307
Total assets	0,7	2 457 092	2 337 953	2 576 695	2 309 661	2 389 693
Equity	3,9	1 550 643	1 418 393	1 526 813	1 460 006	1 317 159
Long-term liabilities	(27,0)	40 760	41 321	117 970	157 021	155 365
Total current liabilities	(1,4)	865 689	878 239	931 912	692 634	917 169
Total equity and liabilities	0,7	2 457 092	2 337 953	2 576 695	2 309 661	2 389 693

* The compound annual growth rate is for the four years and three month period ended 31 August 2010.

Ratio analysis

for periods ended 31 August and 31 May

		31 August 2010 12 months R000	31 August 2009 15 months R000	31 May 2008 12 months R000	31 May 2007 12 months R000	31 May 2006 12 months R000
Financial ratios						
Return on total equity	(%)	8,0	6,8	7,5	6,7	8,6
Return on total assets	(%)	10,4	7,4	8,9	10,5	10,7
Equity to total liabilities	(%)	171,1	154,2	145,4	171,8	122,8
Gross profit margin	(%)	28,6	26,6	26,4	28,6	30,5
Operating profit margin	(%)	4,9	2,4	4,0	4,7	5,1
Average debtors' days	(days)	58,6	57,3	63,5	59,7	55,4
Net asset value per share	(cents)	508,4	540,1	581,3	555,9	501,5
Tangible net asset value per share	(cents)	460,1	483,6	520,8	511,4	452,7

		31 August 2010 12 months R000	31 August 2009 15 months R000	31 May 2008 12 months R000	31 May 2007 12 months R000	31 May 2006 12 months R000
Other ratios						
Weighted average number of shares	(000)	260 854	257 300	254 806	251 601	247 867
Diluted weighted average number of shares	(000)	307 636	261 082	259 577	260 327	260 758
Basic earnings per share	(cents)	47,2	41,6	45,0	54,4	46,9
Diluted basic earnings per share	(cents)	40,1	41,0	44,2	52,6	44,6
Headline earnings per share	(cents)	47,6	37,5	45,1	38,8	45,6
Diluted headline earnings per share	(cents)	40,3	36,9	44,3	37,5	43,3
Shares in issue at period end	(000)	303 729	262 637	262 637	262 637	262 637
"A" shares in issue	(000)	75 100				
Share price	(cents)	552	450	535	760	830
Normal dividend per share	(cents)	18	18	15	15	20
Special dividend per share	(cents)		60			17





our vision

To realise the power of our Connective Intelligence

our mission

To provide increasingly simple, content-rich and affordable knowledge

7

our values

Achievement

Innovation

Integrity

Make a difference

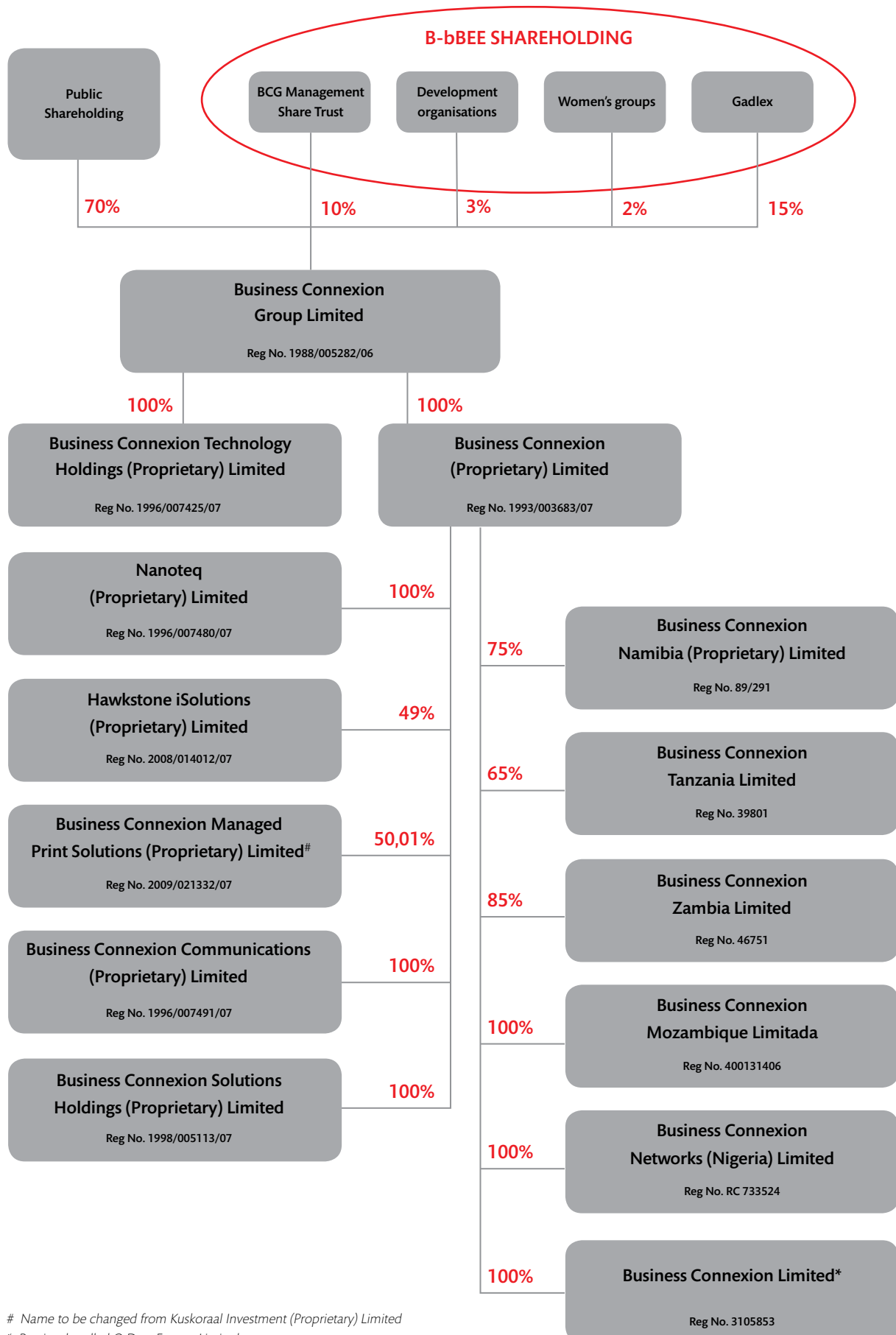
Passion

Teamwork

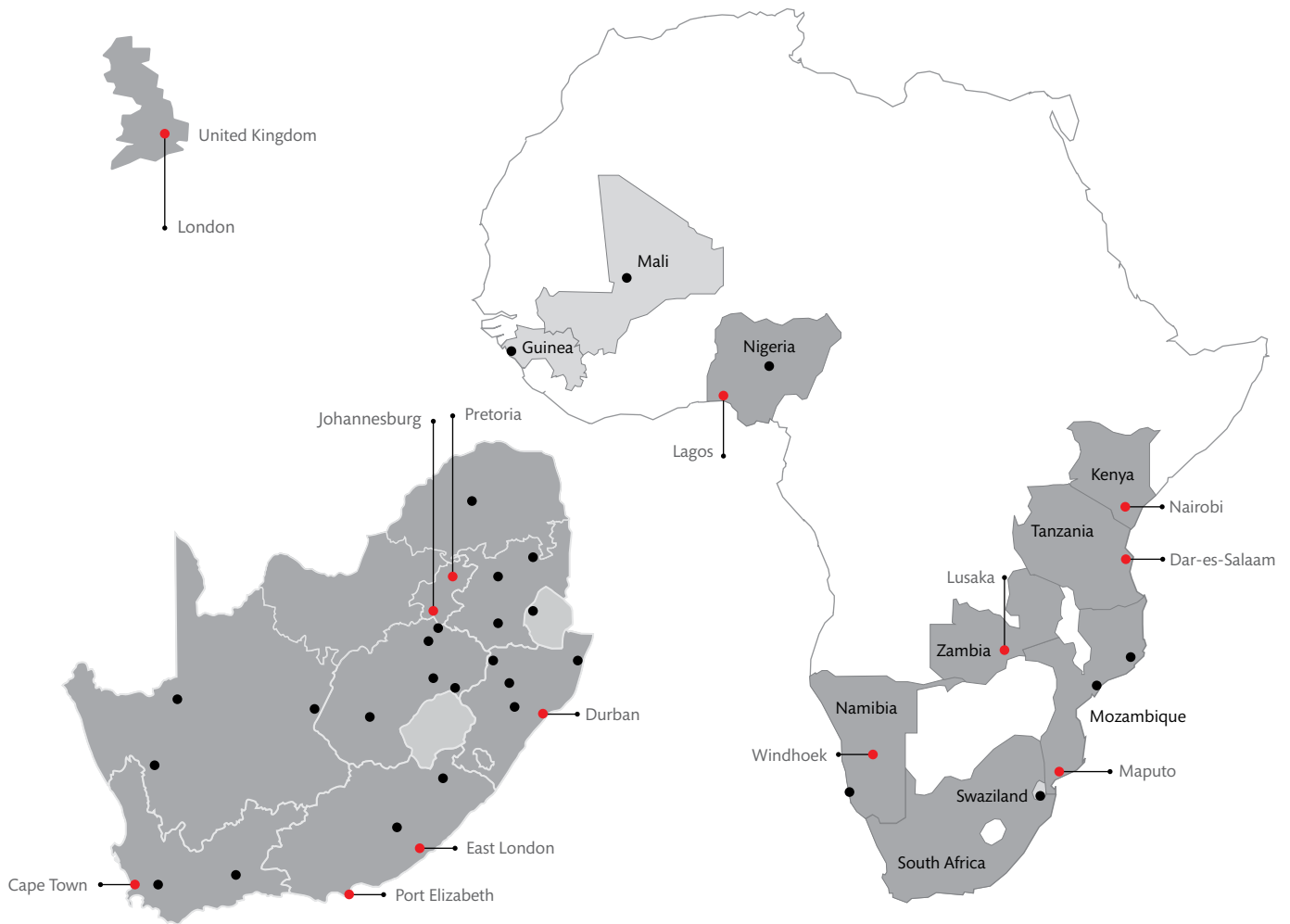
Trust



Group ownership structure



Group footprint



• Regional offices

South Africa

Gauteng	Johannesburg, Midrand, Pretoria
Western Cape	Cape Town
Eastern Cape	East London, Port Elizabeth
KwaZulu-Natal	Durban

Africa

Kenya	Nairobi
Namibia	Windhoek
Tanzania	Dar-es-Salaam
Zambia	Lusaka
Mozambique	Maputo
Nigeria	Lagos

United Kingdom

London

• Service centres

South Africa – Service centres

Bethlehem	Bloemfontein	George	Kimberley
Klerksdorp	Middelburg	Mthatha	Nelspruit
Newcastle	Polokwane	Port Shepstone	Pietermaritzburg
Queenstown	Richards Bay	Rustenburg	Sasolburg
Secunda	Upington	Vereeniging	Vredendal
Welkom	Worcester		

Africa – Service centres

Guinea – Conakry	Mali – Morila
Mozambique – Matola, Temane	Namibia – Swakopmund
Nigeria – Abuja	Swaziland – Mbabane

Points of presence

Bethal	Johannesburg – City Centre
Johannesburg – Crown Mines	Johannesburg – OR Tambo
Johannesburg – Rivonia	Johannesburg – Rosebank
Johannesburg – Sandton	Ladysmith
Mmathatho	Pretoria – SARS
Witbank	

Group history

1979

Persetel (Proprietary) Limited, formed in **1979**, was the founding company in the Persetel Holdings Limited group of companies which merged with Q Data Limited to form the Persetel Q Data Holdings group of companies in 1997.

Persetel Q Data Holdings was formed in **1997**. The group played a pioneering role in empowering the ICT industry when it sold Persetel Q Data Africa (the African operation) to the National IT Acquisition Consortium (Nitac). This was the first empowerment transaction in the South African ICT industry.

Persetel Q Data Holdings made numerous European networking acquisitions and subsequently changed its name to Comporex Holdings Limited in **November 1998**.

In **February 2002** Comporex Africa became a wholly owned subsidiary of Comporex Holdings Limited when the group re-acquired it from Nitac.

In **late 2002**, Comporex Holdings Limited disposed of its European operations to Montefiore Limited.

In **October 2001**, Persetel Q Data Africa was renamed Comporex Africa.

In **February 2000**, Comporex Holdings Limited sold the business and companies constituting Comporex Networks (the European networks integration business) to Dimension Data Holdings Limited.

In **December 2003**, Comporex announced its intention to merge with Business Connexion in order to form the first truly South African black empowered ICT company with annual revenues in excess of R3 billion.

In **April 2004**, the merged entity was renamed Business Connexion (Proprietary) Limited and the holding company was renamed Business Connexion Group Limited and has traded since then under the current share code of "BCX".

In **December 2004**, Business Connexion announced the acquisition of Intrinsic Technology, a pan African Systems Integrator.

In **July 2010** Business Connexion expanded its print service offering through an exclusive joint venture (JV) agreement with Canon Smart Office Services (SOS). This JV serves to establish the largest, brand-independent managed print services organisation in Africa.

In **March 2008**, Business Connexion acquired an additional 5% of the shares in Business Connexion (Proprietary) Limited from empowerment shareholders Gadlex (Proprietary) Limited. This transaction reduced the shareholding for Gadlex in Business Connexion (Proprietary) Limited to 20,01%.

In **August 2005**, Business Connexion announced the acquisition of Bidvest Network Solutions (Bidnet), a division of Bidvest Limited.

In **July 2007**, Business Connexion acquired SiloFX, a business integration solutions specialist company.

In **September 2010** shareholders approved the B-bBEE transaction resulting in 30% of Business Connexion Group Limited being held by Gadlex, selected developmental organisations, women's groups and key management.

In **October 2010**, Business Connexion signed an agreement with Limelight Networks Inc, a global infrastructure provider of on-demand software, platform, and infrastructure services. Business Connexion will bring the Limelight content delivery solution to Africa.

Information Bearing Systems (IBS), part of the international Kai Group of telecommunication companies, acquired 20% of Business Connexion Communications (Proprietary) Limited in **October 2010** thus providing Business Connexion with bandwidth capacity on the SEA System.

2010



Group strategy



The five year growth strategy (2008 – 2013) committed to in 2008 remains on track. Core annuity revenue is growing, costs are being controlled and embedded value identified in the group is being unlocked. The group is entering new markets through strategic initiatives and select acquisitions. All of the group's strategies are aligned with its objectives of conducting its business in a manner that ensures the long-term sustainability of the business for the benefit of all stakeholders.

Sustainable operational efficiencies have been realised through the revitalisation programme which addressed the organisational structure

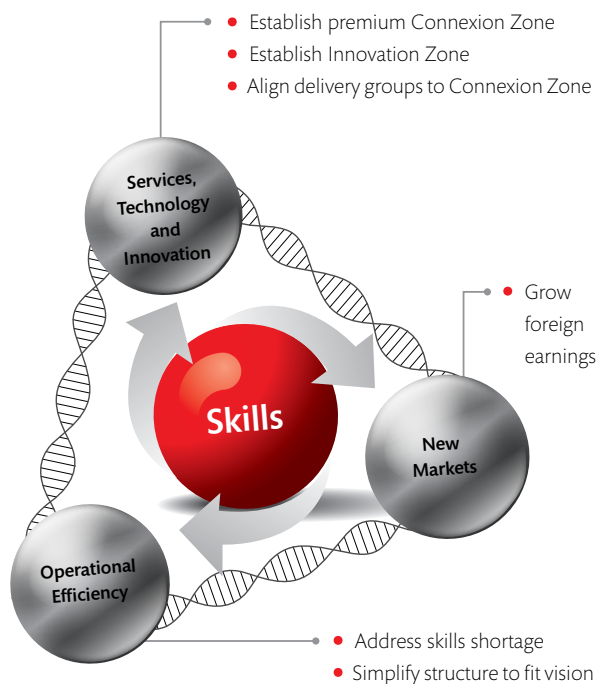
and overall cost base. The result is a healthy platform for growth with a disciplined financial governance framework, and streamlined mechanisms to review performance against set targets.

Business Connexion's vision is to connect the richness of Africa's wisdom, intellect and resources to the rest of the world and to connect the rest of the world to Africa. The web is a critical platform to enable Africa to connect, unleash new possibilities for eCommerce, allow private and public sector collaboration, policy making, trade promotion, poverty alleviation, good governance, improved education and enhanced health services.

In Africa, the mobile phone, rather than the personal computer, is the primary platform for the web revolution. Business Connexion's vision and growth strategy is to invest in ICT infrastructure, cloud services and skills to enable Africa to connect to the world-wide web.

As a leading ICT company in Africa, with world-class data-centre operations, systems integration and development expertise, coupled with annuity revenue streams from an unmatched enterprise customer base in South Africa, the strategic focus is to leverage our existing assets, capabilities and strengths to grow the group's footprint across the African continent, the UK and beyond.

A strategic intervention has been launched to improve the organisational culture and to develop the talents of group employees. To this end the group is making use of the Barrett Values Centre to determine the amount of energy in an organisation that is consumed in unproductive work (known as entropy) caused by conflict, friction and frustration that exists within an organisation. The Barrett cultural values assessment tool is used to provide clear insight into the primary sources of entropy within the group and empowers the leadership to measure improvements as interventions are introduced.





The Services division, already, a front runner and leader in outsourcing and enterprise data centre services, is now leading the way with the implementation of a comprehensive cloud computing services strategy.

The Technology division will continue to establish itself as Africa's leading partner of the world's leading technology companies. The group will reduce the number of technology partners to ensure greater focus on those identified strategic partners with technology solutions that will help the group realise its overall cloud services and computing on demand ambitions.

The Innovation division intends pursuing opportunities to sell its software offerings via innovative channels and into new geographies. Several of these applications can be relatively easily deployed into African countries.

With offices already established in six African countries and in the UK, the International division is now looking to extend its footprint to meet cross-border customer needs through the establishment of partnerships with entities who know and understand the intricacies of the African continent. An initial step to extend the footprint has been the conclusion of an agreement with local shareholders to create a new office in Kenya. This geographic diversification allows the group to align itself with its multinational customer base and to reduce its dependency on the economic wellbeing of one specific country.

The group remains committed to achieving its operating profit margin of 8%. To achieve this the strategy requires expansion into new markets, especially where there is opportunity to leverage existing capabilities. The most effective path to realise the group's vision and growth strategy going forward is through selective strategic partnering. Two areas identified for new strategic initiatives are managed print services, which leverages off our broad ICT managed/outsourced

services offering, and content management and distribution services which leverage off our strengths in managed communications and as a carrier-neutral data centre. Further details on these two initiatives are outlined in the Investment division report on pages 34 and 35.

The ICT market continues to consolidate, both globally and locally. The group is well positioned to make select acquisitions in these market conditions.

The Business Connexion ONE brand, ONE voice strategy defined by our mission of "Amplifying the power of our Connective Intelligence" is achieving its goal of consolidating the group within the market place. The group mission "to provide simple, content-rich and affordable knowledge solutions to Africa and the world" is a clear message that is consistently applied in the group strategy. The group's seven values of achievement, innovation, integrity, make a difference, passion, teamwork and trust underpin the group's aim to be an employer of choice by creating an environment, and a culture, that is conducive to attracting and retaining the right people. This overall strategy is based on a deep commitment to values-based leadership in order to build a sustainable, long-term business.

Testament to this strategy is the fact that Business Connexion won this year's Best Managed Company award in the ICT sector from Top 500, which is an annual business-to-business directory of the country's leading companies in some 100 sectors. The Top 500 awards look at various aspects of a company's operations in three broad categories: performance, empowerment and policies. The Performance category refers to turnover, growth, profitability and productivity. The Empowerment category examines the percentage of black and female employees as well as directors in the company, inclusive of training programmes. The Policies category takes into account corporate social investment, governance and accreditations.

Chairman's report



Tony Ruiters
Independent non-executive chairman

Introduction

It is pleasing to report that we have survived, grown and emerged stronger from the tough and challenging conditions in the aftermath of the economic downturn.

Our business has stabilised, we have a plan to grow organically and by acquisition, and are now able to concentrate on gaining market share and attracting new customers in South Africa and across the rest of Africa.

Post the completion of the revitalisation programme we are focusing on the quality of our earnings and cash generation, driving annuity revenue, intensifying our focus on cloud computing, enhancing our leadership in data centre management, attracting the best industry skills and capitalising on our own intellectual property in developing innovative solutions for our customers.

At the outset I would like to thank our key stakeholders for their commitment during the revitalisation phase of the past few years: our shareholders for their confidence, patience and engaging interaction with management; our customers for their loyalty and confidence in Business Connexion's leadership, products and services; and our management and staff for their steadfastness, loyalty and belief in the group's future.

Business environment

As the global economy remains fragile and a sustainable recovery still appears some way off, growth in the ICT sector has been muted. In these market conditions companies are generally reluctant to invest and we are unlikely to see any change in the short term. The Technology and Innovation divisions continue to be sensitive to these economic pressures as customers delay infrastructure expansion and technology refreshes. There has also been a decline in public sector tenders.

The Services division is more insulated from these economic pressures. This can mainly be attributed to the higher proportion of annuity-based revenue as well as increased business opportunities as more organisations focus on their technology expense line to drive a higher level of efficiency through outsourcing. Annuity revenue has therefore contributed to our financial sustainability during this time.

Slow growth in developed economies has shifted the attention to emerging markets, with several strategic alliances being forged in the sub-Saharan African ICT sector. In recent months two South African IT businesses have been acquired by international companies.

Globally the technology sector has seen a significant shift towards consolidation in recent months, as the larger players are using their cash resources to fuel growth through acquisitions and acquire quality assets at a discount. This trend is expected to continue and we are likely to see similar consolidation within the South African market. Business Connexion is well placed to participate in this industry consolidation.

Leadership and board

Our young leadership team has been bold and courageous in tackling the challenges they have faced and I compliment them on the maturity they have shown.

Many tough decisions needed to be made during the revitalisation programme over the past two years and we are now starting to see the benefits of these decisions being reflected in our results.

The independent non-executive director component of our board was strengthened with the appointments of Jenitha John and Mamoroke Lehobye.

Both Jenitha and Mamoroke have strong financial backgrounds and are already adding a new dimension to board and committee level debate.

Early in the financial year Sindi Zilwa resigned as a non-executive director owing to a conflict of interest between one of her consultancy customers and a customer of Business Connexion.

Our board now comprises seven non-executive and two executive directors. The new appointments have further enhanced the transformation profile of the board, with 67% of the directors being black and 44% female.

Empowerment and restructuring

The group successfully concluded a multi-faceted B-bBEE transaction which has resulted in the group's B-bBEE shareholding increasing to 30%.

The sustainability of the group's B-bBEE ownership profile has also been assured as Gadlex, the anchor shareholding partner since 2004, has committed to a further five years in the business.

In recent years several of our shareholders have highlighted the need to address the structure of the group. The B-bBEE transaction has enabled us to simplify the group's structure by exchanging Gadlex's 20,01% shareholding in the operating company, Business Connexion (Proprietary) Limited, for a 10,2% stake in the holding company.

Part of the transaction was to create a management share trust to promote economic empowerment within the group as well as to encourage employees to drive growth and profitability. The core leadership team have become owners in the business and their interests are now aligned with those of shareholders. The management share trust will assist in the retention of key executives and employees and is an attractive mechanism when one considers the severe skills shortage facing the ICT sector both locally and internationally.

We have further simplified the business through an internal restructuring in which one of our subsidiary companies, Nanoteq (Proprietary) Limited, and the two buildings housing our data centres

were sold from Business Connexion Technology Holdings (Proprietary) Limited to Business Connexion (Proprietary) Limited at market value.

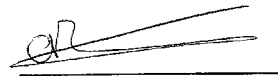
Appreciation and outlook

On behalf of the board I thank Benjamin and his executive team for the energy, drive and passion with which they lead the business. The team has proved they have the ability to take the business on a growth trajectory.

I also extend my thanks to my board colleagues for their active participation and support over the past year.

Thank you to our shareholders for their candid engagement with the executive leadership and for the confidence shown in the group's prospects.

We are positioned to grow market share and dominate the IT landscape in South Africa and became a leading African player. We will continue to provide services for our domestic customers in their operations across the globe and are ready to seize acquisition opportunities that will enable us to fulfil our strategic vision.



Tony Ruiters

Independent non-executive chairman

Board of directors



Back row left to right: Benjamin Mophatlane, Nkenke Kekana, Felling Sekha, John Buchanan, John Poluta, Jenitha John
Front row left to right: Vanessa Olver, Tony Ruiters, Mamoroke Lehobye

Tony Ruiters

Date of birth: 27 October 1961

Qualifications: BA (UCT), HDE (UCT),

Executive Diploma Business Studies (Stanford University, USA)

Title: Independent non-executive chairman

Experience: Tony is known for his innovative thinking, leadership style and entrepreneurial qualities. During his career, Tony has co-founded nine start-ups that became significant companies in South Africa and Africa, including Krew Investments SA (Proprietary) Limited, ShareLegend (Proprietary) Limited, Sentio Capital Management (Proprietary) Limited and African Harvest (Proprietary) Limited. He currently serves as director in all the companies he co-founded. He is also founder and director of the Dullah Omar Foundation. Tony has travelled extensively representing South Africa in trade and investment meetings across the globe. He has also participated in numerous presidential and ministerial led delegations abroad.

Appointed to the board on 21 September 2007

John Buchanan

Date of birth: 4 January 1944

Qualifications: BTh, CA (SA), Executive Development Programme (Columbia University)

Title: Independent non-executive director

Experience: John has held senior positions in leading organisations in South Africa in various business sectors, from manufacturing to the pharmaceutical industry. During his career, he has held the positions of group finance director at Metal Box (South Africa) Limited, executive director at Nampak Limited, as well as group finance director at Cadbury Schweppes (South Africa) Limited. John was appointed to the board of Aspen Pharmacare Holdings Limited as a non-executive director in May 2002 and became a non-executive director of Business Connexion Group in February 2004.

Appointed to the board on 2 February 2004

Nkenke (Nat) Kekana

Date of birth: 20 April 1962

Qualifications: Post-graduate diploma in telecommunications and information policy (UNISA), Diploma in computer programming (Globe)

Title: Non-executive director

Experience: Nat has a wide range of skills and experience in communications and has been involved in formulating telecommunications and broadcasting policies, laws and regulations. He has held various positions during his career, most notable of which is group executive Regulatory and Public Policy at Telkom. He was a Member of Parliament and chairman of the Parliamentary Portfolio Committee on Communications. He is currently the chief executive

officer of MSIMA Communications (Proprietary) Limited and an executive director of Mowana Investments (Proprietary) Limited. He also serves on the board of Experian (South Africa) and is the chairman of the Gauteng Film Commission.

Appointed to the board on 2 March 2005

Felleng Sekha

Date of birth: 12 August 1967

Qualifications: BA LLB (UCT), PG Dip Media, Communications and Information Technology Law (University of Melbourne)

Title: Non-executive director

Experience: Felleng is a specialist in ICT law and has chaired the Independent Broadcasting Authority (later to become ICASA) and the National Telecommunications Forum. As general manager of international business development for MTN, Felleng led the team that successfully set up MTN in Nigeria from 2001 to 2005. She later spent a further eight months in Zambia leading a similar project for MTN. She currently consults on ICT regulatory affairs and business development in Africa. She has set up and manages a non-governmental organisation called Platinum Ring, whose aim is to create entrepreneurial and career opportunities for young South Africans.

Appointed to the board on 27 November 2007

John Poluta

Date of birth: 12 May 1972

Qualifications: BCom (Wits), BAcc (Wits), CA (SA)

Title: Independent non-executive director

Experience: John is a chartered accountant who worked at Deloitte & Touche locally and in the USA. In 1998 he joined Barnard Jacobs Mellet as a research analyst, later moving to a senior analyst role at JP Morgan in Johannesburg and London. He is currently an executive director of Mowana Investments (Proprietary) Limited.

Appointed to the board on 2 April 2009

Jenitha John

Date of birth: 10 May 1971

Qualifications: BCompt Hons (UNISA), CA (SA), Senior Executive Programme (Wits and Harvard), Diploma in Company Direction (IoD)

Title: Non-executive director

Experience: Jenitha is a chartered accountant by profession, currently serving as chief audit executive for the FirstRand Group of companies. She has held various financial and audit related roles at, *inter alia*, Discovery Holdings, Eskom, Telkom, Toyota SA and RMBT Property Services (Marriott Group) prior to joining FirstRand. She also holds a Diploma in Company Direction hosted by the IoD and GIMT and is a graduate of the Harvard/Wits Business School Senior Executive Programme. Jenitha has served on many boards and audit committees of both public and private sector entities and is currently non-executive director of Tongaat Hulett where she is the chairman of the audit committee.

Appointed to the board on 1 May 2010

Mamoroke Lehobye

Date of birth: 27 May 1974

Qualifications: BCom (UCT), HDipAcc (Wits), CA (SA)

Title: Independent non-executive director

Experience: Mamoroke is the managing director and co-founder of professional services business, Basadi in Motion. She was previously a director at an internal audit firm – Sekela, and has held senior financial management positions in large corporate concerns. She serves on the audit committee of the National Treasury, the board of Sekela Consulting (Proprietary) Limited, Health-e News Services and AWCA Investment Holdings Limited.

Appointed to the board on 1 May 2010

Benjamin Mophatlane

Date of birth: 12 May 1973

Qualification: BCom Accounting (University of Pretoria)

Title: Chief executive officer

Experience: Benjamin co-founded Business Connection in 1996 which subsequently merged with Seattle Solutions in 2001. He served as managing director until the company merged with Comporex Africa in 2004 and was then appointed deputy chief executive officer. In 2007 he became chief executive officer of Business Connexion.

Well known within the information technology industry, he has received numerous accolades which include the BITF Black Achiever's Award in 1999, the Information Technology Personality of the Year in 2002, the ICT Legend Award by State Information Technology Agency (SITA) in 2009, and the Top Black Businessman award at the 9th annual Metropolitan Oliver Empowerment Awards held in March 2010.

Benjamin is a member of the Black Management Forum, the Electronic Industries Federation of South Africa, Black Information Technology Forum and Western Cape Investment and Trade Promotion Agency.

Appointed to the board on 2 February 2004

Vanessa Olver

Date of birth: 22 July 1973

Qualifications: BCom Accounting (Rhodes), HDip Acc (Rhodes), CA (SA), HDip Tax (UNISA), Life Management Institute Program (USA), CPA (USA)

Title: Chief financial officer and Group executive: Shared services

Experience: Vanessa joined Business Connexion and was simultaneously appointed to the board on 1 August 2009. She is a chartered accountant who worked at Deloitte & Touche in Durban and in the USA, before moving to the UK where she held financial management positions with P&O Nedlloyd and Aviva plc (formerly CGNU plc) in London. On her return to South Africa she joined Standard Bank as senior manager before being promoted to finance director, Standard Bank Africa, which covered 16 African countries. Vanessa brings a wealth of knowledge including that of two significant mergers in Africa, implementation of SAP financials in 13 African countries, and considerable international financial reporting experience. Vanessa, in her capacity as Chief financial officer, is also responsible for the Shared Services function at Business Connexion.

Appointed to the board on 1 August 2009

Chief executive officer's report



Benjamin Mophatlane
Chief executive officer

Introduction

There can be little doubt that the past two years have been among the most challenging for Business Connexion and the ICT industry globally as we experienced a once in a generation financial and economic crisis. The effects of this global meltdown are likely to be felt for years to come.

Against this background we have seen continued strong annuity revenue and profit growth in our Services division in the past year while the environment has impacted on revenue growth in the Technology and Innovation divisions. Pleasingly the revitalisation programme has contributed to improved profitability for the group. Our financial performance is covered by Vanessa Olver in the Chief financial officer's report on pages 22 to 25.

With the revitalisation programme behind us, Business Connexion is a leaner, more efficient group and we have been able to reduce costs, without compromising on value. Service delivery remains a top priority for the group as this was instrumental in retaining and growing our customer base in the year under review.

Transformation

The successful implementation of the recent B-bBEE transaction discussed by the chairman in his report marks a new era for Business Connexion.

The B-bBEE deal not only addresses the shareholding by our strategic empowerment partners and executive management, but also contributes to socio-economic development. Shares have been issued to organisations involved in poverty alleviation and social development, as well as to previously disadvantaged black women. Shares have also been allocated to a group of black women with ICT experience and key executives and senior management.

Our increased B-bBEE shareholding and the resultant higher rating is a competitive advantage. This will assist in attracting and retaining

private sector customers where companies are increasingly sensitive to B-bBEE ratings. Several parastatal organisations have minimum requirements for tendering for new contracts and our improved B-bBEE credentials will enable us to compete for a greater number of contracts.

In the *Financial Mail/Empowerdex* Top Empowerment Companies 2010 survey, Business Connexion was ranked third in the ICT sector and 16th among all JSE listed companies, improving from fifth in the sector and 25th overall in the prior year.

We are aiming to improve from our current level 3 B-bBEE contributor status in terms of the DTI codes to become a level 2 contributor by 2011.

Growth strategy

The group's growth strategy has remained unchanged and focuses on four core areas:

- Continued organic growth within the local market through our existing services offering. Service delivery within the South African public sector is increasingly receiving attention and Business Connexion is in a favourable position to work with government to accelerate service delivery.
- Focus on complementary strategic initiatives and innovation. Three initiatives were announced recently which will augment the group's services and further detail is included below.
- Expand into new markets and grow foreign earnings. The group has operations in Mozambique, Namibia, Nigeria, Tanzania, Zambia and the UK, where the focus is on providing increasingly simple, content-rich and affordable knowledge solutions. We have increased our African presence with the launch of a business in Kenya in November. This is one of the major growth areas in Africa and we have successfully delivered a number of projects in the country over the past decade. A permanent local presence will increase the group's ability to pursue business directly in that market and build on our extensive and proven service delivery and technology capability. Our success to date and the growth potential in these markets motivate the group to continue to expand with caution throughout the rest of the continent.
- Exploration and consideration of merger and acquisition opportunities to complement our existing services portfolio and enhance our scale in high growth areas.

Cloud computing

As many organisations are realising the increased and rapid scalability of cloud computing technology, Business Connexion is experiencing increasing interest in this technology in the marketplace.

Business Connexion received the 2010 South African Market Share Leadership Award from Frost & Sullivan, a respected international authority on market analysis. This confirms Business Connexion's dominance within the domestic data centre market where we have first mover advantage.

The delivery of highly secure cloud computing solutions is key to the growth we are experiencing in our Services division. As one of only



eleven companies globally, and one of two in South Africa, which run Tier IV design certified data centres, Business Connexion is well placed to take advantage of this technology wave.

Strategic alliances

As part of the group's growth strategy a number of strategic partnerships were concluded during the year:

- Business Connexion Managed Print Solutions (Proprietary) Limited, which is an exclusive operating arrangement between Business Connexion and Canon SOS (Smart Office Service), has created the largest, brand-independent managed print services organisation in Africa. This enables the group to deliver cost effective, intelligently integrated print and ICT services and provides access to a new combined customer base and product set.
- Our leading position in cloud computing was instrumental in the group concluding an exclusive partnership with Limelight Networks®. This initiative will bring content distribution and related internet based services to users in South Africa, increasing access speeds and decreasing costs.
- Business Connexion and Information Bearing Systems (IBS) now have an 80% and 20% interest in Business Connexion Communications (Proprietary) Limited respectively. IBS is part of the international Kai Group of telecommunications companies with interests in broadband capacity and internet protocol services. IBS has purchased bandwidth capacity on the SEA System which forms part of this initiative. Business Connexion Communications now provides wholesale metropolitan, national and international bandwidth and content distribution network services.

Our people

Development and innovation comes from people and this remains our key differentiator to achieve and maintain a competitive advantage. Attracting high potential individuals, while retaining and developing our existing employees remains a key strategic objective.

The internship programmes run within the group also bring new recruits into the organisation, while extensive employee engagement surveys are run bi-annually to measure staff satisfaction. These surveys provide meaningful insight for management to incorporate into employee management plans.

Our people remain galvanised around our seven core values of achievement, innovation, integrity, making a difference, passion, teamwork, and trust. These values direct the way we conduct our business and by which we wish to constantly measure ourselves.

Leadership

Our growth strategy and progress resulted in the need to streamline our executive committee. The changes also enable us to provide professional growth opportunities for some of our most accomplished leaders. This leadership group embodies the entrepreneurial philosophy of Business Connexion and demonstrates a strong will to win in our competitive industry. The following team supports me in my role as Chief executive officer:

- Vanessa Olver, chief financial officer, has also assumed responsibility for group shared services, including human resources, commercial and corporate information services.

- Sydney Ramutla is head of sales and marketing and also oversees the technology office which focuses on technical matters within the organisation.
- John Jenkins continues in the leadership role of our Services division.
- Isaac Mophatlane continues to lead the Innovation division and to head up the public sector business.
- Rodwell Zvarayi has been appointed as Group executive: International. He has over 20 years experience in the ICT industry, including 14 years in leadership positions at Microsoft, and has a thorough understanding of doing business outside the borders of South Africa.
- Although Tim Schumann is due for retirement, he has agreed to stay on for another year to oversee the Technology division and to ensure a smooth transition until a successor is appointed.
- Matthew Blewett is responsible for mergers and acquisitions across the group, as well as future revitalisation and repositioning interventions. He also oversees the strategic growth initiatives area.

Prospects

We have not only weathered the challenging economic conditions but are also now in a leading position with our data centres and our cloud computing capability. The diversity of our customer base, product and services offerings, the skills base and commitment of our staff as well as the strength of the group's balance sheet, have all contributed to sustaining the business. Several recent strategic initiatives have significantly enhanced our strategy to create a one-stop cloud computing platform.

Our market differentiators also provide a solid platform from which to seek opportunities for acquisitions and growth by adding new services and solutions to our portfolio and growing our service offering and market share in Africa.

Appreciation

The achievements over the past year would not have been possible without the commitment, dedication and focus of our talented people. Your effort is truly appreciated and we trust we can count on your support into the future.

The executive committee has led the group to new heights and I thank them for their contribution. Thank you to our chairman, Tony Ruiters, for his decisive leadership of the board and to my fellow directors for their valuable guidance and business insight.

In closing, I wish to thank our customers for their loyalty and ongoing support in partnering with Business Connexion and we look forward to contributing to the success of your businesses in the year ahead.

Benjamin Mophatlane
Chief executive officer

Group executive committee



Back row left to right: John Jenkins, Matthew Blewett, Tim Schumann, Rodwell Zvarayi, Isaac Mophatlane
Front row left to right: Sydney Ramutla, Benjamin Mophatlane, Vanessa Olver

Benjamin Mophatlane

Date of birth: 12 May 1973

Qualification: BCom Accounting (University of Pretoria)

Title: Chief executive officer

Experience: Benjamin co-founded Business Connection in 1996 which subsequently merged with Seattle Solutions in 2001. He served as managing director until the company merged with Comparex Africa in 2004 and was then appointed deputy chief executive officer. In 2007 he became chief executive officer of Business Connexion.

Well known within the information technology industry, he has received numerous accolades which include the BITF Black Achiever's Award in 1999, the Information Technology Personality of the Year in 2002, the ICT Legend Award by State Information Technology Agency (SITA) in 2009, and the Top Black Businessman award at the 9th annual Metropolitan Oliver Empowerment Awards held in March 2010.

Benjamin is a member of the Black Management Forum, the Electronic Industries Federation of South Africa, Black Information Technology Forum (BITF) and Western Cape Investment and Trade Promotion Agency.

Appointed to the executive committee on 2 February 2004

Vanessa Olver

Date of birth: 22 July 1973

Qualifications: BCom Accounting (Rhodes), HDip Acc (Rhodes), CA (SA), HDip Tax (UNISA), Life Management Institute Program (USA), CPA (USA)

Title: Chief financial officer and Group executive: Shared Services

Experience: Vanessa joined Business Connexion and was simultaneously appointed to the board on 1 August 2009. She is a chartered accountant who worked at Deloitte & Touche in Durban and in the USA, before moving to the UK where she held financial management positions with P&O Nedlloyd and Aviva plc (formerly CGNU plc) in London. On her return to South Africa she joined Standard Bank as senior manager before being promoted to finance director, Standard Bank Africa, which covered 16 African countries. Vanessa has a wealth of knowledge including that of two significant mergers in Africa, implementation of SAP financials in 13 African countries, and considerable international financial reporting experience. Vanessa, in her capacity as Chief financial officer, is also responsible for the Shared Services function at Business Connexion.

Appointed to the executive committee on 1 August 2009



Matthew Blewett

Date of birth: 8 December 1970

Qualification: BCom (Hons) (University of KwaZulu-Natal)

Title: Group executive: Mergers and acquisitions

Experience: Matthew formed Seattle Solutions, a focused Microsoft Solution Provider which merged with Business Connection. Matthew held the portfolio of Group Executive: Special Projects where he led the integration process of Business Connection and Comparex Africa in 2004 until the beginning of 2006. Matthew then consulted to Business Connexion on the formulation and initiation of the revitalisation programme as a member of the Programme-1 team for a year prior to rejoining the group in September 2008 in an executive capacity with specific responsibility and accountability for the company's revitalisation programme. Matthew is now responsible for the group's mergers and acquisitions and strategic growth initiatives. He is a former recipient of the Information Technology Person of the Year accolade for KwaZulu-Natal from the Computer Society of South Africa (CSSA). Matthew serves as a trustee for a national charity.

Appointed to the executive committee on 1 September 2008

Sydney Ramutla

Date of birth: 12 May 1975

Qualification: Postgraduate Diploma in Business Management (University of KwaZulu-Natal)

Title: Group executive: Sales and Marketing

Experience: Sydney has built up his expertise in management, strategy, operations and customer engagement. He joined Business Connection in 1998 and when the business merged with Comparex Africa in 2004, was appointed regional chief executive for Johannesburg, managing key blue-chip contracts, service delivery and relationships. He continues to direct Business Connexion strategy and operations across the national key industry verticals in which it does business.

Sydney is a member of the Black Management Forum and the Black Information Technology Forum.

Appointed to the executive committee on 1 September 2004

John Jenkins

Date of birth: 22 August 1953

Qualifications: MDP SBL (UNISA), SEP (London Business School)

Title: Group executive: Services

Experience: John has been a leader in the ICT services industry for many years and has built considerable expertise in deal-making, contract structuring, service management and multi-sourcing arrangements. He has specialised in ICT outsourcing and managed services and is one of the founders of the Outsourcing Industry in South Africa. John is a widely recognised consultant, coach and mentor, drawing on over three decades of experience in the IT industry.

Appointed to the executive committee on 8 May 2007

Tim Schumann

Date of birth: 3 September 1950

Title: Group executive: Technology

Experience: Tim's career of almost four decades spans varied aspects of the ICT industry. He spent eight years at IBM SA, he was an information technology consultant in London and was the managing director of Skok Systems (Proprietary) Limited for five years. He has held numerous directorships and executive positions and gained significant experience in the USA and UK. His previous roles at Business Connexion include, on different occasions, being chief executive of the Coastal, Johannesburg and Pretoria regions. In his current role he is responsible for managing the Technology division and relationships with Business Connexion's strategic suppliers such as Cisco Systems, EMC², Microsoft and IBM. Tim is a director of Nanotek (Proprietary) Limited.

Appointed to the executive committee on 1 January 2000

Isaac Mophatlane

Date of birth: 12 May 1973

Title: Group executive: Innovation and Public Sector

Experience: Isaac co-founded Business Connection with his twin brother Benjamin in 1996, which subsequently merged with Seattle Solutions in 2001. In 2004 the company merged with Comparex Africa and he was then appointed as Group Executive: Client Engagement – Public Sector.

Isaac is a member of the Black Management Forum, the Electronics Industries Federation of South Africa and the Black Information Technology Forum. He is the deputy non-executive chairman of the Catholic Education Investment Company.

Appointed to the executive committee on 2 February 2004

Rodwell Zvarayi

Date of birth: 30 December 1965

Qualification: Currently working on a Dissertation for his MBA (An Analysis of the IT Outsourcing Market for Nigeria)

Title: Group executive: International

Experience: Rodwell joined Business Connexion in 2009 as Managing Executive responsible for the West Africa Business. Rodwell has over 20 years' experience in the IT industry. He spent over 14 years at Microsoft in numerous leadership positions. He has a deep sense and appreciation of doing business outside the borders of South Africa. He has been the recipient of sales awards in the South East Africa and Indian Ocean Islands region and Middle East and Africa region. His portfolio at Business Connexion includes driving sales, growth strategy and business development for new markets.

Appointed to the executive committee on 1 September 2010



Chief financial officer's report



Vanessa Olver

Chief financial officer

Introduction

These results reflect the benefits from the successful completion of the revitalisation programme undertaken by the group over the past two years, the B-bBEE transaction and the strategic business initiatives.

Financial performance

The successful conclusion of the group's B-bBEE transaction during August 2010 resulted in a 30% B-bBEE shareholding in Business Connexion Group Limited. This transaction was approved by shareholders on 8 September 2010. The total cost of the new B-bBEE transaction was R51,8 million which included a non-cash flow IFRS 2 charge of R46,5 million and transaction cost of R5,3 million.

Reported operating profit for the period under review amounted to R197,3 million (4,9%), (2009: R132,6 million (2,4%)). The operating profit is after taking into account the items reflected in note 24 to the annual financial statements.

The group remains committed to achieving its profit margin of 8,0%, however, with the slower than expected recovery of the current economic conditions, the group does not expect to achieve this by 2011.

Revenue

The Services division remains the largest contributor to the group's revenue at 45,3% (2009 15 month period: 41,6%). The division has focused on its services catalogue to ensure a consistent service offering to all customers irrespective of geographic location or industry sector. This allows for standardised costing methodologies to be applied leading to greater efficiencies. In addition the successful rollout of its cloud computing capability to provide infrastructure, platform and

software as services has enhanced retention of existing customers and has created additional market opportunities.

The contribution from the four large outsourcing deals awarded to the group in the previous financial period has contributed to greater diversification of revenue from the group's large outsource customers. The Technology division continues to be impacted by the financial downturn and contributed 36,3% (2009 15 month period: 39,6%) of the group's revenue. The decline reflects reduced private sector spend as customers reprioritised information technology projects and cut budgets. Very few tenders are currently being awarded in the public sector leading to sluggish revenue from this sector.

The Innovation division enables the group to maximise its own intellectual property and contributed 9,7% (2009 15 month period: 11,1%) of the group's revenue. The division was impacted by a decline in government spending with pressure on the government to curtail expenditure following the 2010 FIFA Soccer World Cup™ and above inflation wage demands from government employees.

With the challenging economic climate and several of the countries still not having achieved critical mass, the International division's results continue to be disappointing. The medium- to long-term prospects for the division remain positive as the businesses are well positioned in most of the geographies in which they operate. Nigeria is showing substantial growth on the back of the Cisco gold certification obtained in the latter part of the 2010 financial year and both Mozambique and Namibia are showing healthy growth on the back of new customers. The United Kingdom is showing growth despite the adverse economic environment.

The Investment division houses the group's investment in associates and joint ventures including Business Connexion Managed Print Solutions (Proprietary) Limited and Business Connexion Communications (Proprietary) Limited.

Business Connexion Managed Print Solutions (Proprietary) Limited is the largest, brand-independent managed print services organisation in Africa. The group is uniquely positioned to deliver cost effective, intelligently integrated, print and ICT services in one holistic managed approach. Business Connexion Managed Print Solutions (Proprietary) Limited is equity accounted.

The partnership between Business Connexion and Limelight Networks® is housed in Business Connexion Communications (Proprietary) Limited. This initiative brings content distribution and related internet based services to all users in South Africa. The group's position as a leader in providing cloud computing was the biggest factor in making this exclusive partnership a reality.

Business Connexion and Information Bearing Signals (IBS) (which forms part of the internationally backed Kai Group of telecommunications companies) have an 80% and 20% interest in Business Connexion Communications (Proprietary) Limited respectively. Business Connexion Communications (Proprietary) Limited now provides wholesale metropolitan, national and international bandwidth and/or content distribution network services.

Segmental revenue analysis

R million	August 2010		May 2009		August 2009	
	%	year	%	12 months	%	15 months
Services division	45,3	1 840,2	45,1	2 004,7	41,6	2 288,8
Technology division	36,3	1 473,9	40,4	1 794,6	39,6	2 177,9
Innovation division	9,8	395,4	8,1	358,3	11,1	608,7
International division	8,6	350,5	6,4	286,8	7,7	420,7
	100,0	4 060,0	100,0	4 444,4	100,0	5 496,1

Operating expenses

Cost savings are evidenced across all operating expense categories. The effect of the group's revitalisation programme and the ongoing focus on optimising processes has contributed to the group's reduced cost base.

R million	Planned	Actual
Total cost to company savings	67,1	69,1
Contract negotiations savings	12,3	16,2
Outsourcing and related savings	27,1	29,2
Total savings	106,5	114,5

R million	August 2010	May 2009	August 2009
	year	12 months	15 months
Manpower	633,7	783,7	1 001,2
Depreciation	41,2	42,5	50,8
Facilities	152,6	147,9	188,1
Other	135,1	95,9	86,7
	962,6	1 070,0	1 326,8

Share of losses from associates and jointly controlled entities

The group sold its investment in Intenda (Proprietary) Limited during the year and converted its claims to a long-term debtor leaving two associates at year-end, namely Hawkstone iSolutions (Proprietary) Limited and Business Connexion Managed Print Solutions (Proprietary) Limited.

Net investment income

Interest income earned on surplus cash funds continues to be under pressure as the prime lending rate comes down, as well as dividends received from Gadlex which is based on the prime lending rate.

Taxation

The effective tax rate for the group was 34,2% for the year. Excluding the effects of withholding taxes and secondary tax on companies (STC), the effective tax rate would have been 32,0% (2009 15 month period: 30,9%). The costs of the B-bBEE transaction are capital in nature and also contributed to the increase in the tax rate.

Statement of financial position

Total assets increased by 5,1%. This increase is largely due to an increase in trade and other receivables, due to significant billing in the last quarter of the year.

Property, plant and equipment and intangible assets

Additions to fixed assets and software were mainly in the data centre environment to meet existing and future capacity demands from customers.

Investment property

Investment property consists of vacant land. The group received an offer for one of these stands and it has therefore been classified as an asset held for sale.

Goodwill

The goodwill currently reflected in the statement of financial position originated primarily from the group's original restructuring to facilitate a B-bBEE transaction with Gadlex (Proprietary) Limited and from the acquisition of SiloFX Enterprise Integrators. Goodwill is tested for impairment annually.

Investment in associates and jointly controlled entities

The investment in associates consists of the group's 49% investment in Hawkstone iSolutions (Proprietary) Limited and its 50,01% investment in Business Connexion Managed Print Solutions (Proprietary) Limited.

The group sold its 29,85% investment in Intenda (Proprietary) Limited during the year and converted its claims to a long-term debtor.

Chief financial officer's report continued

Other investments

Other investments comprise the A and B preference share investments in Gadlex (Proprietary) Limited and the C preference shares in Gadlex Holdings (Proprietary) Limited.

Working capital management

Working capital management within the group has improved significantly. The year-end working capital position does not do justice to this due to the increased activity in the Technology division in the last quarter of the year.

	August 2010 R million	August 2009 R million
Current assets	1 614,9	1 474,7
Inventories	138,2	189,6
Trade receivables	771,4	686,3
Other receivables	242,3	166,7
Prepayments	74,0	87,3
Taxation prepaid	20,6	11,4
Cash and cash equivalents	358,8	333,4
Current asset held for sale	9,6	
Current liabilities	865,4	878,1
Short-term liabilities	66,0	76,7
Trade payables	318,2	231,2
Other payables	479,0	564,8
Provisions	2,2	5,4
Net working capital	749,5	596,6

Inventories

Inventory balances decreased significantly as a result of it being a key focus area during the year.

Trade receivables

The average debtors' days outstanding at 31 August 2010 was 58,6 days. The group's target remains 55 days. The increase was due to increased activity in the last quarter. The profile of trade receivables is as depicted in the trade receivables graph.

Other receivables

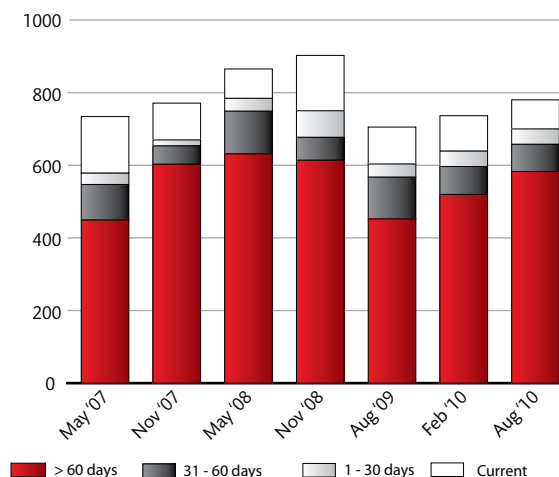
Other receivables increased largely due to the provision for uninvoiced income due to increased activity in the last quarter.

Trade and other payables

Trade and other payables did not increase materially from 31 August 2009. However, cut-off from invoices received from creditors impacted the split between trade payables and accruals.

Trade receivables

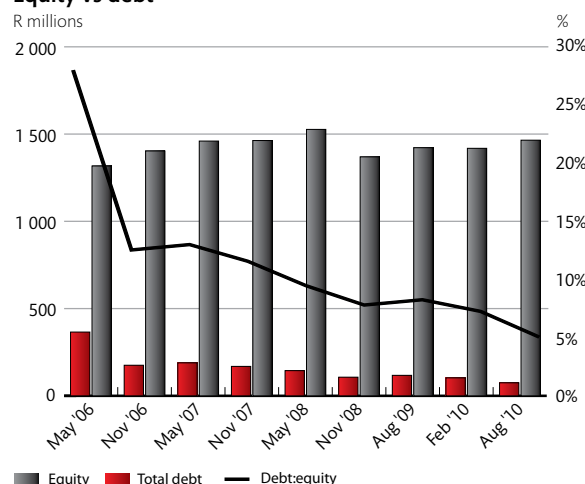
R millions



Debt

The group is still considering the optimal mix of equity versus debt and will be looking at it more closely as part of its stated intention to do acquisitions. The group still has minimal debt and as a result there is scope for the group to increase its gearing with the effect of reducing its weighted average cost of capital and thus maximising returns for shareholders.

Equity vs debt



Cash movement

The group's cash balance improved for the year mainly as a result of improved profitability.

Year ended 31 August 2010	(R million)
Cash generated from operations	315,2
Working capital changes	(70,0)
Dividends paid	(46,8)
Interest, dividends received and tax	(29,7)
Cash from operating activities	168,7
Advances to associates	(1,1)
Capital expenditure – BCX	(53,1)
Capital expenditure – cost of sales	(84,5)
Disposal of property, plant and equipment	4,0
Profit on sale of investments	0,8
Other financing activities	(9,4)
Increase in cash	25,4

Dividends


The group declared a final dividend of 23 cents (2009: 18 cents) per ordinary share for the year, a 27,8% increase on the 18 cents excluding the effect of the 41,1 million new shares issued in terms of the group's new B-bBEE transaction. The group's dividend policy remains a range of 2,5 to 3,0 times normalised attributable profit.

Outlook for 2011

With the efficiencies of the revitalisation programme achieved, the focus is now on growth of the group's profitable divisions and mergers and acquisitions.

Working capital remains a key focus area. With trade receivables and inventory well managed, the focus will shift towards trade payables.

We thank the investor community for their continued support and feedback. I also extend my thanks to the shared services team for their ongoing efforts to provide accurate and timely information to facilitate informed business decisions.



Vanessa Olver

Chief financial officer

Operational review – Services division

A woman with dark curly hair, wearing a light yellow sweater, is smiling and looking towards the right. She is sitting at a desk in an office, with her hands on a computer mouse. In the background, another person is visible working at a computer. The office has several computer monitors and papers on the desks.

Specialist
service
offerings across
all industry
sectors

R million	12 months ended 31 August 2010	15 months ended 31 August 2009
Revenue	1 840,2	2 288,8
Operating profit	198,3	180,5

The largest division in Business Connexion is the Services division contributing R1 840,2 million (45,3%) to group revenues.

The ICT services offered by the Services division are ideally suited to the current economic environment where organisations are considering ways in which they can meet their business objectives while avoiding capital outlays and reducing operating costs. The division is able to leverage the group's diverse skills base to understand the customer business model, value chain and strategy and, in so doing, help customers with any ICT service or technical requirement. Further to this, the specialists have the flexibility to design services specific to the customer requirement. The resultant benefit to the customer is an enhanced level of business performance, enriched information application and flexible information technology.

The Services division solution offering is extensive, ranging from business consulting services where specialist consultants engage with customers on best practice ITIL v3 (Information Technology Infrastructure Library) based processes, application design and SAP implementations through to the new and emerging world of cloud computing. Data centre and infrastructure services have always been central to the Services division solution offering. The established data centre services coupled with the addition of communications and security solutions have opened the pathway to cloud computing.

The division has made enormous strides in the recent past. Notably it has been awarded Tier IV status for the Midrand data centres verifying that they are fully compliant with the most up to date international design guidelines and best practice for high availability. This is a major factor when large enterprises consider outsourcing their mission critical systems. A further advantage for customers seeking to move to cloud services is the fact that Business Connexion now has over two years' experience in deploying cloud solutions and is one of only two organisations in the country certified to build, sell, and outsource the Virtual Computing Environment (VCE) solution. This capability enables customers to deploy virtualisation and cloud computing solutions quickly and cost effectively, giving them the agility to meet rapidly changing business needs.

During the year under review Business Connexion's data centre operations were awarded the Frost and Sullivan Market Share Leader award with a total market share of 23% compared to the nearest competitor at 19%. The Services division also achieved a verified maturity rating of 3,55 out of 5, on thirteen ITIL v3 processes. This is the highest rating ever awarded to an African company and amongst the highest in the world.

There is increasing interest from the group's premier customers to move towards cloud services because of the division's focus on ITIL based best practice processes and the corresponding savings that they can achieve in the cloud environment. The development of a customer engagement "light" model has also made the solution offerings more affordable to Business Connexion's smaller corporate sector customer base. This benefit can be seen in the division winning back previously lost customers, being awarded contracts with new customers, and achieving "preferred supplier status".

The global services management centre (GSMC) continues to contribute significantly to the Services division. At the year-end the GSMC managed approximately 200 000 infrastructure assets with 26 agents in the command centre and in excess of 200 agents at the services desk servicing approximately 170 000 active users.

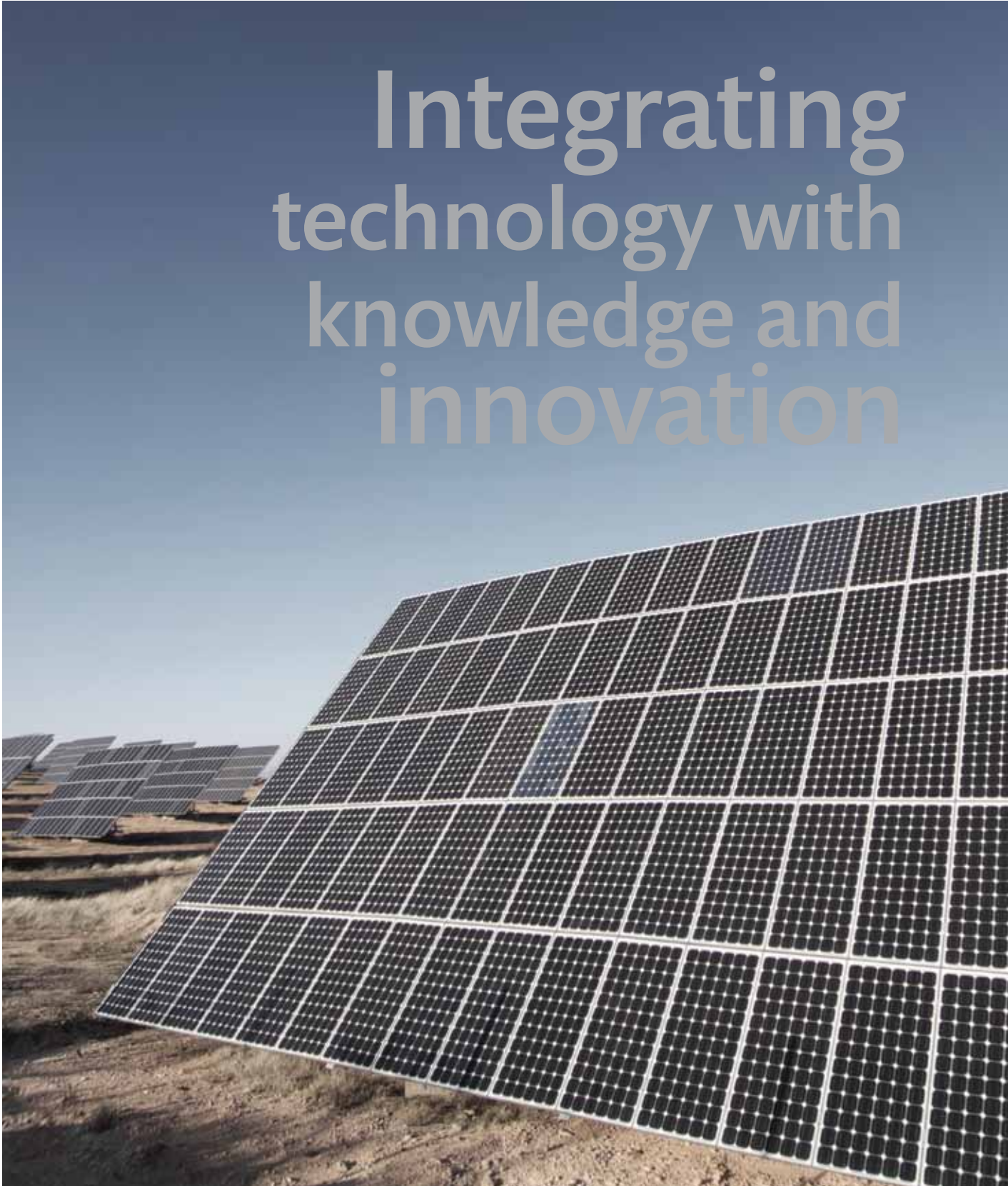
With the anticipated growth in cloud computing and vendors increasingly recognising the high level of skills and expertise the organisation has, the Services division is well positioned to partner with vendors with respect to the ongoing development of solution offerings. This, coupled with signs of economic recovery, will allow the Services division to capitalise on its market leader status and deliver on its growth strategy in an environment where customers are constantly seeking to deliver greater value from their information technology infrastructure and applications at significantly lower costs.

Within the Professional Services division application development and support are showing steady growth. In addition the business consulting business unit has shown strong resilience to the global economic climate as customers seek better ways of managing their business processes and information technology infrastructure. This, directly and indirectly, helps the Services division drive its complete solution offerings from Microsoft solutions, SAP offerings, through to the complete list of data centre offerings.

The Services division has been successful in retaining and re-signing a number of large outsourcing contracts that were up for renewal. These renewals are for a further three year period. There has been a considerable increase in activity in the outsourcing and managed services market during the past few months and Business Connexion has been successful in being short listed for a number of these deals. Should the group be successful in winning its share of these deals they will contribute significantly to the revenue base in the future. Business Connexion's expansion in KwaZulu-Natal and Western Cape is progressing well and the group has been awarded some good contracts during the year and prospects in these areas remain promising.

Overall the Services division is confident that it has created the platforms, skills sets and business model that will continue to position it as a major player in the managed services and outsourcing industry.

Integrating technology with knowledge and innovation





	12 months ended 31 August 2010	15 months ended 31 August 2009
R million		
Revenue	1 473,9	2 177,9
Operating profit	52,6	21,5

Business Connexion, as an integrator of innovative business solutions, requires strong alliances with key technology vendors. The Technology division successfully maintains strong partnerships, and in-depth product knowledge, with international vendors including Avaya, Cisco Systems, EMC, HP and IBM. These alliances allow Business Connexion to design, implement and manage business solutions which meet our customers' specific strategic and operational needs with the flexibility to address the ever changing demands of the business environment.

The Technology division consists of three business units providing end-to-end communication solutions and building cloud computing infrastructure for enterprise-wide business critical systems. Their highly skilled people, certified at the highest required levels on Avaya, Cisco, EMC, HP and IBM technologies, offer a diverse range of proficiencies for customers to draw on including consultancy, architectural design, support and maintenance services. If required, the Technology division can attach additional offerings and services from the rest of Business Connexion allowing the customer a single point of contact to address their ICT requirements.

The global economic crisis restricted capital investment projects across the Technology division's customer base. In many instances customer projects have been placed on hold.

Unified Network Services (UNS) was proud to have played an active role in the 2010 FIFA Soccer World Cup™ by providing all the IT venue managers at each stadium to manage all the vendors and ensure that the IT infrastructure was in place and operational for the duration of the event. In addition UNS provided turnkey project management for deploying and supporting the hardware for the ticket printing systems across the country. However these benefits were insufficient to offset the effects of the global economic crisis and public sector budget cuts due to pressure from the fiscus following the 2010 World Cup expenditure, wage demands from public sector employees and lower tax collection. Despite these tough trading conditions, dedicated sales efforts and strict cost control produced positive results for the year.

The Technology division enjoyed several major milestones during the year under review, most notably:

- customer retention under extremely tough trading conditions;
- numerous accolades and executive level certifications for all represented technologies; and
- awarded top certified Solution Provider for cloud computing infrastructures and related services.

UNS continued to solidify its vendor relationships with the following accolades awarded during the year under review:

- Cisco Master Managed Services Certification;
- Cisco Unified Computing Certification; and
- Symantec Platinum Partner of the year.

A huge focus in the past year to bolster skills and invest in training has placed UNS in a unique position to be able to provide highly skilled resources that can be leveraged across all divisions in Business Connexion and in so doing provide comprehensive end to end solutions to customers.

The past year has seen Persetel Q-Vector (PQV), the Technology division's system and storage business unit, continue to leverage relationships with partners and capitalise on these to meet customer needs in supplying complete solutions. Value added services such as installations, maintenance and support services continue to provide a differentiated service offering to our customers, as well as, generating a strong annuity-based revenue stream. Of all the business units in the Technology division, PQV was hardest hit by the economic crisis, but despite a downturn in revenue, tight control of costs allowed the business unit to remain profitable. The advent of the virtual computing environment creates exciting prospects for PQV as the group enters the new financial year.

This unit received the following accolades in the year under review:

- Top IBM Maintenance Services Partner.
- EMC: Best Unified Storage Deployment Partner.

The Technology division has a proud record spanning over fifteen years as one of Microsoft's premier licensing and consulting accredited partners. In a saturated market and under very difficult trading conditions the Microsoft licensing business unit maintained its market share and is one of the top three Microsoft licensing partners in the country.

In an effort to make capital investment projects more affordable for customers the Technology division has a financing business unit allowing customers access to competitive financing solutions.

This unit received the following accolade in the year under review:

- Most Innovative IBM Financing Partner of the Year.

The Technology division can be viewed as the design, build, optimise and maintain segment of the group. It is through the technology infrastructure provided by the Technology division that Business Connexion is able to drive comprehensive, value adding, customer specific solution offerings.

Looking ahead, the Technology division remains cautious about the market and will maintain its focus on strict cost control. It is anticipated that the advent of cloud computing will impact technology sales as customers opt to use public cloud computing solutions. In these instances much of the Technology division's sales will be to the Services division to allow the group to meet customer capacity demands but there will also be those customers that choose to create their own private cloud computing environment. The group believes that these new technologies will give impetus to the market which should see improved trading conditions. Business Connexion has been awarded a contract by a multinational to build a large private cloud computing environment, the first of its kind in Africa. We see this as the beginning of one the new trends that will drive the market.

Operational review – Innovation division



R million	12 months ended 31 August 2010	15 months ended 31 August 2009
Revenue	395,4	608,7
Operating profit	66,2	114,7

Two key drivers that have always existed within Business Connexion have been innovation and intellectual property. Historically these two elements existed throughout the group but during this financial year it was decided to house the group's intellectual property and innovation under one roof – the Innovation division. The creation of the Innovation division has ensured that the organisation's proprietary technologies, specialist skills and intellectual property can be more easily leveraged to provide unique Business Connexion offerings to assist customers with their ICT needs.

Business lines range from payroll and time management services to workforce management systems, encryption technology and a number of public sector-focused solutions. The division's offerings are supported by the group's strength in the Services and Technology divisions and, at the same time, allow these divisions to be true systems integrators meeting the group's customer needs.

The Innovation division comprises Nanoteq, LARA, Q Data Dynamique, Q Link and Persal. Nanoteq is focused on the development and supply of custom cryptographic products, solutions and services. e-Venus, sold via the LARA business unit, is a fully integrated enterprise resource management solution specifically developed for local government.

Q Data Dynamique is one of Africa's largest providers of complete human resource management systems. The solutions encompass the managing of the employee from attraction to retirement and covers recruitment, training, industrial relations, access control, time management, payroll, human resources, performance management and many more. In the past year the business unit has strengthened its relationship with its international partners and integrated its financial system offering – Smartstream – to leverage additional customer interaction. The past year has seen the organisation strengthening its African footprint with implementations in Zambia, Lesotho and Tanzania.

Q Link is a service offering allowing third party companies and employers to overcome having to deal with the complexity of multiple interfaces and laborious manual processes to manage collections and payments.

The Q Link strategy for the next twelve to eighteen months will be in the market sphere where Business Connexion can provide value added services to both the customer and the consumer at large. The drive is to fast track the implementation of current opportunities within the bank collections space, both the debit order and Non Authenticated Early Debit Order channels. The unique garnishee order solution is also finding traction in the market with at least one large corporate committing to start implementation early in the new year.

Persal is an integrated system for the administration of human resources transactions and salary payments for the South African government which is in operation at the majority of government departments at both national and provincial level. Persal also

includes the Vulindlela team which is responsible for the design and management of the data warehouse for the transversal systems of the South African government.

As can be noted from the above the Innovation division has a large footprint in public sector based solution offerings. The past financial year has seen municipal, local and provincial government applying significant budget cuts which, in turn, have resulted in the division's revenues and earnings underperforming. The very nature of the solution offerings, and the existing customer base, allow the division to remain confident that the budget cuts suffered in the past financial year will not result in future losses in revenue. The drop in revenue has resulted in the decrease in margin contribution of 1% because of a strategic decision not to reduce the size of the workforce, which is a major cost driver in this division.

Despite the disappointing results of the division for 2010, the strategy is clearly defined and the division well positioned to take full advantage of revenue opportunities as government departments free up allocated budgets and the International division opens new opportunities as they expand the group's African footprint.

One of the unique features of the Innovation division is the fact that the intellectual property is all of African design. Therefore, it is far more adaptable to the African market when compared to the group's competitors who tend to be resellers of internationally developed solutions. Business Connexion has the technical skills to deliver extremely high levels of service and support without having to attach a dollar based price, making the group's offerings that much more attractive to chief information officers across Africa as they face the challenge of budget cuts following the global economic crisis.

Prospects for 2011 are linked to Nanoteq and Q Data Dynamique continuing their integration into the Innovation division allowing for greater synergy between business units. The existing customer base will be used across divisions, and business units, to recognise new revenue opportunities.

Revenues are further expected to increase with the newly launched Kitso product offering from Persal. Kitso gives central and provincial government the ability to extract and manipulate information from various systems to assist in identifying possible fraud, trend analysis, exception reports and general reports to identify problem areas within departments.

The group anticipates a modest recovery in the economy which will complement revenues in the coming year. Revenue recovery in LARA, however, is likely to be affected by local government elections due to take place in 2011 as the elections will impact on the e-Venus provincial standardisation project which is a key driver for LARA. Currently, all indications are that the division will successfully retain all key contracts which are due for renewal in the coming financial year.

While the division expects to grow organically, acquisitive growth is also expected to enable the division to increase its contribution to group revenues through enhanced services offerings and new revenue streams.

Operational review – International division

Enable,
capture and
grow our
business



R million	12 months ended 31 August 2010	15 months ended 31 August 2009
Revenue	350,5	420,7
Operating profit	(4,4)	(55,1)

The International division's vision is to enable Business Connexion to capture and grow business in all areas that the group, and its customers, operate. The division will drive its growth through the provision of ICT services and the creation of long-term, sustainable business relationships with the group's existing and future customers and partners globally.

The International division, with its six African offices, namely Kenya, Mozambique, Namibia, Nigeria, Tanzania, Zambia and the UK office, contributed R350,5 million to total revenue. Three of the five African subsidiaries grew market share and profitability, despite being plagued by the global economic crisis. The UK office also managed to retain all its key customers and bring two new customers on board to offset revenue losses that occurred during the year under review.

July 2010 was a momentous month in African history with South Africa hosting the first ever African FIFA Soccer World Cup™. For the International division the month was of greater importance with the heads of state from the East African Community (EAC) trade bloc signing a common market protocol.

This protocol has resulted in the removal of trade barriers between Burundi, Kenya, Rwanda, Tanzania and Uganda. The International division will take advantage of this development as it already has a presence in Tanzania. The division holds 50% market share of the Umoja Switch in Tanzania. This strategic opportunity will help springboard Business Connexion into the East Africa community.

The challenges of globalisation compel countries to develop their information and communication infrastructure and create an enabling environment for information and knowledge sharing. Africa lags the rest of the world in this respect, and the group sees growth opportunity in Africa for packaging its own application solutions, extending existing partnerships to new markets, leveraging its data centres, and by exporting skills to deliver large, complex infrastructure projects. Already acknowledged as Africa's leading integrator of ICT based business solutions, Business Connexion has entered into an agreement with a local shareholder and a new office is being set up in Kenya.

The Namibian office, currently the largest contributor to the International division, is making phenomenal inroads across all sectors of the economy. Significant wins were achieved during the year in the telecommunications, mining, financial services and local government sectors.

The Mozambique office, recognised as the "Best Partner for NetApps" (data storage equipment) in the region, has extended its footprint in the country on the back of a support contract with a diversified mining multinational corporation.

The Zambian office had a challenging year but all indications are that the economy is recovering, specifically in the Copper Belt region, which will allow the business to grow its business with its focus on Microsoft solution offerings and its NetApps partnership. These three offices will be responsible for driving future growth and profitability in the Southern African Development Community (SADC) region outside of South Africa.

The Nigerian office was appointed as a Cisco Gold Certified Partner in West English speaking Africa. This appointment is a significant boost to the region as the office can now replicate its past successes in the delivery of wireless campus networks and continue its focus in the telecommunications sector. The Nigerian office is pivotal in managing the International division's partnership relationships into other West African countries. The Nigerian public sector is seen as a significant growth area and in order to take advantage of this space, an Abuja office will be opened during the first quarter of the new year to focus on the sale of our Innovation division's solution offerings.

The UK office continues to focus on the supply of managed services to medium sized enterprises and South Africa multinational companies with a UK footprint. The existing customer base, and the focus on managed services, will allow the office to drive its growth strategy for annuity based services offerings into Europe.

The International division has established operations in four of the top eleven most populated African countries. This base will allow the division to extend its footprint across the continent through cross border partnership arrangements and the establishment of offices in strategic countries such as Kenya in East Africa and Abuja, Nigeria in West Africa. The division is also embarking on a project to connect all offices via satellite to ensure secure and reliable bandwidth and connectivity between all Business Connexion offices and in so doing enhancing the group's ability to leverage its intellectual property, service solution experience and technology relationships across the African continent.

Operational review – Investment division

Selective &
strategic
acquisitions
for growth

	12 months ended 31 August 2010
R million	
Revenue	
Operating profit	(0,7)
Share of losses from associates	(2,2)

During the year under review the group created the Investment division. The division did not transact during the year but major inroads were made into setting up a platform for growth into the new financial year.

The first strategic initiative was the establishment of Business Connexion Managed Print Solutions (Proprietary) Limited, an exclusive joint venture between Business Connexion and Canon Smart Office Services. Innovation in technology has led to printers, copiers, scanners and faxes, known as multi-functional devices, becoming intelligent and fully manageable in a network. The ownership of these devices is shifting to the IT department, where standard IT disciplines and controls can be applied.

This strategic initiative establishes the largest, brand-independent managed print solutions organisation in Africa with over six hundred certified support engineers.

Business Connexion has always included basic print support services in its ICT outsource offering, however, this joint venture uniquely positions Business Connexion to deliver a cost effective solution, where Business Connexion, as a single service provider, integrates print and ICT services in one, holistic managed approach.

Independent research studies predict immense growth in the MPS area. Customers using MPS can achieve between 10% to 30% savings in printing services costs, better integration between systems, savings on IT overheads, improved service delivery and productivity. In addition, MPS can now be introduced as a solution offering within the world of cloud computing.

This is a strategic arrangement as it broadens Business Connexion's solution offering as the group delivers support for managed print solutions in over forty centres across the country. This support, not limited to Canon equipment, covers 80% of the major equipment manufacturers' products.

The second strategic investment for the division is the partnership between Business Connexion and Limelight Networks™ to form Business Connexion Content Distribution Solutions. The current era of mobility is characterised by cloud computing services and streaming media. The way people work, play and live is changing due to easy access to all forms of rich content. Internet users expect their work, their entertainment, and their life's activities to be "just a click away". Limelight Networks™ has architected a robust and intelligent platform

to serve the demands of this "anytime, anywhere" hyperconnected user and the rapid adoption of smartphones, widgets, netpads, set-top boxes, and other yet-to-be-unveiled devices.

Currently, Limelight Networks™ plays a role in delivering content to more than 90% of the roughly two billion internet connected devices in the world. Business Connexion, using the Limelight platform, brings a solution suite to South African customers including interactive advertising, mobility, video and content monetisation, enabling customers to deliver content more innovatively and cost effectively than has been possible to date.

Entering this market enables Business Connexion to realise its vision, which is to connect the richness of Africa's wisdom, intellect and resources to the rest of the world and to connect the rest of the world to Africa. Africa is poised to make major progress in bridging the digital divide, from a relatively low base compared with the industrialised world and other developing regions. The group believes to provide the African market with world-class services requires substantial investment in specialised technology, such as is provided by Limelight. The right place to start, in terms of market demand, is South Africa, which leads the continent in terms of internet and mobile penetration, broadcasting and eCommerce. The group will roll out more Limelight points of presence (POPs) in Africa. Kenya and Nigeria will most likely be the next POP in Africa.

Through this new venture Business Connexion Content Distribution Solutions can bring an internet experience to South Africa, and Africa, which matches the expectations of internet users around the world and enables the group to drive the next generation of cloud computing.

Business Connexion Content Distribution Solutions was launched on 28 October 2010.

Business Connexion and Information Bearing Signals (IBS) (which forms part of the internationally backed Kai Group of telecommunications companies with interests in broadband capacity and internet protocol services) have an 80% and 20% interest in Business Connexion Communications (Proprietary) Limited respectively. IBS has purchased bandwidth capacity on the SEA System which forms part of this initiative. Business Connexion Communications now provides wholesale metropolitan, national and international bandwidth and/or content distribution network services.

The division has established a structured framework and processes to manage a portfolio of strategic growth investment opportunities. These opportunities are assessed in terms of their potential contribution to the group's operating profit and strategic imperatives.



Governance, integrity, process and controls



Audit, risk and compliance report

The Audit, risk and compliance committee has the pleasure of presenting their report for the group for the 12 months ended 31 August 2010.

Composition of the committee

All the independent non-executive directors, with the exception of the Chairman of the board, are eligible to serve on the committee. The board of directors is responsible for the composition of the committee. The committee operates as a sub-committee of the board. The committee has four members, all of whom are financially literate.

In terms of the recommendation in the King III report the chairman of the board should not be a member of the audit committee. Tony Ruiters, the group's chairman, has stepped down as a member of the committee effective 1 May 2010.

The committee comprised the following members during the reporting period and to the date of this report:

- JF Buchanan (chairman)
- AC Ruiters (resigned 1 May 2010)
- JM Poluta
- SV Zilwa (appointed 2 April 2009; resigned 14 October 2009)
- J John (appointed 1 May 2010)
- M Lehobye (appointed 1 May 2010)

Sindi Zilwa tendered her resignation owing to a conflict of interest between one of her consultancy customers and a customer of the group.

Meetings are held at least four times a year and are attended by the internal and external auditors, the person responsible for group compliance and, by invitation, members of the executive management, including those involved in risk management and finance.

Members' fees are included in the table of directors' remuneration included in the remuneration report on page 67.

Role, purpose and principal function of the Audit, risk and compliance committee

The committee reports that it has adopted appropriate formal terms of reference to discharge its responsibilities, has regulated its affairs in compliance with its mandate and has discharged all its responsibilities as contained therein.

In line with the recommendations of King III, the committee has ensured that a combined assurance model is applied by the group in order to provide a co-ordinated approach to assurance activities. The committee is satisfied that this model is appropriate to address all the risks facing the group. The relationships between external assurance providers and the group are monitored by the committee.

Specific responsibilities of the committee include the following:

Risk management

- Reviewing and assessing the risks identified through the risk management process and to evaluate management's mitigating plans and actions to reduce the residual risk. Refer to the enterprise risk management report on pages 47 to 49 for further details.

Internal controls

- Monitoring management's success at creating and maintaining an effective internal control environment throughout the group and demonstrating and stimulating the necessary respect for this control environment.
- Monitoring the identification and correction of weaknesses and breakdowns of systems and internal controls.

Financial controls, accounting and reporting

- Monitoring the adequacy and reliability of management information and the efficiency of management information systems.
- Reviewing interim and final financial results and statements and reporting for completeness, accuracy and reliability to ensure consistent information.
- Evaluating on an ongoing basis the appropriateness, adequacy and efficiency of accounting policies and procedures, compliance with international financial reporting standards (IFRS) and overall accounting standards as well as any changes thereto.
- Discussing and resolving any significant or unusual accounting issues.
- Reviewing and monitoring capital expenditure throughout the group for adequate control, monitoring and reporting.
- Monitoring the management and reporting of tax related matters.
- Monitoring the management and reporting of treasury related matters.

Further detail regarding the role, purpose and principal functions of the committee is included in the corporate governance report on pages 39 to 46.

The internal and external auditors, as well as the Group compliance officer, have unrestricted access to the committee which ensures that their independence is in no way impaired.

Internal audit

Internal audit is an independent assurance function. During August 2009 the group undertook a review of the internal audit function as part of its governance process. A formal tender process was followed and it was decided to appoint pwc as internal auditors of the group. Avendth Tilakdari is the individual registered auditor responsible for this function. Further details on the internal audit function are contained in the enterprise risk management report on pages 47 to 49.

Audit, risk and compliance report continued

Role, purpose and principal function of the Audit, risk and compliance committee in respect of internal audit

- Monitoring the effectiveness of the internal audit function in terms of its scope, plans, coverage, independence, skills, staffing, overall performance and position within the organisation.
- Monitoring and challenging, where appropriate, action taken by management with regard to adverse internal audit findings.
- Forming a view on the adequacy and effectiveness of the control environment.

External audit

The competency, skills and experience of the external auditors were considered and the committee is satisfied that KPMG meets all the requirements to fulfil the role of external auditors of Business Connexion. Business Connexion has an audit partner rotation process (maximum five years) in accordance with the relevant legal and regulatory requirements. The auditors are reappointed annually at the annual general meeting as auditors of the group as well as the individual designated auditor for the forthcoming financial year.

Fees paid to the auditors are disclosed in note 24.

Role, purpose and principal function of the Audit, risk and compliance committee in respect of external audit

- Recommending to the board the selection of the external auditors and approving their audit fees.
- Monitoring the effectiveness of external auditors in terms of their skills, independence, audit plan, reporting and overall performance.
- Approving non-audit services to be rendered by the external auditors and monitoring conflicts of interest.
- Considering whether the extent of reliance placed on internal audit by the external auditors is appropriate and whether there are any significant gaps between internal and external audit.

Having considered, analysed, reviewed and debated information provided by management, internal audit and external audit, the committee confirmed that:

- the internal controls of the group, in all material respects, have been effective for the year ended 31 August 2010;
- these controls have ensured that the group's assets have been safeguarded;
- the skills, independence, audit plan, reporting and overall performance of the internal auditors are acceptable;

- the skills, independence, audit plan, reporting and overall performance of the external auditors are acceptable and that it recommends their reappointment in 2010;
- no material aspects were reported throughout the year under review;
- proper accounting records have been maintained; and
- resources have been utilised efficiently.

Appropriateness and expertise of the Chief financial officer and finance function

The Audit, risk and compliance committee, at a meeting held on 2 August 2010, considered the competence, skills and experience of the chief financial officer in terms of section 3.84 (h) of the JSE listings requirements and are satisfied that Vanessa Olver meets all the requirements to fulfil the role of Chief financial officer for Business Connexion.

Following a review and meeting the requirements of each of the terms of reference, the Audit, risk and compliance committee individually and combined are satisfied that the finance function of the group and its subsidiaries is adequately skilled, resourced and experienced.

Annual financial statements

The committee has:

- received and considered reports from the internal auditors;
- reviewed and discussed the audited annual financial statements included in the annual report as well as those of all subsidiary companies with the external auditors, the Chief executive officer and the Chief financial officer; and
- reviewed all adjustments resulting from the external audit and accepted any unadjusted audit differences as not material to the fair presentation of the financial statements.

The committee recommended the approval of the unqualified audited annual financial statements to the board. The board has subsequently approved the financial statements, which will be open for discussion at the forthcoming annual general meeting.



JF Buchanan

Audit, risk and compliance committee chairman

3 November 2010

Corporate governance report

Introduction

Business Connexion regards corporate governance as an integral part of the group and its operations and therefore the board, each division and every employee is responsible for acting in accordance with sound corporate governance practices and in the best interest of the company.

While the board takes overall responsibility for compliance with the code and is the focal point of the group's corporate governance system, the directors of specific companies in the group are responsible for ensuring compliance in respect of the companies of which they are directors – refer to the sustainability report on pages 50 to 57 for further details.

Business Connexion is committed to the principles of the Code of Corporate Practices and Conduct set out in the King Reports on corporate governance. The introduction of the King III report emphasises the need for the board of directors to lead the enterprise with integrity and according to generally accepted best practices to ensure a sustainable business. The board also seeks to ensure that good governance is practised at all levels in the group and is an integral part of Business Connexion's daily operations. Corporate governance requires effective and responsible leadership to ensure that the company is run ethically, in a transparent and accountable manner and is the expression of the group's values and standards.

The group's values and philosophies are the framework against which it measures behaviour and practices so as to assess the characteristics of good governance. Sound corporate governance is implicit in the values, culture, processes, functions and organisational structure. Structures are designed to ensure that the group's values remain embedded in all business activities and processes.

King III compliance

The third King report on Governance for South Africa 2009 (King III report) came into effect on 1 March 2010, with companies having to apply the principles in respect of financial years commencing on or after 1 March 2010. King III distinguishes between statutory provisions, voluntary principles and recommended practices. The King III report provides best practice recommendations, whereas the King III code provides the principles that all entities should apply. Recognition is given to the fact that certain new principles in King III are matters of law, as they are contained in the Companies Act 71 of 2008 (the new Companies Act). As the new Companies Act will only come into force on 1 April 2011 certain of these principles required by King III have not been adopted or applied.

The directors believe that Business Connexion has, in all material respects, complied with the requirements of King III.

Progress on compliance with King III is as follows:

- the company conducted a King III assessment in conjunction with pwc, the group's internal auditors, during November 2009;
- the assessment highlighted the following material matters requiring attention by the board:
 - the appointment of a Chief audit executive;
 - the possibility of introducing a separate Risk and sustainability committee;
 - succession planning for the board, Chief executive officer (CEO) and certain senior executives;
 - sub-committee composition; and
 - the governance of information technology.

All these matters were allocated to the relevant stakeholders within the company and feedback is provided to the board at each meeting and remains work in progress. The only material open item remaining is the governance of information technology which is a new requirement. Subsequent to year end the board approved the IT governance framework.

The board elected to apply the majority of the principles in King III effective 1 March 2010.

The following principles of King III are currently not being applied by Business Connexion but will be addressed:

- the board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the Act. This principle is a matter of law, as contained in the new Companies Act;
- companies should disclose the remuneration of the three most highly paid employees;
- sustainability reporting and disclosure should be independently assured.

BCX does not believe that this is necessary given the nature of its business and level of sustainability reporting required. The newly formed Sustainability committee oversees sustainability reporting; and

- shareholders should approve the company's remuneration policy.

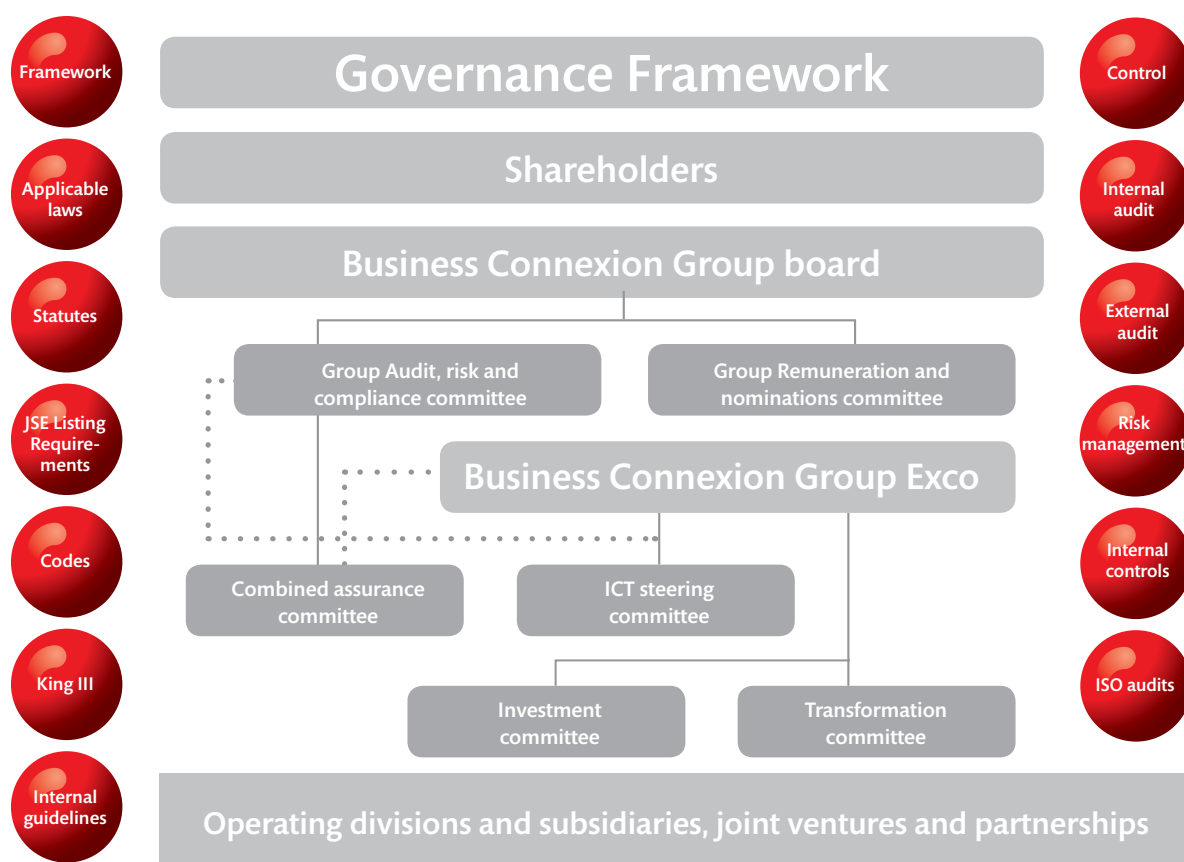
The company's remuneration policy needs refinement and will be submitted to shareholders for approval at the Annual General Meeting (AGM) for the 2011/2012 financial period.

Corporate governance report continued

Developments in 2010

The governance process is continually reviewed and enhanced, and during the year the key developments were as follows:

- The appointment of Jenitha John and Mamoroke Lehobye as independent non-executive directors to the board on 1 May 2010. The board resolved to increase the number of board members to ensure a more even work load spread and to strengthen the Audit, risk and compliance committee. Both the new directors are CA (SA)s.
- The restructuring of the board sub-committees in compliance with the recommendations of King III are reflected in the sub-committee composition section below.
- The introduction of the Risk and sustainability committee as a third board sub-committee, effective 1 January 2011 to alleviate the workload of the current Audit, risk and compliance committee and to provide greater focus on sustainability.



Governance framework focus areas are as follows:

- Shareholders;
- Business Connexion Group board;
- Group board sub-committees;
- Combined assurance;
- ICT steering committee;
- Business Connexion Group Exco;
- Group Exco sub-committees; and
- Operating divisions and subsidiaries, joint ventures and partnerships.

Board of directors

Board composition

Business Connexion has a unitary board with a majority of independent directors who act in an independent capacity. The chairman of the Business Connexion board is an independent director.

The board consists of seven non-executive directors and two executive directors. Five of the non-executive directors are considered independent whilst Nkenke Kekana is part of Gadlex Holdings (Proprietary) Limited, Business Connexion's empowerment partner and is, therefore, not classified as independent. Felleng Sekha is also not classified as independent due to her participation in the B-bBEE transaction approved by shareholders on 8 September 2010.

Considerable thought is given to board balance and composition and collectively the board believes that the current mix of skill, knowledge and experience meets the present requirement to lead the company effectively. Both Jenitha John and Mamoroke Lehobye were appointed to the Audit, risk and compliance committee. Mamoroke also serves on the Remuneration and nominations committee (ReNco).

Skills, knowledge and experience of directors

Any new appointment of a director is considered by the board on the recommendation of the ReNco. The selection process involves ongoing consideration of the existing balance of skills, knowledge and experience to act in the best interest of the group.

The length of tenure of directors on the Business Connexion board is as follows:

Less than 1 year	1 – 3 years	4 – 6 years	More than 6 years
2	4	1	2

None of the directors have served for longer than nine years.

The ages of directors on the Business Connexion board are as follows:

30 – 40	41 – 50	51 – 60	Older than 60
5	3		1

The roles of Chairman and Chief executive officer are separate, ensuring that there is an appropriate balance of power and authority so that no individual has unfettered powers of decision-making.

In subsidiary companies in the group, the roles of Chairperson and Managing director do not vest in the same person.

Board appointments and succession planning

Non-executive directors do not have a fixed term of appointment and one-third of the directors retire by rotation annually. They are eligible for re-election at the annual general meeting. In addition, directors appointed during the course of any financial year are required to be re-elected at the next annual general meeting. Executive directors retire at age 60 while non-executive directors are required to retire at the annual general meeting following their 70th birthday.

The board collectively identifies and appoints directors, including the Chief executive officer and other executive directors, on recommendation from the ReNco.

The board recognises the importance of promoting entrepreneurial flair while continuing to ensure conformance to governance and other compliance standards. The directors bring a wealth of skills,

knowledge and experience from their own fields of business to the board and ensure that debate on matters of strategy, performance, resources, transformation, employment equity, standards of conduct and policy is robust, informed and constructive.

The ReNco considers non-executive director succession planning and makes appropriate recommendations to the board. This encompasses an evaluation of the skills, knowledge and experience required to implement the group's business plans and strategy and address any shortcomings in this regard, as well as the board transformation process to ensure greater diversity.

All appointments are in terms of a formal and transparent procedure and are subject to confirmation by the shareholders at the AGM.

Ongoing education and new director Induction

Directors are advised of all relevant changes to codes, standards, legislation and regulations.

Newly-appointed directors are encouraged to attend external courses such as the Director's Leadership Programme presented by the Gordon Institute of Business as well as other courses focusing on topics such as risk management and the responsibilities of being a director.

Board charter

Purpose and objectives

The charter regulates how business is to be conducted by the board in accordance with the principles of good corporate governance and sets out specific responsibilities to be discharged by board members collectively and the individual roles expected of them.

Key features covered in the charter are as follows:

- the mission and credo of the board;
- acknowledgement of fiduciary responsibility;
- selection and composition of the board;
- conduct regarding conflicts of interest;
- determining of non-executive director fees and process;
- orientation of new directors;
- formal evaluation of directors; and
- board meetings and procedures.

The charter expresses the board's philosophy in regard to excellence in customer satisfaction, quality of service, respect for human dignity, and fostering sound relationships with stakeholders and regulators.

Corporate governance report continued

Board responsibilities

The board meets with management at least annually to agree on the proposed group strategy and to consider long-term issues facing Business Connexion. The directors of the company are responsible for the preparation, integrity and reliability of Business Connexion's annual financial statements and all other information contained in the annual report. Certain responsibilities have been delegated to sub-committees, but the board accepts that it remains accountable for the performance and affairs of the group.

The board identifies and monitors key risk areas, key performance areas and non-financial aspects relevant to Business Connexion. The directors are entitled to obtain independent professional advice on matters related to the exercise of their duties and responsibilities at the group's expense, should they deem this necessary. No such advice was sought during the financial year under review. In addition, the board has unrestricted access to all company information, records, documents and property to enable it to discharge its responsibilities.

Certain matters are specifically reserved for the board and include the following:

- approval of the group's strategy, strategic financial plans, business plans and annual budgets and the monitoring of performance against these criteria;
- review of the corporate governance philosophy and ongoing governance compliance;
- delegation of authority to the Chief executive officer or any directors holding any executive office;
- review and monitoring of performance of the Chief executive officer and executive management;
- consideration of succession plans for the Chief executive officer and executive management;
- recommend to shareholders the remuneration of non-executive directors on the board and board committees, based on recommendations from the ReNco;
- review of appointments to and removals from the board (including the chairman and the Chief executive officer);
- approval of the terms of reference and procedures of all board committees and review of their reports and minutes;
- establishment and review of an effective risk management process and risk appetite throughout the group;
- consideration and approval of the annual financial statements, interim results and dividend and distributions announcements and notices to shareholders;

- consideration of the group as a going concern as per the recommendation of the Audit, risk and compliance committee;
- responsible for financial, operational and internal systems of control, and ensure adequate reporting on these by the Audit, risk and compliance committee;
- review and approval of major changes to relevant group policies;
- consideration and approval of any significant changes proposed in accounting policies as recommended by the Audit, risk and compliance committee;
- review of measurement of performance against budgets and plans;
- approval of any significant acquisitions, mergers, takeovers, divestments of operating companies, equity investments and new strategic alliances by the group;
- approval of capital funding for the group, and the terms and conditions of rights or other issues and prospectuses in this regard;
- ensuring an accurate and factual communication of the group's performance to stakeholders; and
- approval of board committee mandates, authorities and membership.

Board meetings

The board meets regularly, retains full and effective control over all the companies in the group and monitors executive management in implementing board strategies and plans. Additional board meetings, apart from those planned, are convened as circumstances dictate. The number of meetings held during the year under review (including meetings of board appointed committees) and the attendance of each director are set out on pages 43 to 45 of this report. Where directors are unable to attend a meeting personally, video- and tele-conferencing facilities are made available to include them in the proceedings and allow them to participate in the decision-making process.

Directors are afforded the opportunity to propose additional matters for discussion at board meetings. Management ensures that board members are provided with all relevant information and facts to enable the board to reach objective and well-informed decisions. Board meetings are scheduled well in advance and documentation is provided to directors in a timely manner. The agenda and meeting structure is focussed on strategy and performance monitoring, governance and related matters.

Non-executive directors have access to management and may meet separately with management without the attendance of executive directors. Directors are kept appropriately informed of key developments affecting the group between board meetings.

Board meeting attendance

Director	Appointment	Resignation	Oct #	Nov	Jan #	Feb	April	Aug	Aug
JF Buchanan			Y	Y	Y	Y	Y	Y	Y
J John	01/05/2010		-	-	-	-	-	Y	A
NN Kekana			Y	Y	Y	Y	Y	Y	Y
M Lehobye	01/05/2010		-	-	-	-	-	Y	A
LB Mophatlane			Y	Y	Y	A	Y	Y	Y
V Olver			Y	Y	Y	Y	Y	Y	Y
JM Poluta			Y	Y	Y	Y	Y	Y	Y
AC Ruiters			Y	Y	Y	Y	Y	Y	Y
FL Sekha			A	Y	A	Y	A	Y	A
SV Zilwa	02/04/2009	14/10/2009	A	-	-	-	-	-	-

Legend

– Special meeting Y – Attendance A – Apologies

Board performance assessment

Board evaluations are conducted annually during November using a board effectiveness evaluation as well as an individual director self evaluation questionnaire. The board collectively considers the outcomes of this process during the first board meeting after the evaluation process has been concluded. The outcomes are minuted as part of the formal board meeting and these minutes are available for inspection to the external auditors. The chairman of the board also has a one-on-one discussion with each board member.

The board evaluation process covers the following key areas:

- board structure and composition;
- board processes and accountabilities;
- board committees;
- performance by the Chairman of the board;
- performance by the company secretary;
- strategy and financial matters (performance against strategic objectives set);
- relationship with stakeholders; and
- group structure, succession planning, management and remuneration.

The evaluation process is also used to determine whether the board will endorse a retiring director's re-election. Where a director's performance is not considered satisfactory, the board will not endorse the re-election.

The board/individual director performance evaluation assesses the following:

- the quantitative and qualitative aspects of the group's performance through reviews of the management reporting, which includes financial and non-financial information, and strategic and operational updates from management;

- review of key risk areas and key performance indicators;
- monitoring of the group's compliance with all relevant legislation and codes of business practice;
- monitoring of procedures to ensure the group maintains an effective system of internal control and risk management; and
- review of the group's communications with key stakeholders.

Individual director performance is assessed against the following criteria:

- time and availability;
- competence and commitment to performing the function of a director;
- strategic thought and specific skills, knowledge and experience brought to the board;
- the director's views on key issues and challenges facing Business Connexion;
- the director's views on his/her own performance as a board member;
- attendance during the year under review; and
- other areas or roles where the director's specific skills could be used.

Information on the director's standing for re-election at the annual general meeting is contained in the notice of annual general meeting on page 121.

Board remuneration

The non-executive directors receive fees for their services as directors and for serving on board committees. The Chairman of the board and Chairmen of the respective board committees receive an additional fee. These fees are recommended by the executive directors and shareholders consider and approve the proposed remuneration payable to directors.

Corporate governance report continued

The fees proposed for approval by shareholders at the annual general meeting for the 2010/2011 financial period are reflected in the remuneration report on page 68.

None of the current non-executive board members participate in any share incentive or option scheme.

Board committees

The board is authorised to establish board committees to facilitate decision-making by the board in the execution of its duties.

Business Connexion currently has two standing committees, namely the Audit, risk and compliance committee and the ReNco.

The board recognises that it is ultimately accountable and responsible for the performance and affairs of the group and that the use of delegated authorities to board committees and management in no way mitigates or dissipates the discharge by the board and its directors of their duties and responsibilities.

Specific responsibilities have been delegated to these committees, which operate under written terms of reference confirmed by the board. There is transparency and full disclosure from board committees to the board. In this regard, the minutes of committee meetings are submitted to the Business Connexion board for noting. In addition, written summaries of key issues and decisions taken at committee meetings are tabled at each board meeting and committee chairmen also provide the board with a verbal report on recent committee activities. Board committees are free to take independent outside professional advice as and when deemed necessary. The office of the Group company secretary provides secretarial services for each of the board appointed committees.

Notwithstanding the establishment of the various board committees and delegated authorities, the Business Connexion board reserves to itself a range of key decisions to ensure that it retains proper direction and control of the group (supported by any recommendation that may be made by the relevant board committee and/or management). Although the Business Connexion board still retains overall responsibility for the affairs of the group, subsidiary boards play an important role in the group's overall governance approach. Business Connexion directors have full access to subsidiary board documentation.

The board is of the opinion that the board committees set out below have effectively discharged their responsibilities as contained in their respective terms of reference for the year under review.

Audit, risk and compliance committee (ARC)

Members:

John Buchanan (Chairman), Jenitha John, Mamoroke Lehobye and John Poluta.

In terms of the recommendation in the King III report the chairman of the board should not be a member of the audit committee. Tony Ruiters, the group's Chairman, has stepped down as a member of the committee effective 1 May 2010.

Composition and meeting procedures:

The Chairman and the members of the Audit, risk and compliance committee are all independent directors. The appointment of the members of the committee is submitted to shareholders for approval (as recommended in the King III report) and forms part of the notice and proxy for annual general meeting purposes as contained on pages 121 to 123 and attached to this report. Meetings are held at least four times a year and are attended by the external and internal auditors, the group Chief audit executive and Compliance officer and, on invitation, members of executive management, including those involved in risk management and finance. All members of the committee are financially literate.

The internal and external auditors, as well as the group compliance officer, have unrestricted access to the Audit, risk and compliance committee, which ensures that their independence is in no way impaired.

Role, purpose and principal functions of the Audit, risk and compliance committee:

The Audit, risk and compliance committee is a sub-committee of the board that is appointed to assist in the review of the group's financial position, make recommendations to the board on all financial matters and to ensure effective communication between the internal and external auditors, the board and executive management. Furthermore, this committee has oversight of governance and risk of Business Connexion. It is an independent and objective advisory activity assisting the board in discharging its responsibilities which are included in the Audit, risk and compliance report on pages 37 and 38.

Furthermore, the competence, suitability and skills of the external auditors were considered and the committee is satisfied that KPMG meets all the requirements to fulfil the role of external auditors of Business Connexion. Business Connexion has an audit partner rotation process in accordance with the relevant legal and regulatory requirements which requires the lead partner to rotate every five years.

Audit, risk and compliance committee – meeting attendance

Director	Appointment	Resignation	Nov	Feb	Apr	Aug
JF Buchanan (chairman)			Y	Y	Y	Y
J John	01/05/2010		-	-	-	Y
M Lehobye	01/05/2010		-	-	-	Y
JM Poluta			Y	Y	Y	Y
AC Ruiters		01/05/2010	Y	Y	Y	-

Legend

Y – Attendance A – Apologies

Remuneration and nominations committee (ReNco)

Members:

Tony Ruiters (Chairman), John Buchanan, Mamoroke Lehobye, John Poluta and Felling Sekha.

In terms of the recommendation in the King III report the Chairman of the board should not be the Chairman of the ReNco. Tony Ruiters, the group's chairman, will step down as the Chairman of ReNco effective the first meeting of the ReNco in 2011. He will remain a member of the ReNco.

Composition and meeting procedures:

The ReNco comprises of a majority of independent directors of Business Connexion and is chaired by an independent director. The Chief executive officer, the executive responsible for human resources and the Chief financial officer attend the meetings by invitation, but do not participate in discussions and decisions regarding their remuneration and benefits. They recuse themselves from decisions regarding their own remuneration. At least four meetings are held during the year.

Further details on the role, purpose and principal functions of the ReNco can be found on pages 67 and 68.

Remuneration and nominations committee – meeting attendance

Director	Appointment	Resignation	Nov	Feb	Apr	Aug
JF Buchanan			Y	Y	Y	Y
M Lehobye	01/05/2010		-	-	-	Y
JM Poluta	01/05/2010		-	-	-	Y
AC Ruiters (chairman)		31/01/2011	Y	Y	Y	Y
FL Sekha			Y	A	A	Y

Legend

Y - Attendance A - Apologies

Executive directors and the group executive committee (Exco)

There are two executive directors on the board of Business Connexion and a number of executive directors on the boards of the group's main subsidiaries. There is full disclosure in the group remuneration report of various remuneration matters in respect of the executive directors of Business Connexion.

The board appoints executive management, taking into account the recommendations of the Chief executive officer and the ReNco. In addition, the ReNco determines the remuneration and benefits of executive management.

Exco, chaired by the Chief executive officer, comprises the group's two executive directors and six members of the executive management

effective 1 September 2010. The Exco meets every second week and deals with all material matters relating to the implementation of the agreed board strategies and plans, the monitoring of performance and the consideration of group policies. The board has delegated specific authorities to the Chief executive officer. The Exco members are responsible for specific areas related to the business model of Business Connexion.

As a general rule, members of Exco are not permitted to hold external directorships. In exceptional cases, such directorships are allowed only to the extent that these do not interfere with the members' immediate management responsibilities.

The Exco is empowered with all the necessary powers to carry out their management responsibilities and shall be responsible for, *inter alia*:

- directing the company both as to strategy and structure;
- establishing, in consultation and under the guidance of the board, from time to time strategies for the group, including a determination of the businesses that the company should be in and those it should not be in;
- ensuring that the executive management implements the group's strategies as established from time to time;
- managing the overall positioning of the brand in its chosen marketplace;
- ensuring that the company has adequate systems of internal control both operational and financial;
- monitoring the activities of the executive management;
- ensuring that the company operates ethically;
- establishing and approving the corporate values;
- establishing and communicating a system of investment beliefs;
- defining relevant risks and associated risk parameters;
- considering and recommending audited financial statements;
- approving the company objectives and monitoring the results through a performance assessment system;
- agreeing the performance objectives and measures of fellow Exco members;
- communicating with stakeholders focusing on strategic issues and policies; and
- ensuring conformance and improvement to selected and approved international and national standards or methodologies.

Stakeholder communication and relationships

The board recognises that effective communication is integral in building stakeholder value and is committed to providing meaningful, transparent, timely and accurate financial and non-financial

Corporate governance report continued

information to primary stakeholders. The purpose is to help these stakeholders make meaningful assessments and informed investment decisions about the group.

Business Connexion's stakeholders include shareholders, employees, customers, communities, government, regulatory bodies, the media and various resource/service providers. The board recognises the importance of ensuring an appropriate balance in meeting the diverse needs and expectations of the group's stakeholders, building lasting relationships with them and reporting to them in a transparent, balanced and comprehensible manner that favours substance over form. Business Connexion reports annually on the nature and extent of its social transformation, ethical, safety, health (including HIV/Aids) and environmental policies and practices.

The group recognises the need for full, equal and timely disclosure to all shareholders, as prescribed by the Listings Requirements and guidelines of the JSE. Apart from annual and interim reports, it uses a broad range of communication channels, including the Securities Exchange News Service (SENS), print, radio and television media and the Business Connexion website, www.bcx.co.za, to achieve this.

The group recognises the importance of its shareholders' attendance at its annual general meeting. All shareholders are encouraged to attend the annual general meeting and to raise issues and participate in discussions on items included in the notice of the meeting. Such attendance offers an opportunity for shareholders to raise issues and participate in discussions relating to items included in the notice of meeting. Chairmen of the board committees and the lead audit partner of the external auditors of the company are required to attend annual and general meetings of the company to answer questions raised by shareholders. Explanatory notes setting out the effects of all proposed resolutions accompany the notice of meeting. The group proposes a separate resolution on each substantially separate issue and does not bundle resolutions together inappropriately. All resolutions are determined on a poll. The results of shareholders' meetings are posted on SENS. Shareholders have access to the minutes of such meetings in accordance with the stipulations of the Companies Act.

Copies of SENS announcements, investor briefings, presentations, interim and annual reports and other relevant information are posted on the group's website at www.bcx.co.za.

Share dealings

In terms of the group's closed period policy, directors, associates, officers, participants in the share incentive scheme and employees who may have access to price sensitive information are precluded from dealing in Business Connexion shares prior to the end of the interim and year-end financial periods until release of the group's interim and final results. In this instance "shares" include options, financial instruments and securities, as defined in the Financial Markets Control Act and the Stock Exchanges Control Act. Where appropriate, additional closed periods, as well as the persons to whom such periods apply, may be invoked by the board. Details of directors' dealings in Business Connexion shares are disclosed to the board and the JSE Limited through SENS. All directors are required to obtain approval from the Chairman prior to trading.

Group company secretary

All directors have access to the advice and services of the Group company secretary, who provides guidance to the board as a whole and to individual directors with regard to discharging their responsibilities in the best interests of the group. The Group company secretary ensures the induction of new directors and assists the Chairman and the Chief executive officer in determining the board agendas, as well as formulating governance and board-related issues.

The Group company secretary is responsible for the duties stipulated in section 268G(d) of the Companies Act and has signed the appropriate declaration as contained elsewhere in this report.

Going concern

The board has considered and recorded the facts and assumptions on which it relies to conclude that the business will continue as a going concern. The board considers this aspect at both the interim reporting stage and financial year-end. The directors are of the opinion that the business will be a going concern in the year ahead and their statement in this regard is also contained in the statement on the responsibility of directors for the consolidated financial statements on page 62 of this report.

Enterprise risk management report

The governance of risk

Governance is a key component of risk management and this report should be read in conjunction with the corporate governance report on pages 39 to 46. This report should also be read in conjunction with the company's financial statements which include a number of financial instruments detailed in note 38 to the annual financial statements. These risks include capital risk, treasury risk, market risk, foreign exchange sensitivity analysis, credit risk, interest rate risk and liquidity risk.

The company is guided by local and international standards, including:

- the King report on Corporate Governance for South Africa (King III);
- the JSE Limited social responsibility investment index;
- the Department of Trade and Industry codes of good practice;
- Committee of the Sponsoring Organisations of the Treadway Commission;
- Commission (COSO) Enterprise Risk Management Framework; and
- AS/NZS 4360 Risk Management Standard.

Enterprise risk management is a structured approach to managing uncertainty and exposure through risk identification, risk assessments, risk treatment, controls, monitoring and reporting. Business Connexion continues to build and enhance its risk management standard, policies and procedures that assist in delivering the group's strategic objectives.

The integrated enterprise risk management framework includes the following areas:

- strategy – refer to the group strategy on pages 12 and 13;
- corporate governance and business ethics - refer to the corporate governance and sustainability reports on pages 39 to 46 and 50 to 57 respectively;
- sustainability - refer to the sustainability report on pages 50 to 57;
- human capital risk management- refer to the sustainability report on pages 51 to 54;
- internal audit;
- internal controls;
- business process management;
- environmental risk management;
- security management; and
- business continuity management.

The risk management process is based on a seven step approach, as listed below:

- strategy and objectives setting;
- risk identification;

- risk assessment and prioritisation;
- risk treatment plan;
- formulation and implementation of action plans and mitigating controls;
- monitoring and reporting; and
- escalation and corrective action.

The above steps result in a risk profile and each of the items have mitigating actions to reduce residual risk on each risk item.

During the year the company engaged pwc to undertake a risk assessment project. Action plans to mitigate identified risks have been implemented.

Internal audit

pwc has been appointed as internal auditors to Business Connexion and to provide independent and objective assurance. Furthermore, the outsource of internal audit has further enhanced a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes within Business Connexion.

The internal audit process provides oversight to obtain reasonable assurance regarding management's assertions that control objectives are met to achieve effectiveness and efficiency of operations, reliability of financial information and compliance with laws and regulations.

Core internal audit services include but are not limited to:

- the review of the effectiveness of internal control systems and management and financial information systems, including all associated electronic information systems, and the submission of recommendations, as appropriate;
- the review of the process by which management identifies, assesses and manages risk;
- the review of the economy, efficiency and effectiveness of operations, the functioning of non-financial indicators and controls in this regard;
- the review of the implementation of corporate policies, plans and procedures; and
- the follow up on audit findings raised by both internal and external audit.

The purpose, authority and responsibility of the internal audit function is formally defined in the function's terms of reference as approved by the Audit, risk and compliance committee. The internal audit department reports to the Executive: Commercial, with a functional line to the audit committee chair and administratively to the Chief financial officer.

Enterprise risk management report continued

Internal controls

The directors are responsible for ensuring that the group maintains adequate records which disclose, with reasonable accuracy, the financial performance and position of the group.

The directors are also responsible for monitoring the identification of, and action plans to correct, any internal control weaknesses in systems, people and processes.

To enable the directors to meet these responsibilities, the board sets standards and management implements systems of internal control comprising policies, standards, procedures, systems and information, to assist in:

- safeguarding assets and reducing the risk of loss, error, fraud and other irregularities;
- ensuring the accuracy and completeness of accounting records;
- the timely preparation of reliable financial statements and information in compliance with the relevant legislation and generally accepted accounting policies and practices; and
- the board accepts ultimate responsibility for the group's system of internal controls which is designed to provide reasonable assurance regarding the achievement of objectives in the categories of:
 - economy, efficiency and effectiveness of operations;
 - internal financial controls; and
 - compliance with applicable laws and regulations.

However, the group's internal audit function and the external auditors independently appraise the adequacy and effectiveness of the internal controls, providing the board with further assurance that internal controls are effective.

Business process management

The purpose of business process management in support of the enterprise objectives is to be the enablers of excellence. This is achieved through:

- policy and process design;
- policy and process implementation;
- policy and process sustainability;
- policy and process improvement; and
- change management.

Through the implementation, monitoring and improvements of Business Connexion's business process management the highest level of skill and competency is identified. Through the continual improvement of business process management, the development of skills is integrated through a process of innovation.

Business process management within Business Connexion is an ever changing controlled environment which ensures that best practices and evolution of technology is constantly defined and utilised to ensure a continual improvement which allows for a competitive edge.

Deployment of these processes takes place within the framework of a number of international standards and frameworks as listed below:

- ISO 9001: Business Connexion is certified to ISO 9001:2008, an international standard for establishing and maintaining a quality management system. ISO 9001:2008 standards contribute to making the development, design and supply of products and services more efficient, safer and cleaner and safeguarding customers and users of products and services. This standard forms the basis of Business Connexion's business process management system to which all internal standards adopted have been aligned; and
- Information Technology Infrastructure Library (ITIL v3) best practice: The group's decision to align itself with the ITIL v3 methodology aims to familiarise management with the underlying components and architecture design of the information and communications technology infrastructure standards and best practice. By aligning with ITIL v3 the group experiences improved quality of services rendered and enhanced own internal processes to maximise efficiencies and cost containment.

Environmental risk management

The growing energy crisis and issues of global warming place an ever-increasing emphasis on the need for companies in all industries and sectors to reduce their environmental impact wherever possible. Business Connexion recognises that this is as much an issue of business sustainability as it is of corporate responsibility. Rising energy costs and the effects of climate change could have a material impact on our business profitability, our suppliers and on the markets in which we operate. A senior executive has been made responsible for identifying opportunities to minimise the impact on global warming.

As an information communications and technology services group, the group's impact on the environment is minimal. It does, however, contribute positively to a cleaner environment and seeks new opportunities to preserve the environment. Business Connexion assists in minimising its environmental footprint through "greening" initiatives referred to in the sustainability report on page 50.

Compliance with new environmental legislation

Business Connexion is committed to full compliance with all relevant environmental legislation and regulations. One new legal development will have an impact on our operations. The Environmental Waste Management Act holds companies responsible for ensuring that their waste disposal contractors have the required permits and are disposing of waste in an environmentally responsible, legally compliant way. The company is in the process of obtaining verification from all waste disposal contractors to ensure that they comply with the new laws.



Energy usage

The group contributes towards environmental protection through the installation of movement sensors located throughout its offices which detect movement and turn the lights on when an area is used.

Carbon footprint

A risk management process is utilised in conjunction with the company's health and safety system to determine the impact of risk to the environment based on waste management, paper and paper product usage, energy and water usage management. External contractors are utilised with the necessary competency for the management of the disposal of paper products for recycling and furthermore Business Connexion utilises recycled paper for printing wherever possible. The implementation of effective programmes to manage and monitor the disposal of ICT equipment has been discussed with leading environmental experts on the disposal of such equipment. The data centre area has completed studies related to environmental impact and has implemented various systems, controls and optimisation tools to reduce the carbon footprint.

Security management

The group is committed to creating and maintaining a safe and secure working environment for its employees, contractors and visitors. Business Connexion is committed to safeguarding and protecting its property, documentation, employees and visitors as far as reasonably practical, from loss or damage arising from any of the operations associated with security and access to its business. Business Connexion does this through a combination of internal processes and outsourced service providers.

Business Connexion has service level agreements in place with our access control and security service providers whereby standards are predefined by business.

Third party physical security providers are managed according to these service level agreements and every year are evaluated through our commercial process.

Access control has been implemented at all Business Connexion sites with the intention of controlling the access to business critical areas to the extent that only personnel identified as critical to the delivery of specific services are allocated access.

Our data centres have an independent access control system which is managed and governed separately from the access control to other business areas. The criteria for the granting of access to the data centres are documented with the consolidation of customer specific security requirements.

Business Connexion has also implemented security measures to all IT servers to exceed the requirements of the international standard for the management of Information Security Management Systems based on ISO 27000 series and ISO/IEC 17799.

Business continuity management

The business continuity management practices deployed within Business Connexion are based on the following practices and standards which are used as guidelines:

- BS 25999-1:2006 BCM Code of Practice of the British Standards Institution (BSI);
- BCI Good Practice Guidelines 2007;
- BCI 10 Standards of Professional Competence; and
- Risk Management Standard AS/NZS 4360.

Business continuity management is in the process of being implemented in its entirety to ensure that all critical operations continue despite unexpected business disruptions. Business continuity management is managed through a four point plan:

- To proactively identify potential disruptions and disasters;
- To proactively improve Business Connexion's resilience against any disruptions and disasters;
- To provide a rehearsed method for restoring Business Connexion's ability to supply its key products and services to an agreed level within an agreed timeframe in reaction to a disruption or disaster; and
- To provide a proven capability to manage a disruption or disaster in order to maximise the defence of Business Connexion's reputation and brand image and to minimise/prevent the impact within and beyond the group. Business continuity management is enabled as follows:
 - Internally, each business area within Business Connexion has a business disaster recovery plan in place covering all the mission critical activities.
 - Externally, the suppliers and outsource service providers of Business Connexion are measured against the policy and standards used by the group. Verifiable evidence of a business continuity management programmes and the testing of these programmes are required from every business partner.
 - Contracts are revised or rewritten to impose penalties over failure to meet obligations. Overreliance on a limited number of suppliers is eliminated as far as possible.

Sustainability report



Assurance
through long-term
sustainable
business practice

Introduction

The group is committed to conducting its business in a manner that ensures the long-term sustainability of the business for the benefit of communities and all stakeholders. Sustainability for the group is a continuous journey and requires a multi-disciplinary approach. Longer-term sustainability and the ability to continue to generate good returns to shareholders is not only dependent on ensuring good financial performance. Good governance, sound risk management, stakeholder engagement, the group's corporate social investment, minimising the group's impact on the environment and developing products all form part of Business Connexion's vision to be a leading emerging markets ICT player.

To ensure sustainability Business Connexion seeks to:

- encourage an ethical trading environment;
- deliver sustainable earnings growth and appropriate returns to the company's shareholders and stakeholders;
- ensure the creation of equal opportunities through recruitment, training, promotions, development and advancement of all employees and ensuring employees are motivated to perform;
- develop and sustain fair, equitable and sustainable business relationships with suppliers;
- assist in the empowerment and social upliftment of communities surrounding the company operations;
- assist in minimising the group's environmental footprint through "greening" initiatives – refer to enterprise risk management on pages 48 and 49 for further details;
- comply with legislation and regulatory frameworks in a proactive and positive manner; and
- ensure that risk management issues are addressed throughout the organisation – refer to enterprise risk management on pages 47 to 49 for further details.

Organisational integrity and ethics

Business Connexion is committed to the application of high ethical standards, a prerequisite when dealing with staff, customers, suppliers and contractors.

Business ethics are well defined within the corporate regulations and policies of the group. These include but are not limited to the following:

- delegation of signing authority and clearly defined accountability;
- gift, gratification and invitation declaration policy;
- conflict of interest policy; and
- finders' fees within the legal governance framework.

Communication regarding ethics is ongoing and is accessible by staff on the group's intranet site.

All non-compliance issues are logged, investigated, progress tracked and reported quarterly to the company's Exco, Audit, risk and compliance committee and the board.

The group utilises the services of Deloitte to operate an independent "Tip Offs Anonymous" process. During the period under review a total of 66 calls were made to the tip-off line of which 59 were either the wrong number or dropped calls. Of the seven calls made four of them related to human resources processes and concerns, two related to financial matters and one related to governance. All seven matters were investigated and none of the calls resulted in further actions.

Sustainable earnings growth

The group remains committed to achieving its operating profit margin target of 8%.

In order to grow the business profitably and sustainably the group has to focus not only on maintaining margins but improving on them at the operating profit level. Improved growth will be achieved through initiatives including improved efficiencies in the Services division and corporate office, growing the Innovation division and expanding further into Africa. Business Connexion will also be reviewing the current statement of financial position structure and gearing to optimise return on equity and shareholder wealth. Business Connexion's focus in 2011 will be to measure divisions on relevant metrics and to deliver sustainable earnings. Furthermore, the group is investigating, and acting on, opportunities for growth through joint ventures, partnerships and acquisitions.

Refer to the Chief financial officer's report on pages 22 to 25 for further details on the group's financial performance and focus on achieving the 8% profit margin in the medium term.

Human capital

Business Connexion is committed to career-related training and development with the primary focus being on technical skills development. This will contribute to the group's growth and sustainability.

Performance excellence

The group strives for a performance orientated culture where performance is formally recognised through properly constituted incentive and recognition schemes. Each employee's performance is measured via a computerised Individual Performance Agreement (IPA) system. The IPA is utilised during the annual salary review to further embed a performance culture on a sustainable basis.

Sustainability report continued

Overall accountability for meeting training targets is allocated to the respective Exco members with the numbers being monitored by the Executive: Human resources who regularly provides feedback to the Exco.

Recruitment

Attracting top information technology talent remains a focus for Business Connexion, as the group is cognisant of the fact that its greatest asset is its people.

Online recruitment continues to be a popular method of recruitment and the group has tapped into this trend by providing potential career seekers with a career portal on the corporate website to register their skills for any current or future opportunities. This career portal has enabled the group to build up a significant online internal database of potential career seekers. However, the skills shortages experienced within the ICT sector remain a challenge when recruiting for vacancies.

During the period under review, the internal recruitment team assisted in placing 440 new employees of which 52% were black.

Although the group has not been immune to the increased war for talent, Business Connexion has adapted internal processes to speed up the recruitment approval process and its Human resources information services administrative team has assisted in centralising the registration and activation of vacancies. In this regard, formalised recruitment metrics ensure that the focused procurement of the required talent for the group's continued success is optimised through an ongoing work improvement process.

The group's internship programme, now in its fifth year, underpins its commitment to youth skills development. For the period under review the group trained 103 interns and placed 55 in permanent positions. Of these interns 95% are black and 43% are female. The group is particularly proud that, to date, it has retained some 76% of all interns placed as full time employees.

Interns not only receive industry-specific training and certification, but also receive soft skills training to assist them in adapting to the workplace. Specifically trained line managers are also appointed as mentors and coaches to assist graduates with on-the-job training and development.

Employee relations

In the absence of formally recognised unions within Business Connexion the Employee Communication Forum (ECF) serves to address collective concerns and provides input towards the enhanced wellbeing of the group's employees. During the period under review a major intervention was launched to reposition and enhance the role of the ECF within the group.

The ECF's democratically elected representatives meet monthly with senior management representatives in each operating division to:

- promote the interests of all employees in the workplace;
- maximise efficiencies in the workplace through recommendations to management with respect to the perceptions, feelings and sentiments of employees, exchange information and discuss business-related issues, and in so doing contribute to the enhancement of the quality of management decisions;
- participate in joint decision-making on certain workplace matters aligned with the group's business practices; and
- provide input on the workplace skills plan and the skills development plan to support the group employment equity initiatives and endeavours.

The sustainability of open and transparent communication channels between employees and management constitutes a non-negotiable imperative. Normal communication channels cater for both individual and collective communication. However, the ECF caters specifically for structured collective communication outside the established organisational communication processes.

In addition to the ECF there is ad hoc engagement with trade unions of which the most significant is Solidarity. Solidarity has the highest union representation in the group with seven members, down from 32 members in the previous period. It is acknowledged that sufficiently represented unions can play a role in regulating the employee/ employer relationship. In the event that this should arise, cordial industrial relationships will be maintained and governed via legitimate recognition agreements.

The group supports the constitutional right of employees to elect whether they wish to participate in organised labour, and to join a union of their choice. Management therefore neither obstructs nor favours any particular union, but has created a climate in which employees have the freedom to decide for themselves regarding any desired representation.

The Group manager: centre of excellence, in conjunction with the Executive: Human resources, has the accountability for the management of any of the current trade union interactions via mandates considered and approved by the Exco.

There has been no strike action or negative financial impact due to formal or informal collective industrial action during the period under review.

The group has well established and communicated, disciplinary and grievance policies and procedures to facilitate interaction between employees and management.

Health and safety

Continuing the drive to maintain the awareness of personal wellness and work/life balance, the group hosted Wellness Days together with Discovery Health to create awareness of health visits and allow for timeous lifestyle changes to address identified health risks.

Attendance has more than doubled from the previous review period with some 1 281 employees attending. This includes both members and non-members of Discovery Health.

The effectiveness of health and safety systems is continually reviewed with a view to reducing and minimising workplace incidents and injuries. Where incidents do occur, they are investigated, the risk of recurrence is assessed, and corrective action taken to reduce the risk of recurrence.

Monitoring of chronic health conditions is ongoing via the data provided through the auspices of the Discovery Health claim analysis which reflects the medical claim history of the majority of group employees. The top five illnesses are unchanged from the previous overview period, i.e. hypertension, hyperlipidaemia, diabetes, asthma and depression. This is in line with a similar claim patterns in the ICT sector in general. These areas are addressed during the Wellness Days.

As previously indicated, a work/life balance is singularly important within Business Connexion. The female gender component is significant at 30,5% of total headcount. Human resources policies cater for a better work/life balance through practices such as flexible working hours where operationally sustainable, family responsibility leave to cater for family emergencies and fully paid maternity leave.

Business Connexion continually reviews effectiveness of health and safety systems aimed at reducing workplace incidents and injuries and to ensure that the group complies with all requirements. Annual safety audits are conducted on group sites as well as customer sites where the group operates. Audit findings are discussed with management and agreed action steps put in place to mitigate risks. No major findings were reported during the period under review.

Comprehensive information on incidents is available for employees to review. Each incident occurrence is investigated and analysed with the intent of minimising the frequency and severity potential related to the recurrence of the incident.

In total 16 incidents were reported during the period. The incidents per category are listed in the table below. The Lost Work Day Case Rate (LWDCR) for the period is 0,0028%.

Incident types for the period under review:	2010	2009
Illness/collapsing	2	3
Near miss incidents (possibility of incident)	4	4
Minor injuries	5	3
Reportable injuries (staff member not properly trained)	5	4
Disabling injuries	-	-
Fatalities	-	-
Loss/damage incidents	-	-
Total	16	14

The group has a health and safety system in compliance with the requirements of the Occupational Health and Safety Assessment Series (OHSAS) 18001 standard which refers to the requirements of a behavioural based safety management system to ensure that employee behaviour drives improvement in the risk identification of hazards.

The group has successfully maintained its International Register of Certified Auditors (IRCA) rating for health and safety management at two of its customer sites and is implementing this management system throughout the group.

Human rights

The human rights of employees are entrenched in the Constitution of the Republic of South Africa and their rights relating to the work environment are protected by the Basic Conditions of Employment Act, the Labour Relations Act and the Occupational Health and Safety Act (OHASA). The human resources policies comply with all South African legislative frameworks. In foreign countries prevailing legislation may not afford employees the necessary degree of human rights protection. The group is aware that it has a special duty of care to ensure that its own employees and those of suppliers in foreign countries are afforded the right level of human rights protection. This is particularly relevant as the group expands its footprint into Africa. There were no incidents of discrimination at any of the group's operations during the year.

HIV/Aids in the workplace

An HIV/Aids policy is in place with a focus on the proactive prevention of this life threatening disease with the following objectives and interventions:

- implementation of HIV/Aids awareness programmes;
- promotion of equality and non-discrimination between HIV/Aids infected and non-infected employees;
- promotion of equality of treatment between HIV/Aids and other life threatening or comparable medical conditions;

Sustainability report continued

- creation of a supportive environment for HIV/Aids infected employees to enable them to continue working under normal conditions for as long as they are medically fit to do so;
- protection of human rights and the dignity of people living with HIV/Aids;
- encouragement of consultation and participation of the relevant stakeholders in the implementation of HIV/Aids policy and programmes; and
- maintenance of strict confidentiality of any HIV/Aids positive test results that employees may wish to disclose to management.

Employees have access to the Discovery Health HIV/Aids management programme. This programme provides unlimited hospitalisation and antiretroviral therapy. The services offered include counselling and education by a dedicated case manager, approval and compliance monitoring of Highly Active Antiretroviral Therapy (HAART), hospitalisation management and ensuring proper claims payment.

Transformation

The company has established a transformation committee with the purpose of improving scores across all seven pillars of transformation. Each member on the committee is responsible for a pillar and provides feedback on progress at scheduled meetings. These meetings are scheduled once a quarter. The pillar owner serves as 'Champion' of the transformation programmes that fall within the ambit of the assigned pillar and provide the structure, process and resources required for the effective management of the group's activities with respect to

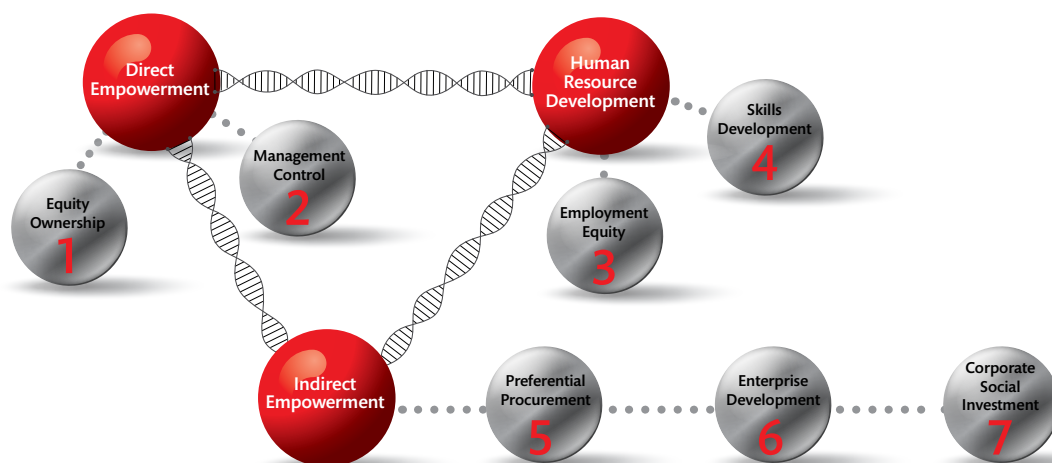
an assigned pillar. They also ensure that transformation activities with respect to assigned pillars contribute to the requirements of the Broad-based Black Economic Empowerment (B-bBEE) Codes of Good Practice, ICT Charter and other legislative frameworks and that all corporate policies, strategies, processes and practices (as effected at corporate and line management levels) with respect to assigned pillars comply with the relevant legislation.

The committee operates under terms of reference approved by the Exco.

The group strives to continuously create a workplace in which all people are respected as individuals and are valued for their contributions towards the accomplishment of the goals of the group. To this end, the group's executive management team is committed to promoting an inclusive, supportive and innovative business environment. A business environment that embraces diversity inspires employees to be positive, creative and reach their fullest potential.

On the B-bBEE front the group scored 75,82% (a level 3 rating) during the 2009/2010 financial year, a significant improvement from the prior year 67,32% (level 4 rating). For the third consecutive year, the group has maintained the maximum points for two of the B-bBEE elements: socio-economic development and enterprise development.

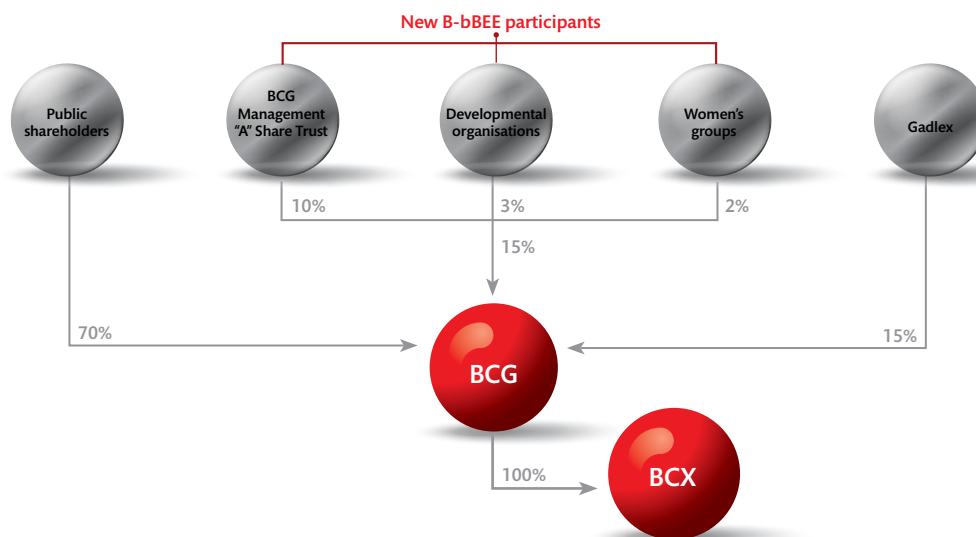
The seven pillars of transformation are as follows:



Equity ownership – Pillar 1

To advance its empowerment objectives and to comply with the Department of Trade and Industry's B-bBEE Codes of Good Practice (DTI Codes) and the Information and Communication Technology

(ICT) Charter, the group implemented a B-bBEE transaction in August 2010. Following this transaction the group's ownership structure can be depicted as follows:



The company's B-bBEE objectives are as follows:

- increase the effective B-bBEE shareholding in the group to at least 30% in compliance with the Department of Trade and Industry's B-bBEE DTI Codes of Good Practice and the ICT Charter;
- align the interests of Gadlex, the existing B-bBEE partner, with that of other Business Connexion ordinary shareholders by exchanging Gadlex's equity interest in Business Connexion (Proprietary) Limited for ordinary shares in the group's listed holding company;
- improve the group's B-bBEE credentials i.e. attain a level 2 B-bBEE contributor level from its current rating of level 3 by 2011;
- empower selected key executives and a senior management to participate in the B-bBEE transaction;
- contribute to South African development projects that concentrate on poverty alleviation programmes and education;

- conclude a sustainable and meaningful B-bBEE transaction; and
- minimise cost and dilution of earnings to existing Business Connexion shareholders.

Management control – Pillar 2

The group strives to be led by a board and an executive leadership team that is reflective of the broader South Africa population. Black people constitute 67% of the board and 50% of Exco. This is indicative of the group's commitment to transformation. Both the board and the executive management are led by black business leaders.

Employment equity – Pillar 3

The group is committed to an internal transformation programme that not only helps achieve compliance with legislation and achieving targets, but also promotes a work environment that is conducive to meaningful and sustainable change and transformation.

Employment equity statistics are as follows:

	ACI		W		F		Total %
	2010	2009	2010	2009	2010	2009	
	Actual %		Actual %		Actual %		
Top management	50,0	46,2	50,0	53,8	0,0	0,0	100
Senior management	20,4	16,0	79,6	81,3	0,0	2,7	100
Middle management/professionals	15,7	12,0	83,4	84,1	0,9	3,9	100
Junior management/associate professionals	39,1	36,1	59,9	58,7	1,0	5,2	100
Semi-skilled	71,9	67,8	28,0	24,8	0,1	7,4	100
Total	37,7	35,8	61,5	58,9	0,8	5,3	100

A = African C = Coloured I = Indian W = White F = Foreigners

Sustainability report continued

Employment equity plan and strategy – 2010 to 2013

The group strives to achieve diversity and employment equity objectives as outlined in the Constitution of the Republic of South Africa, the Employment Equity Act of 1998 and the Black Economic Empowerment Act of 2003.

To this end the group is continuously and actively working towards creating and maintaining a fair and equitable work environment that is free from all forms of discrimination. The goal is to create and promote a workplace culture that embraces inclusivity, cultural diversity and mutual respect.

The group will continue with its transformation drive to accelerate employment equity. It strives to continuously create equal opportunities in recruitment, training, promotion, development and advancement of all employees with the intention of bolstering the representation of designated groups at senior and middle management levels. The employment equity strategy is underpinned by the following core principles:

- management accountability for transformation;
- embracing cultural diversity;
- promotion of inclusivity; and
- mutual respect.

Employment equity is one of the key performance indicators in the group's balanced scorecard. Performance targets, which are derived from the group's balanced scorecard, are set and reviewed on an annual basis. Furthermore, employment equity is one of the standing items on the agenda of the national transformation executive committee.

Skills development – Pillar 4

Business Connexion is committed to career-related training and development of its people, with the emphasis being on skills development interventions and educational assistance to ensure the group's employees continuously grow in their careers which in turn will contribute to the group's ongoing prosperity and sustainable performance.

Also refer to internship programmes referred to earlier in the report on page 52.

Preferential procurement – Pillar 5

The group recognises that if transformation and black economic empowerment in South Africa are to be successful, big businesses must actively support the development of smaller enterprises. If successfully implemented, preferential procurement will drive the redistribution of income, skills development and transfer, as well as job creation.

The group has established a supply chain function to ensure best practices are applied throughout the group. The model used to design the supply chain environment is based on the Score model.

This supply chain system facilitates requisitioning and authorisation, and supports:

- spend visibility which allows the group to analyse past spend by supplier and commodity type to identify future sourcing opportunities, leverage spend in negotiations and track compliance issues;
- process visibility which allows the group to track sourcing and procurement processes to identify bottlenecks and ensure continuous improvement. It also enables the group to identify clear segregation of duties and hand over points in the system; and
- performance visibility which allows the group to track qualitative and quantitative performance indicators, buyer compliance within the established policy framework, as well as track contract termination or renewal dates.

Within the preferential procurement framework criteria have been set that business will be done with companies that have a level 5 or higher rating on the B-bBEE scorecard. If this requirement is not met, an action plan with clearly defined targets and due dates is agreed with the non-compliant suppliers. In accordance with B-bBEE legislation, the group scored 20 out of 20 points in this category in 2009.

Enterprise development – Pillar 6

The group acknowledges that enterprise development plays a vital role in the transformation of the South African economy. If managed carefully the enterprise development element of the B-bBEE scorecard can be used as a vehicle for encouraging entrepreneurial activity, empowering the youth and stimulating employment creation.

In line with the draft ICT Charter and B-bBEE DTI Codes, Business Connexion commits to support and foster new and existing black owned, black empowered and black engendered small medium micro enterprises (SMME) that are excellent and good contributors to B-bBEE. This commitment is evidenced by the group receiving the maximum of 15 points for enterprise development for two consecutive years.

Socio-economic development (CSI) – Pillar 7

The group firmly believes in the role that the group has to play to contribute to the wellbeing and upliftment of the society in which it conducts its business. To this end the group involves itself to improve the quality of life of disadvantaged and less privileged communities by making a contribution to upliftment and wellbeing where it is most needed.

During the period under review, the group contributed over R2,1 million to deserving social investment projects and initiatives. This represents 1,2% of net profit after tax (2009: R890 000).

The group embraces corporate social investment (CSI) as a business imperative and strives to be socially responsible by and becoming deeply involved with community upliftment programmes by investing time, skills and money to ensure outcomes are met and initiatives are sustainable over the longer term.

Some of the CSI initiatives supported by the group are outlined below:

LET ME LEARN

LET ME LEARN is Business Connexion's African Web of Life initiative aimed at unleashing the potential of today's youth through the use of technology. This is a formula that aspires to combine technology for social connectivity with inspiration. It is technology pooled with the voice of a learner who is taught to participate in a competitive and innovative world. It is the equation of technological acumen combined with mentorship, education and programming. It teaches life-skills, entrepreneurship, fundamental skills of participation, team work, leadership and self esteem.

School Development Programmes

The majority of the group's CSI funding allocation is towards the implementation of IT laboratories at, and in partnerships with, schools where the main focus is on rural schools in underprivileged communities.

During the period under review Business Connexion implemented IT laboratories at six schools in the Gauteng, North West, Free State and Limpopo provinces. The investment of these IT laboratories extends further than mere infrastructure implementation, but involves a commitment from the group for a minimum of two years as a partner with those schools to ensure full understanding of the IT technology, and the development of metrics for future sustainability of the investment once Business Connexion reduces its involvement with the school.

World Wide Fund for Nature South Africa (WWF-SA)

The group has partnered with the WWF-SA in collaboration with the Wildlife and Environment Society of SA (WESSA), which launched the Eco-Schools Programme in South Africa in May 2003. The Eco-Schools Programme aims to achieve sustainable environmental management by integrating the environment into the national education curriculum

and empowering teachers and learners to implement environmental policies at school level.

The Eco-Schools Programme extends learning beyond the classroom and develops responsible attitudes and commitment, at home and in the wider community, promoting sustainable living and building ties with the community, thereby contributing to our South African Government Education Department and NEPAD's priorities such as human resource development and bridging the education gap.

Rally to Read

The Rally to Read programme is an example of how the group partners with customers to address common socio-economic challenges facing our society.

Almost all rural schools lack educational resources. For the past 11 years sponsors, organisers and participants of the Rally to Read Programme, have visited the most remote and needy rural schools to deliver books, teaching aids, science kits, sports equipment, educational toys and other material – all of which are taken for granted at urban schools. But most of all, the Rally to Read delivers hope to prepare rural learners, their teachers and their parents for a better future.

Soweto Canoe and Recreation Club (SCARC)

SCARC focus their programmes on the underprivileged youth in Soweto, ensuring that in addition to providing these children with access and funding to primary and secondary school education, they also support them with after school care and additional classes where necessary.

SCARC uses canoeing as a sport to teach the children important social and life skills to assist them in personal development and to equip them with those skills necessary to be successful in their school career. Those children that have been through the programme and finished school are also assisted by SCARC in terms of further education and finding work opportunities. SCARC produced the first two black participants to finish in the top three positions of the Duzi Canoe Marathon for the past four years.

Value added statement

for the year ended 31 August 2010

	Notes	2010 R000	%	2009 R000	%
Revenue		4 059 979		5 496 127	
Cost of service and products		2 061 157		2 786 848	
Value added		1 998 822	98	2 709 279	98
Investment income		30 492	2	59 905	2
Total wealth created		2 029 315	100	2 769 184	100
Distributed as follows:					
Employees					
– Employee costs	1	1 733 555	88	2 482 467	90
Providers of capital					
– Interest paid		3 395	0	7 536	0
Governments	2	128 945	4	245 963	9
Retained in the group for future growth					
– Depreciation and amortisation		112 867	6	149 922	5
– Profit attributable to equity holders		123 247	6	106 932	4
– Dividends paid		(46 872)	(2)	(200 666)	(7)
– Foreign currency translation reserve		(7 483)	0	(15 386)	(1)
– Deferred tax movement		(18 339)	(1)	(7 584)	0
Total wealth distributed		2 029 315	100	2 769 184	100
Value added ratios*					
Average number of employees		4 733		4 840	
Revenue per employee (R000)		858		1 136	
Wealth created per employee (R000)		417		572	

Notes*	2010 R000	2009 R000
1. Employee costs		
Paid to employees	1 599 326	2 328 498
Contributions paid on behalf of employees	134 229	153 969
	1 733 555	2 482 467
2. Governments		
Tax	57 748	72 672
Skills development levies	14 594	18 582
Rates and taxes paid to local authorities	2 800	6 682
Customs duties, import surcharges and excise taxes	53 803	148 027
	128 945	245 963
South African government	122 090	243 668
Other governments	6 855	2 295
	128 945	245 963
3. Additional amounts collected on behalf of governments		
Value added tax	263 078	344 694
Employee tax deducted from remuneration paid	377 158	473 288
	640 235	817 982
South African government	604 470	765 511
Other governments	35 765	52 471
	640 235	817 982

* The comparatives are for the 15 months ended.

Shareholders' analysis

at 31 August 2010

Shareholder spread	Number of shareholdings	%	Number of shares	%
1 – 1 000 shares	3 496	68,90	819 368	0,27
1 001 – 10 000 shares	1 032	20,33	3 839 725	1,27
10 001 – 100 000 shares	321	6,33	11 241 117	3,70
100 001 – 1 000 000 shares	163	3,21	57 162 316	18,82
1 000 001 shares and over	62	1,23	230 666 824	75,94
Totals	5 074	100,00	303 729 350	100,00
Distribution of shareholders				
Banks	30	0,59	7 047 945	2,32
Close corporations	73	1,44	496 740	0,16
Endowment funds	23	0,45	1 431 814	0,47
Individuals	4 142	81,63	9 387 076	3,09
Insurance companies	25	0,49	16 126 362	5,31
Investment companies	23	0,45	7 502 311	2,47
Medical schemes	14	0,28	852 418	0,28
Mutual funds	124	2,44	130 861 720	43,09
Nominees and trusts	372	7,34	6 483 362	2,13
Other corporations	31	0,61	173 111	0,06
Private companies	75	1,48	40 310 834	13,28
Public companies	9	0,18	30 698	0,01
Retirement funds	132	2,60	79 910 057	26,31
Share trust	1	0,02	3 114 902	1,02
Totals	5 074	100,00	303 729 350	100,00
Public/non-public shareholders				
Non-public shareholders	4	0,08	3 201 902	1,05
Directors and Associates	3	0,06	87 000	0,03
Share trust	1	0,02	3 114 902	1,02
Public shareholders	5 070	99,92	300 527 448	98,95
Totals	5 074	100,00	303 729 350	100,00
Beneficial shareholders holding 5% or more				
Gadlex (Proprietary) Limited			38 600 000	10,29
Sanlam			28 204 036	10,74
Allan Gray			26 696 280	10,16
Government Employees Pension Fund			25 953 009	9,88
Old Mutual			24 052 137	9,16
Investment Solutions			17 419 267	6,63
Investec			13 535 874	5,15
Totals			174 460 603	51,73
Fund managers holding 5% or more				
Allan Gray Asset Management			54 016 286	20,57
Sanlam Investment Management			39 004 310	14,85
Coronation Fund Managers			25 387 645	9,67
Investec Asset Management			24 684 596	9,40
Old Mutual Investment Group			20 703 289	7,88
Public Investment Corporation			15 942 416	6,07
Kagiso Asset Management			14 322 925	5,45
Totals			194 061 467	73,89

DNA

In nature, every living organism intrinsically knows how to exist, survive and ultimately thrive, by virtue of its core component, DNA. An intelligent matrix of interconnected components, which drives the very nature of every organism.

In the same way, Connective Intelligence constructs the DNA of the Business Connexion organisation, intelligently and intrinsically connecting its people and skills, to provide simple, yet extraordinary solutions. This enables our business to seamlessly thrive, across the African continent and throughout the world.



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Directors' responsibility statement

The directors are responsible for the preparation and fair presentation of the group annual financial statements and the annual financial statements of Business Connexion Group Limited, which comprise the statements of financial position at 31 August 2010, the statements of comprehensive income, the statements of changes in equity and statements of cash flows for the year then ended, and the notes to the annual 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, and in the manner required by the Companies Act of South Africa.

The directors' responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.


The directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management as well as the preparation of the supplementary schedules included in these financial statements.

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

The auditor is responsible for reporting on whether the group annual financial statements and the annual financial statements of Business Connexion Group Limited are fairly presented in accordance with the applicable financial reporting framework.

Approval of group annual financial statements and company annual financial statements

The group annual financial statements and the annual financial statements of Business Connexion Group Limited, as identified in the first paragraph, were approved by the board of directors on 9 November 2010 and are signed on its behalf by:



AC Ruiters
Chairman



LB Mophatlane
Chief executive officer



V Olver
Chief financial officer

9 November 2010

Certificate by company secretary

I hereby certify that, in accordance with section 268 G (d) of the Companies Act, No 61 of 1973, as amended, the company has, for the year ended 31 August 2010, lodged with the Registrar of Companies all such returns as are required of a public company in terms of this Act and that all such returns are, to the best of my knowledge and belief, true and up to date.



J de Koker
For and on behalf of
Business Connexion Group Limited

9 November 2010

Independent auditor's report

To the members of Business Connexion Group Limited

We have audited the group annual financial statements and the annual financial statements of Business Connexion Group Limited, which comprise the statements of financial position at 31 August 2010, the statements of comprehensive income, the statements of changes in equity and statements of cash flows for the year then ended, and the notes to the annual financial statements, which include a summary of significant accounting policies and other explanatory notes, and the directors' report as set out on pages 64 to 114.

Directors' responsibility for the financial statements

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

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 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 Business Connexion Group Limited at 31 August 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.

Registered Auditor



Per LP Fourie

Chartered Accountant (SA)

Registered Auditor

Director

9 November 2010

KPMG Crescent
85 Empire Road
Parktown
Johannesburg

Directors' report

The board of directors has pleasure in presenting its report for the group and the company for the year ended 31 August 2010.

Nature of business

Business Connexion Group Limited (Business Connexion or the group or the company) is an information communications technology (ICT) investment holding company incorporated in South Africa and listed on the JSE Limited. The group has a track record of more than 30 years as a leading ICT company.

The group is a black empowered integrator of innovative business solutions based on information and communications technology and runs mission-critical ICT systems and manages products, services and solutions for JSE listed and key public sector organisations, parastatals and medium sized companies.

Corporate governance

Business Connexion is committed to the principles of the Code of Corporate Practices and Conduct set out in the King Report on Corporate Governance (King III). Further details are included in the corporate governance report on pages 39 to 46.

Operating results

A review of operations of the group is provided in the Chief executive officer's report and Chief financial officer's report on pages 18 and 19 and 22 to 25 respectively.

Share capital

Authorised share capital

The company commenced the year with authorised share capital of 847 457 627 ordinary shares of R0,0059 each. This remained unchanged at year-end.

During the year the company created authorised share capital of 150 000 000 "A" shares of R0,0059 each.

Issued share capital

The company commenced the year with issued share capital of 262 636 912 ordinary shares of R0,0059 each amounting to R1,5 million.

The company issued 41 092 438 ordinary shares of R0,0059 each during the year. Total issued share capital amounted to R1,8 million at 31 August 2010. The company issued 75 100 000 "A" shares of R0,0059 each during the year amounting to R0,4 million.

The company's share premium amounted to R4,6 billion at the beginning of the year and increased to R4,8 billion at year-end.

Interests of the directors in shares

On 31 August 2010, the directors beneficially held in aggregate 87 000 (2009: 55 000) ordinary shares in Business Connexion. The directors have an interest in 200 000 options (2009: 3 573 200 options) relating to Business Connexion shares.

The executive directors have also been allocated 6 822 000 "A" shares in the BCG Management "A" Share Trust. FL Sekha, a non-executive director, has been allocated 3 800 000 "A" shares as part of her interest in Freewheel (Proprietary) Limited.

No director of the group holds, directly or indirectly, more than 1% of the issued share capital of the company.

For further details refer to the remuneration report on pages 67 to 72.

Share incentive schemes

The group operates two trusts and an executive share option scheme whose objectives are to incentivise the employees of the group by enabling them to acquire shares in the company.

The trustees of these operational trusts are Messrs JF Buchanan and RS Hislop who were appointed trustees effective from 21 August 2003, and LC Marran who was appointed effective from 6 March 2008. The trusts are entitled to acquire shares, which they require to meet their commitments, from time to time either by purchasing those shares on the open market or by subscribing for new shares. At 31 August 2010, the trusts held 3 114 904 shares (2009: 2 370 499 shares).

The Business Connexion (2009) Executive Share Option Scheme was approved by shareholders on 12 May 2009. The objective and purpose of this scheme is to grant options to senior employees, to enable them to acquire fully paid shares in Business Connexion so as to promote employee satisfaction and increase the continuous profitability by enhancing the performance of these employees and retaining their skills.

The aggregate number of unissued shares that may be reserved for all option schemes is limited to 26 263 691 shares.

Details of the options granted in terms of the schemes are set out on pages 71 to 72 in the remuneration report.

BCG Management "A" Share Trust

The ICT industry is faced with significant skills shortages and it is with this in mind that the BCX Management "A" Share Trust was established as part of the approved B-bBEE deal. The objective of the trust is to grant "A" shares to participating employees to promote economic empowerment within the group as well as to encourage employees to drive growth and profitability within the group.

The trust allocated units in the trust to executives and senior management of the group. 51,6% of the units were allocated to black employees and 48,4% to non-black participating employees. The allocation of units to participating employees was based on the following parameters:

- executive committee members with a division that generates revenue in excess of R500 000 000 qualified for 3 411 000 units (0,9% shareholding);
- executive committee members with a division that generates revenue less than R500 000 000 qualified for 1 895 000 units (0,5% shareholding); and
- the allocation to management in the E-upper grade with salaries in excess of R1 250 000 was based on their level of contribution to the business as a whole and ranged from 490 942 to 1 097 004 units. (0,13% to 0,29%).

Some of the participating employees held share options in the Business Connexion (2009) Executive Share Option Scheme and they were required to replace these share options with units in the trust. The share options that were replaced with units are available for distribution to other employees as part of the Business Connexion (2009) Executive Share Option Scheme.

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Dividends

The board declared normal dividend number 6 of 23 cents per share on 9 November 2010 (dividend number 5 of 18 cents per share was paid on 18 January 2010).

Special resolutions

Business Connexion passed the following special resolutions during the year for the purposes indicated below:

- a special resolution was passed at the annual general meeting to grant the company, or a subsidiary of the company, a general authority to acquire ordinary shares in the issued share capital of the company; and
- a special resolution was passed at the annual general meeting to sanction the giving of financial assistance by the company for the purpose of, or in connection with, the purchase or subscription of any shares in the company pursuant to the implementation of the Business Connexion (2009) Executive Share Option Scheme.

Also refer to the special resolutions relating to the B-bBEE transaction on page 66.

Subsidiaries, associates and jointly controlled entities

Annexure A and B to this report set out the principal subsidiaries, associates and jointly controlled entities, respectively, that the directors consider appropriate for shareholders to gain a proper appreciation of the group's affairs. A full list of the companies forming the group will be made available to shareholders on written request to the company secretary.

Corporate activity

Effective 1 June 2010 the group completed an internal restructure whereby it sold Nanoteq (Proprietary) Limited (100% owned) and the two data centre buildings (NDC1 and NDC2) from Business Connexion Technology Holdings (Proprietary) Limited to Business Connexion (Proprietary) Limited.

Directors' report continued

As part of the group's growth strategy a number of new strategic business initiatives were started during the year; the first being Managed Print Solutions, an exclusive operating arrangement between Business Connexion and Canon SOS (Smart Office Services). This new venture serves to establish the largest, brand-independent managed print services organisation in Africa. This uniquely positions the group to deliver cost effective intelligently integrated print and ICT services in one, holistic managed approach.

Another new initiative is the exciting partnership between Business Connexion and Limelight Networks®. This initiative brings content distribution and related internet based services to all users in South Africa, increasing access speeds and decreasing cost.

Broad-based Black Economic Empowerment (B-bBEE) transaction

Effective 31 August 2010 the group successfully completed the restructuring of its B-bBEE deal:

- Gadlex (Proprietary) Limited switched its 20,01% holding in Business Connexion (Proprietary) Limited for a 10,2% holding in Business Connexion Group Limited through an issue of 41 092 438 ordinary shares in the share capital of Business Connexion Group Limited at R5,78 per ordinary share;
- an acquisition by the Business Connexion Group Share Trust of 2 492 438 ordinary shares from Gadlex (Proprietary) Limited at a purchase price of R5,78 per share to be settled in cash;
- the acquisition by Business Connexion Group of a shareholder loan held by Gadlex (Proprietary) Limited in Business Connexion (Proprietary) Limited at a price of R39 990 820 to be settled in cash; and
- the introduction of Gadlex Holdings (Proprietary) Limited, key Business Connexion executives and senior management, organisations involved in social and community development and selected women's organisations as 19,8% Black Economic Empowerment shareholders in Business Connexion Group Limited.

The following special resolutions were passed on 8 September 2010 relating to the B-bBEE transaction:

- a special resolution was passed at the annual general meeting to amend the Articles of Association to increase authorised share capital by the creation of "A" shares; and
- a special resolution was passed at the general meeting to grant financial assistance to Gadlex Holdings (Proprietary) Limited, the BCG Management "A" Share Trust, the developmental organisations and the women's groups who will be participating in the "A" share transaction.

Directorate and secretary

The board of directors in office at the date of this report are set out on pages 16 to 17. The company secretary is responsible for the duties stipulated in section 268 G (d) of the Companies Act and has signed the appropriate declaration as contained on page 62. The company secretary is J de Koker.

The address of the company secretary is that of the registered office, Business Connexion Park North, 789 16th Road, Randjespark, Midrand, 1685.

Audit, risk and compliance committee

In terms of section 270 A (f) of the Corporate Laws Amendment Act of 2006 (the Act), the Business Connexion Audit, risk and compliance committee has discharged all of the functions delegated to it in terms of its mandate and terms of reference, ascribed to it in terms of the Act.

Comparatives

Comparative financial information is for a 15 month period due to a change in the year end from 31 May to 31 August in 2009.

Subsequent events

Business Connexion (Proprietary) Limited and Information Bearing Signals (IBS) (which forms part of the internationally backed Kai Group of telecommunications companies with interests in broadband capacity and internet protocol services) have concluded a transaction whereby they respectively have an 80% and 20% interest in Business Connexion Communications (Proprietary) Limited. IBS has purchased bandwidth capacity on the SEA System which forms part of this initiative.

Remuneration report

This report describes the group's remuneration policy and directors' remuneration for the 2010 financial year.

The board believes that a properly constituted and effective Remuneration and nominations committee is key to improving the link between pay and performance. The committee consists entirely of non-executive directors, and executive directors are not involved in determining their own remuneration packages.

Cognisant of the fact that the group has a presence in South Africa and six other countries on the African continent and an office in the United Kingdom, the Business Connexion remuneration and reward strategy strives to:

- align, enhance and reinforce individual and team performance;
- balance the application of financial and non-financial rewards; and
- ensure fairness and consistency commensurate with individual performance, the labour market and individual roles and responsibilities.

In realising the above, Business Connexion maintains a reward strategy that supports the group's business strategies. The objective with these remuneration practices is to position the group to be:

- objective in the quantification and weighting of the value add of specific positions within job clusters;
- market competitive in its respective labour markets; and
- ensure alignment with performance management in respect of remuneration relating to guaranteed and non-guaranteed remuneration, incentives and recognition.

The realisation of these remuneration principles supports the group's strategic human resources imperatives. These are:

- the attraction, retention and engagement of talented human capital;
- positioning the group as an investor in people and an employer of choice;
- equitably rewarding individual and team performance;
- supporting the realisation of the group vision; and
- focusing on both short-term and long-term incentives.

The Remuneration and nominations committee (ReNco)

The ReNco operates as a sub-committee of the board. The focus of its activities is on the group's remuneration policy, the determination of remuneration levels, short-term and long-term incentives and retention plans.

It has been an unprecedented year in that remuneration has been widely discussed by regulators, politicians and the public across the jurisdictions in which we operate. It is incumbent on a public company to reflect upon these changes. The committee, in addition to its regular business, has reviewed a comprehensive survey of the new remuneration trends and changing attitudes in all our core geographies.

In the application of agreed remuneration principles, the ReNco ensures that reward practices support a performance oriented culture and are aligned with the group's fundamental belief in total accountability and transparency.

The ReNco has had an active year with continued focus on ensuring alignment of the remuneration policy and stakeholder interests. Key achievements include:

- the review, upgrade and renewal of the group incentive scheme to ensure retention of key staff. The retention of key individuals was further enhanced by the participation of these key individuals in the BCG Management "A" Share Trust as part of the B-bBEE transaction; and
- heightened focus on performance when determining remuneration structures to ensure consistency with sound risk management.

Role, purpose and principal functions

The role, purpose and principal functions of the ReNco include:

- approving the group's remuneration philosophy, principles and policy;
- annual review of executive and senior management remuneration ensuring that an appropriate balance exists between fixed and performance based remuneration;
- fulfilling the role of a nominations committee, to ensure that suitably qualified persons are nominated to the board for appointment as executive or non-executive directors;

Remuneration report continued

- reviewing different methods of remunerating the executive directors, executive management and senior management;
- annual review of the basis of calculation of the remuneration of the executive directors and ensuring that it is reasonable;
- reviewing publications of professional executive recruitment organisations and current industry practices to understand trends;
- reviewing existing or proposed incentive schemes across the group;
- reviewing fringe benefits across the group;
- reviewing related party transaction disclosure, if any;
- succession planning for executive directors and executive management and other strategic positions/roles;
- evaluating the performance of the chief executive officer and reviewing the evaluation of the performance of other executive directors; and
- reviewing principal matters relating to employment practices.

In executing its responsibilities, the ReNco has access to independent external consultants to ensure it receives independent advice.

The committee continues to consider remuneration policies and packages of the executive directors, persons discharging managerial responsibilities, a number of other senior employees as well as paying specific attention to the rewards allocated to employees. Talent management, retention and succession of senior management and executives remained key items on our agenda during the year. The company is conscious of the need to constantly refresh the means of incentivising our staff in order to meet the pressures of competition in our labour markets within the context of a much changed global landscape.

Remuneration and effective risk management

The company applies a variable performance reward model which is closely linked to business profit performance against pre-determined targets.

The persons responsible for alignment of all stakeholder interests are the various group executives whose awards are not linked to specific performance based on a formula, but on the overall performance of the group taking into consideration financial performance and compliance with the desired culture and values.

Looking forward

The ReNco will continue to ensure that reward packages remain appropriately competitive, provide an incentive for performance, and take due regard of our culture, values, philosophies, business strategy, risk management and capital framework. The committee will continue to review the existing remuneration arrangements, as discussed in this report, particularly taking cognisance of any additional regulatory and market driven remuneration reform proposals.

The non-executive directors' fees to be approved by shareholders at the Annual General Meeting for the 2010/2011 financial period are reflected in the table below:

Board position	Current R000	Proposed R000
Chairman	415,8	450,0
Chairman of audit and compliance committee	200,0	160,0
Member of audit and compliance committee	95,0	80,0
Chairman of remuneration and nominations committee	79,0	85,0
Member of remuneration and nominations committee	40,0	42,5
Chairman of risk and sustainability committee		72,0
Member of risk and sustainability committee		36,0
Member of the board	126,0	135,0

Further details on the mandate and the composition of the committees appear in the corporate governance report on pages 39 to 46.

Remuneration

Fixed remuneration

Fixed remuneration is aligned with the median of the market as a general principle. Where scarce skills and key employees are at risk, management can differentiate and has discretion to pay up to the 75th percentile of the market. There is a focused endeavour to manage fixed remuneration cost between specified market ranges. These market ranges are obtained from both national and international salary survey houses on a bi-annual basis and applied as per current best reward practice.



Short-term incentives

Short-term incentives are delivery specific and are considered to drive competitiveness and performance. Short-term incentives are aligned with the results of the respective business units and overall group performance against agreed targets. Bonus pools are approved centrally, with custodianship by ReNco, with due consideration of operating profit, earnings growth and other metrics maintaining a balance in delivery to both shareholders and employees.

Long-term incentives

The long-term incentive awards seek to ensure that the objectives of management and shareholders are broadly aligned over a period of time longer than one year. The long-term incentive provides management and employees with a stronger link to the continuing performance of the group, thereby encouraging an equity culture. The group currently operates two trusts and an executive option scheme whose objectives are to incentivise the employees of the group by enabling them to acquire group shares as well as a Management "A" Share Trust to incentivise executives and senior management.

Business Connexion Group Share Trust

In terms of a general meeting of shareholders held on 28 April 2004, the meeting voted to create a trust called Business Connexion Group Share Trust. At 31 August 2010, 2 697 768 (2009: 3 529 000) options were in issue in this trust.

The CH Share Purchase Trust

The CH Share Purchase Trust was formed in 1995 to incentivise employees of the Comparex Group by enabling them to acquire shares in Comparex Holdings Limited. In 1997, the share incentive schemes previously operated by the Q Data Limited Securities Purchase and Option Trust were incorporated into the scheme. The trust is empowered to operate a credit purchase scheme, a cash purchase scheme and a share option scheme, but only the share option scheme was used. The last options expired in August 2010. At 31 August 2010, nil (2009: 1 486 904) options were in issue in this trust.

In terms of a shareholders' meeting on 28 April 2004, permission was sought and received to reduce the option price by the amount of the dividends paid out by Comparex Holdings Limited totalling R6,50 per share.

In terms of a shareholders' meeting on 26 November 2008, permission was sought and received to reduce the option price by the amount of the special dividends paid out by Business Connexion totalling R0,60 per share.

The trusts are entitled to acquire the Business Connexion shares which they need to meet their commitments from time to time either by purchasing those shares on the market or by subscribing for new shares in Business Connexion.

Business Connexion (2009) Executive Share Option Scheme

The Business Connexion (2009) Executive Share Option Scheme was approved by shareholders on 12 May 2009. The objective and purpose of this scheme is to grant options to senior employees, to enable them to acquire fully paid shares in Business Connexion so as to promote employee satisfaction and increase the continuous profitability by enhancing the performance of these employees and retaining their skills.

Share options related to this scheme are allocated to key individuals based on the following criteria:

- impact that the person has on the group's staff;
- impact that the person has on key clients;
- impact that the person has on technology partners;
- impact that the person has in his/her community; and
- impact that the person has towards the financial result.

The maximum amount of unissued shares to be utilised for all schemes (excluding the BCG Management "A" Share Trust) amounts to 26 263 691 shares. The group is authorised to buy any additional shares required on the open market.

BCG Management "A" Share Trust

The ICT industry is faced with significant skills shortages and it is with this in mind that the BCG Management "A" Share Trust ("A" Share Trust) was established. The objective of the trust is to grant "A" shares to participating employees to promote economic empowerment within the group as well as to encourage employees to drive growth and profitability within the group.

Remuneration report continued

The trust allocated units (one unit in the trust equals one "A" share in the share capital of Business Connexion Group Limited) in the trust to executives and senior management of the group. 51,6% of the units were allocated to black employees and 48,4% to non-black participating employees. The allocation of units to participating employees was based on the following parameters:

- executive committee members with a division that generates revenue in excess of R500 000 000 qualified for 3 411 000 units (0,9% shareholding);
- executive committee members with a division that generates revenue less than R500 000 000 qualified for 1 895 000 units (0,5% shareholding); and
- the allocation to management in the E-upper grade with salaries in excess of R1 250 000 was based on their level of contribution to the business as a whole and ranged from 490 942 to 1 097 004 units (0,13% to 0,29%).

Some of the participating employees held share options in the Business Connexion (2009) Executive Share Option Scheme and they were required to replace these share options with units in the Trust. The share options that were replaced with units will be available for distribution to other employees as part of the Business Connexion (2009) Executive Share Option Scheme (Exec scheme).

Remuneration paid to non-executive directors for the 12 months ended 31 August 2010 and 15 months ended 31 August 2009

Name	Period	Directors' fees R000	Chairman fees R000	Additional fees R000	Chairman of committee R000	Member of committee R000	Total 2010 R000	Total 2009 R000
AC Ruiters~	Sept 2009 – Aug 2010		415,8	308,7	59,3	73,3	857,1	1 136,1
JF Buchanan~*	Sept 2009 – Aug 2010	126,0		56,3	200,0	40,0	422,3	568,6
FL Sekha~	Sept 2009 – Aug 2010	126,0		21,3	19,7	30,0	197,0	314,8
JM Poluta~*	Sept 2009 – Aug 2010	126,0		100,0		108,3	334,3	84,2
NN Kekana	Sept 2009 – Aug 2010	126,0		47,5			173,5	170,0
M Lehobye~*	May 2010 – Aug 2010	42,0		23,8		45,0	110,8	
J John*	May 2010 – Aug 2010	42,0		23,8		31,6	97,4	
SV Zilwa	Sept 2009 – Oct 2009	15,2				11,5	26,7	84,2
PA Watt	Jun 2008 – Oct 2008							49,5
		603,2	415,8	581,4	279,0	339,7	2 219,1	2 407,4

* Member of the Audit, risk and compliance committee

~ Member of the Remuneration and nominations committee

Remuneration paid to executive directors for the 12 months ended 31 August 2010 and 15 months ended 31 August 2009

Name	Period	Basic salary R000	Performance bonuses R000	Allowances and benefits R000	Pension contributions R000	Total 2010 R000	Total 2009 R000
LB Mophatlane	Sept 2009 – Aug 2010	3 658,2	3 004,9	220,1		6 883,2	6 798,7
V Olver	Sept 2009 – Aug 2010	2 199,2	1 580,0	181,1	205,5	4 165,8	214,0
MW Schoeman	June 2008 – July 2009						4 702,1
		5 857,4	4 584,9	401,2	205,5	11 049,0	11 714,8

Executive directors' service contracts are the same as for all employees in the group with a notice period of 30 days and no pre-determined retirement obligations.

Remuneration paid to senior management for the 12 months ended 31 August 2010 and 15 months ended 31 August 2009

	Period	Basic salary R000	Performance bonuses R000	Allowances and benefits R000	Pension contributions R000	Total 2010 R000	Total 2009 R000
Senior management	Sept 2009 – Aug 2010	56 630,2	15 991,0	5 663,6	3 586,3	81 871,1	94 240,2

Senior management participate in the group share option schemes and realised gains on options exercised of R1,3 million (2009: R0,4 million) and also hold 28,5 million "A" shares.

Total senior management at 31 August 2010 was 46 (2009: 44).

Details of directors' interest in securities at 31 August 2010 and at 31 August 2009

Name	Direct beneficial 2010	Indirect beneficial 2010	Held by associates 2010	Total 2010	%	Direct beneficial 2009	Indirect beneficial 2009	Held by associates 2009	Total 2009	%
JF Buchanan		10 000		10 000			10 000		10 000	
JM Poluta			45 000	45 000	0,02			45 000	45 000	0,02
V Olver	32 000			32 000	0,01					
	32 000	10 000	45 000	87 000	0,03		10 000	45 000	55 000	

Details of executive directors' share options at 31 August 2010 and at 31 August 2009

Name	Issue no	Balance 31 Aug 2009	New options	Options exercised	Options replaced	"A" shares	Balance 31 Aug 2010
LB Mophatlane	1 Exec scheme "A" Share Trust	200 000 2 300 000			(2 300 000)	3 411 000	200 000 3 411 000
		2 500 000			(2 300 000)	3 411 000	3 611 000
V Olver	Exec scheme "A" Share Trust	1 073 200			(1 073 200)	3 411 000	3 411 000
		1 073 200			(1 073 200)	3 411 000	3 411 000
Total		3 573 200			3 373 200	6 822 000	7 022 000

Share options in issue at 31 August 2010 and at 31 August 2009

Issue no	Option price	Special dividend	Effective option price	Offer date	Vesting dates	Expiry date	Options at 31 Aug 2010
Business Connexion Group Share Trust							
Issue 1	R5,37	R0,60	R4,77	7 Nov 2005	One third Nov 2008 One third Nov 2009 One third Nov 2010	Nov 2011 Nov 2012 Nov 2013	859 941 859 997 977 130
Total share options in issue – Business Connexion Group Share Trust							2 697 768
Business Connexion (2009) Executive Share Option Scheme							
Issue 1	R3,26		R3,26	1 Jun 2009	One third June 2012 One third June 2013 One third June 2014	Sept 2012 Sept 2013 Sept 2014	3 291 233 3 291 233 3 291 334
							9 873 800
Issue 2	R4,76		R4,76	1 Nov 2009	One third June 2012 One third June 2013 One third June 2014	Sept 2012 Sept 2013 Sept 2014	439 480 439 481 439 481
							1 318 442
Total share options in issue – Business Connexion (2009) Executive Share Option Scheme							11 192 142

Issue no	Option price	Special dividend	Effective option price	Offer date	Vesting dates	Expiry date	Options at 31 Aug 2009
CH Share Purchase Trust							
Issue 9	R8,01	R7,10	R0,91	17 Apr 2000	All vested	Apr 2010	720 000
Issue 18	R9,44	R7,10	R2,34	2 Feb 2004	All vested	Aug 2010	766 904
Total share options in issue – CH Share Purchase Trust							1 486 904

Remuneration report continued

Issue no	Option price	Special dividend	Effective option price	Offer date	Vesting dates	Expiry date	Options at 31 Aug 2009
Business Connexion Group Share Trust Issue 1	R5,37	R0,60	R4,77	7 Nov 2005	One third Nov 2008 One third Nov 2009 One third Nov 2010	Nov 2011 Nov 2012 Nov 2013	1 176 333 1 176 333 1 176 334
Total share options in issue – Business Connexion Group Share Trust							3 529 000
Business Connexion (2009) Executive Share Option Scheme Issue 1	R3,26		R3,26	1 Jun 2009	One third June 2012 One third June 2013 One third June 2014	Sept 2012 Sept 2013 Sept 2014	7 992 533 7 992 533 7 992 534
Total share options in issue – Business Connexion (2009) Executive Share Option Scheme							23 977 600
							31 Aug 2010 31 Aug 2009
Movement in the share options							
Share trusts							
Opening balance of options granted							5 015 904 9 647 351
Options forfeited							(591 836) (1 209 512)
Options exercised							(1 726 300) (3 421 935)
Total options outstanding to Business Connexion employees							2 697 768 5 015 904
Number of shares on hand in trusts							(3 114 904) (2 370 499)
(Surplus)/shortfall in shares held by the trusts							(417 136) 2 645 405
Business Connexion (2009) Executive Share Option Scheme							
Opening balance of options granted							23 977 600 23 977 600
Options issued							1 744 660
Options replaced							(13 519 725)
Options forfeited							(1 010 393)
Shortfall in shares							11 192 142 23 977 600
Total shortfall in shares							10 775 006 26 623 005
Details of options exercised during the year							
CH Share Purchase Trust							
Issue 7							2 200 000
Issue 9							665 000 72 000
Issue 18							710 104 1 049 935
Business Connexion Group Share Trust							
Issue 1							351 196 100 000
							1 726 300 3 421 935
Closing share price 31 August							
Business Connexion Group Limited							R5,52 R4,50
Fair value of Business Connexion Group Limited shares held by the trusts (2010: 3 114 904, 2009: 2 370 499)							R17 194 270 R10 667 246
							31 Aug 2010 31 Aug 2009
Share-based payment expense							R000 R000
Issue 1 – Business Connexion Group Share Trust							1 034
Issue 1 – Business Connexion (2009) Executive Share Option Scheme							4 102 1 365
Issue 2 – Business Connexion (2009) Executive Share Option Scheme							332
"A" shares issued							46 447
							50 881 2 399



Creating shareholder value



Statements of financial position

at 31 August 2010

		COMPANY		GROUP	
	Notes	2010 R000	2009 R000	2010 R000	2009 R000
ASSETS					
Non-current assets					
Property, plant and equipment	1			308 258	299 628
Investment property	2			8 200	17 450
Capitalised leased assets	3			33 452	44 096
Goodwill	4			145 575	145 575
Intangible assets	5			107 888	90 200
Investment in subsidiaries	6	2 195 796	1 958 282		
Investment in associates and jointly controlled entities	7			7 880	14 917
Other investments	8	204 890	204 890	204 890	205 716
Deferred tax assets	9	1 690	2 854	25 861	45 620
		2 402 376	2 166 026	842 004	863 202
Current assets					
Amounts owed by group companies	10	282 703	315 416		
Inventories	11			138 172	189 579
Trade receivables	12			771 394	686 274
Other receivables	13	18 438	28 539	242 282	166 676
Prepayments		107	103	74 064	87 343
Taxation prepaid		293	41	20 741	11 448
Cash and cash equivalents	45	1 665	1 872	358 823	333 431
Asset held for sale	14			9 612	
		303 206	345 971	1 615 088	1 474 751
TOTAL ASSETS		2 705 582	2 511 997	2 457 092	2 337 953
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	15	1 792	1 550	1 774	1 536
Share premium		4 833 001	4 595 728	543 325	320 444
Foreign currency translation reserve				(27 574)	(20 091)
(Accumulated loss)/retained earnings		(2 297 512)	(2 311 133)	961 165	999 709
Share-based payment reserve		62 300	15 853	65 587	14 706
Shareholders' equity		2 599 581	2 301 998	1 544 277	1 316 304
Non-controlling interests				6 366	102 089
Total equity		2 599 581	2 301 998	1 550 643	1 418 393
Non-current liabilities					
Interest bearing long-term liabilities	16			26 667	26 350
Interest free long-term liabilities	17				
Post-retirement benefit obligations	18			12 055	10 931
Long-term provisions	22				582
Deferred tax liabilities	9			2 038	3 458
				40 760	41 321
Current liabilities					
Amounts owed to group companies	19		175 043		
Short-term liabilities	20	54 397		66 054	76 716
Trade payables				318 250	231 249
Other payables	21	51 604	34 956	478 965	564 775
Provisions	22			2 282	5 499
Taxation payable				138	
Liability held for sale	14				
		106 001	209 999	865 689	878 239
TOTAL EQUITY AND LIABILITIES		2 705 582	2 511 997	2 457 092	2 337 953

Statements of comprehensive income

for the year ended 31 August 2010

	Notes	COMPANY		GROUP	
		2010 R000	2009 R000	2010 R000	2009 R000
Revenue	23			4 059 979	5 496 127
Cost of sales				2 899 924	4 036 713
Gross profit				1 160 055	1 459 414
Operating expenses		(64 586)	(9 522)	(962 767)	(1 326 811)
Operating (loss)/profit	24	(64 586)	(9 522)	197 288	132 603
Share of losses from associates and jointly controlled entities	7			(2 231)	
Operating profit before investment income				195 057	132 603
Investment income	25	128 617	303 507	30 493	59 905
Profit before finance costs		64 031	293 985	225 550	192 508
Finance costs	26	(60)	(90)	(3 395)	(7 536)
Profit before tax		63 971	293 895	222 155	184 972
Taxation	27	(3 075)	(17 447)	(76 087)	(80 256)
Profit for the period		60 896	276 448	146 068	104 716
Other comprehensive income:					
Translation of foreign operations				(7 483)	(14 346)
Other comprehensive income for the period				(7 483)	(14 346)
Total comprehensive income for the period		60 896	276 448	138 585	90 370
Profit attributable to:					
Equity holders		60 896	276 448	123 247	106 932
Non-controlling interests				22 821	(2 216)
		60 896	276 448	146 068	104 716
Total comprehensive income attributable to:					
Equity holders		60 896	276 448	115 764	91 546
Non-controlling interests				22 821	(1 176)
		60 896	276 448	138 585	90 370
Basic earnings per share (cents)	28			47,2	41,6
Diluted earnings per share (cents)	28			40,1	41,0

Statements of changes in equity

for the year ended 31 August 2010

	Share capital R000	Share premium R000	Foreign currency translation reserve R000	Retained earnings R000	Share- based payment reserve R000	Share- holders' equity R000	Non- controlling interests R000	Total equity R000
Group								
Balance at 31 May 2008	1 515	320 444	(4 705)	1 092 212	12 307	1 421 773	105 040	1 526 813
Changes in equity for the period ended 31 August 2009	21		(15 386)	(92 503)	2 399	(105 469)	(2 951)	(108 420)
Movement in treasury shares and related reserves held by share purchase trusts	21			1 231		1 252		1 252
Share-based payments					2 399	2 399		2 399
Non-controlling interest on dividends received from subsidiaries							(1 775)	(1 775)
Total comprehensive income for the period			(15 386)	106 932		91 546	(1 176)	90 370
Profit and loss				106 932		106 932	(2 216)	104 716
Other comprehensive income for the period: foreign currency translation differences			(15 386)			(15 386)	1 040	(14 346)
Dividends paid				(200 666)		(200 666)		(200 666)
Balance at 31 August 2009	1 536	320 444	(20 091)	999 709	14 706	1 316 304	102 089	1 418 393
Changes in equity for the year ended 31 August 2010	238	222 881	(7 483)	(38 544)	50 881	227 973	(95 723)	132 250
Movement in treasury shares and related reserves held by share purchase trusts	10			4 052		4 062		4 062
Share-based payments					50 881	50 881		50 881
Non-controlling interest on dividends received from subsidiaries								
Total comprehensive income for the year			(7 483)	123 247		115 764	22 821	138 585
Profit and loss				123 247		123 247	22 821	146 068
Other comprehensive income for the year: foreign currency translation differences			(7 483)			(7 483)		(7 483)
Issue of new shares and acquisition of non-controlling interest	228	222 881		(118 971)		104 138	(118 544)	(14 406)
Dividends paid				(46 872)		(46 872)		(46 872)
Balance at 31 August 2010	1 774	543 325	(27 574)	961 165	65 587	1 544 277	6 366	1 550 643

Normal dividend paid per share (cents)

18,0 (2009: 18,0)

Special dividend paid per share (cents)

nil (2009: 60,0)

Statements of changes in equity continued

for the year ended 31 August 2010

	Share capital R000	Share premium R000	Accumu- lated loss R000	Share- based payment reserve R000	Share- holders' equity R000	Total equity R000
Company						
Balance as at 31 May 2008	1 550	4 595 728	(2 382 724)	14 699	2 229 253	2 229 253
Changes in equity for the period ended 31 August 2009			71 591	1 154	72 745	72 745
Share-based payments				1 154	1 154	1 154
Total comprehensive income for the period			276 448		276 448	276 448
Dividends paid			(204 857)		(204 857)	(204 857)
Balance as at 31 August 2009	1 550	4 595 728	(2 311 133)	15 853	2 301 998	2 301 998
Changes in equity for the year ended 31 August 2010	242	237 273	13 621	46 447	297 583	297 583
Share-based payments				46 447	46 447	46 447
Total comprehensive income for the year			60 896		60 896	60 896
Issue of new shares and acquisition of non-controlling interest	242	237 273			237 515	237 515
Dividends paid			(47 275)		(47 275)	(47 275)
Balance at 31 August 2010	1 792	4 833 001	(2 297 512)	62 300	2 599 581	2 599 581

Statements of cash flows

for the year ended 31 August 2010

	Notes	COMPANY		GROUP	
		2010 R000	2009 R000	2010 R000	2009 R000
Cash flows from operating activities					
Cash receipts from customers			12 410	3 984 999	5 655 626
Cash paid to suppliers and employees		1 494		(3 739 682)	(5 436 807)
Cash(utilised by)/generated from operations	41	(1 494)	12 410	245 317	218 819
Dividends received		138 587	303 464	28 451	14 235
Interest received		131	43	12 143	30 204
Finance costs		(60)	(90)	(3 395)	(7 536)
Dividends paid		(47 275)	(204 857)	(46 872)	(200 666)
Taxation paid	42	(2 163)	(18 797)	(66 903)	(135 419)
Net cash inflows/(outflows) from operating activities		87 726	92 173	168 741	(80 363)
Cash flows from investing activities					
Acquisition of business	43				(97)
Investments in, and advances to associates				(1 111)	(9 000)
Proceeds from sale of investments				846	3 836
Additions to property, plant and equipment, capitalised leased assets and intangible assets	44			(137 665)	(139 181)
Proceeds from the sale of property, plant and equipment, capitalised leased assets, intangible assets and assets held for sale				4 020	69 118
Net cash outflows from investing activities				(133 910)	(75 324)
Cash flows from financing activities					
Raising of long-term liabilities		54 397		30 563	21 254
Repayment of long-term liabilities				(3 271)	(35 242)
Repayment of capital element of finance leases				(8 191)	(21 166)
Repayment of short-term liabilities				(28 539)	
Advances to group companies		(142 330)	(90 732)		
Net cash outflows from financing activities		(87 933)	(90 732)	(9 439)	(35 154)
Net changes in cash and cash equivalents		(207)	1 441	25 392	(190 841)
Cash and cash equivalents at beginning of period		1 872	431	333 431	524 272
Cash and cash equivalents at end of period	45	1 665	1 872	358 823	333 431

Accounting policies

The principal accounting policies of the group and the company are set out below. These accounting policies are consistent with those applied in the previous period.

The consolidated financial statements of the company at and for the twelve months ended 31 August 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).

1. Basis of preparation

The financial statements are prepared under the historic cost convention as modified by the valuation of certain financial instruments and investment properties to fair value. The financial statements are prepared using the accounting policies set out below and are in accordance with the applicable International Financial Reporting Standards (IFRS), the AC 500 series issued by the South African Institute of Chartered Accountants and the Companies Act in South Africa. The accounting policies have been consistently applied by the group entities.

In the current year, the group adopted IFRS 3: Business Combinations for all business combinations which is effective for annual reporting periods beginning on or after 1 July 2009 and the amendment to IAS 27: Consolidated and Separate Financial Statements, which was effective for financial years beginning on or after 1 January 2010.

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

Accounting standards		Type	Effective date (financial years beginning on or after)
IFRS 2	Share-based Payment	Amendment	1 January 2010
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations	Amendment	1 January 2010
IFRS 9	Financial Instruments	New standard	1 January 2013
IAS 1	Presentation of Financial Statements	Amendment	1 January 2010
IAS 7	Statement of Cash Flows	Amendment	1 January 2010
IAS 17	Leases	Amendment	1 January 2010
IAS 36	Impairment of Assets	Amendment	1 January 2010
IAS 24	Related Party Disclosures	Amendment	1 January 2011
IAS 39	Financial Instruments: Recognition and Measurement	Amendment	1 January 2010

The directors anticipate that the adoption of these standards and amendments in the future will not have a material impact on the financial statements of the group and the company, but will require additional disclosure.

2. Basis of consolidation

Subsidiaries

Entities (including special purpose entities) in which the group, directly or indirectly, has the power to exercise control over the operations are considered to be subsidiaries. Control is achieved where an entity in the group has the power to govern the financial and operating policies of another entity to obtain the benefits of its activities. In assessing control, potential voting rights that currently are exercisable are taken into account.

The investments in subsidiaries in the holding entity's financial statements are carried at cost less any accumulated impairment losses.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the group. On acquisition, the identifiable assets, liabilities and contingent liabilities of a subsidiary are measured at fair value at the date of acquisition except for non-current assets held for sale which are carried at fair value less costs to sell.

The group measures goodwill at the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, including previously held equity interests in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured at the acquisition date.

Operating results of subsidiaries acquired are included from the date effective control is transferred to the group. Operating results of subsidiaries disposed of are included up to the effective date of disposal. All significant inter-company transactions and balances are eliminated.

Transactions with non-controlling shareholders

The non-controlling interests are measured at their proportionate interest in the identifiable net assets of the acquiree at date of acquisition. Acquisitions or disposals of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions. Any difference between the compensation and the non-controlling interest is recognised in a separate component in equity.

Accounting policies continued

2. Basis of consolidation (continued)

Transactions with non-controlling shareholders (continued)

Losses applicable to the non-controlling interests, including negative “other comprehensive income”, are allocated to the non-controlling interest even if doing so causes the non-controlling interest to be in a deficit position. The non-controlling interest is presented within equity separately from the parent shareholders’ equity.

3. Business combinations involving entities under common control

A business combination involving entities or businesses under common control is a business combination in which the same parties ultimately control all of the combining entities or businesses before and after the business combination.

In accounting for business combinations under common control, the assets and liabilities of the entities or businesses involved are transferred at the carrying amounts recognised previously in the group controlling shareholder’s consolidated financial statements. Any difference between the consideration paid and the carrying amounts of the assets and liabilities is recognised directly in retained earnings.

4. Investment in associates and jointly controlled entities

Associates are entities in which the group exercises a significant influence through participation in the financial and operating policy decisions of the entity, but in which it does not exercise control. Significant influence is presumed to exist when the group holds between 20 and 50 percent of the voting power of another entity.

Investments in associates and jointly controlled entities 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 or joint control commences until the date that significant influence or joint control ceases.

When the group’s share of losses exceeds its interest in an equity accounted investee, 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. The investment in the associate shall be accounted at cost less accumulated impairment. Where the associate’s year-end does not coincide with the group’s year-end, the associate’s most recent unaudited results are used.

5. Foreign currency transactions

Functional and presentation currency

Items included in the financial statements of each of the group’s entities are measured using the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in South African Rand, which is the entity’s functional currency and selected as the group’s presentation currency.

The results and financial position of all group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the reporting date;
- income and expenses are translated at an average exchange rate which approximates actual; and
- all resulting exchange differences are recognised as a separate component of other comprehensive income.

Group companies

On consolidation, exchange differences arising from the translation of the net investment in foreign operation, and of borrowings and other currency instruments designated as hedges of such investments, are recognised in a separate component of equity.

When a foreign operation is sold, such exchange differences are transferred to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rates.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rate prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currency are recognised in profit or loss except for differences arising on the translation of available-for-sale equity instruments, a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges, which are recognised directly in other comprehensive income. When an equity instrument is disposed of, all gains or losses in equity are transferred to profit or loss.

6. **Property, plant and equipment**

Property, plant and equipment represents tangible items that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and are expected to be used during more than one period.

Property, plant and equipment is stated at cost to the group less accumulated depreciation and any accumulated impairment costs. Cost includes expenditure that is directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components). Depreciation is calculated using the straight-line method to write off cost less residual value over their expected useful lives.

The assets' residual value and useful life are reviewed and adjusted if appropriate at each reporting date.

Leasehold improvements are depreciated over their lease period or useful life whichever is the shorter, however, if at inception of the lease it is reasonably certain that the lessee will obtain ownership of the asset by the end of the lease term, then the asset should be depreciated over the expected useful life of the asset.

Gains and losses on disposals of property, plant and equipment are determined by reference to their net carrying value at the date of sale and the consideration received, and are taken into account in profit or loss.

Subsequent expenditure on an item of property, plant and equipment is recognised as part of its cost only if it meets the general recognition criteria.

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

Property	50 years
Furniture and fittings	6 years
Equipment	3 to 6 years
Vehicles	4 to 5 years

Land is not depreciated as it is determined to have an indefinite life.

The depreciation method is reviewed annually.

7. **Investment property**

Investment property, which is property held to earn rentals and/or capital appreciation, is stated at fair value at the reporting date. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

8. **Leased assets**

Leases of property, plant and equipment where the group assumes substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased asset or the net present value of the minimum lease payments. The lease payments are allocated between the liability and finance charges to achieve a constant rate of return on the outstanding finance lease balance. The outstanding lease obligation, net of finance charges and the following year's liability, is included as a long-term interest bearing liability. The following year's liability is included in short-term borrowings. Lease finance costs are recognised as an expense as they accrue.

The cost of the asset is depreciated over the shorter of the lease period or the useful life of the asset. The useful life, when longer than the lease period, is used where there is a reasonable prospect that ownership of the asset will pass to the group.

Leased assets where the risks and rewards of ownership remain with the lessor are classified as operating leases. Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. When an operating lease is terminated before the expiry of the lease any penalty due is recognised immediately in profit or loss.

Where a lease contract is deemed to be onerous, a provision for the lower of the cost of fulfilling the lease and any compensation or penalties arising from failure to fulfil it, is raised. A lease is considered to be onerous when the unavoidable costs of meeting the obligation under the contract exceed the economic receivable.

Where the group is the lessor, the rental income from the operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Amounts due from the lessee are recorded as receivables. The receivable is raised using the net present value of the amount. If the period is for greater than one year the receivable is treated as long-term with the current portion reflected as trade receivables.

Accounting policies continued

9. Goodwill

The group measures goodwill at the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, including previously held equity interests in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured at the acquisition date.

Goodwill is recognised as an asset and carried at cost less accumulated impairment losses. It is reviewed for impairment at least annually or where there is an indication of impairment. Any impairment is recognised immediately in profit or loss and is not subsequently reversed. For the purpose of impairment testing, goodwill is allocated to each of the group's cash-generating units expected to benefit from the synergies of the acquisition. If the recoverable amount of the cash-generating unit is less than that of the carrying amount of the unit, the resulting impairment loss is allocated to goodwill and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit.

On disposal of a subsidiary or associate the attributable amount of goodwill is included in determining profit or loss on disposal. If the fair value of assets and liabilities of a subsidiary or associate, including assets and liabilities acquired in a business, exceeds the cost of acquisition, the difference is recognised immediately in profit or loss.

Any negative goodwill arising on acquisitions before financial years commencing after 31 March 2004 in terms of IFRS 3: Business Combinations has been adjusted against opening retained earnings.

10. Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. It includes patents, trademarks, fair value of contracts, capitalised development costs and certain costs of the purchase and installation of major information systems (including packaged software).

Intangible assets are initially recognised at cost if acquired separately or internally generated or at fair value if acquired as part of a business combination. If assessed as having an indefinite useful life, the intangible asset is not amortised but tested for impairment annually and impaired if necessary. If assessed as having a finite useful life, the intangible assets are amortised over their useful lives (generally three to seven years) using the straight-line basis and tested for impairment if there is an indication that they may be impaired.

Computer software

The residual values, amortisation method and useful lives are reviewed and adjusted if appropriate at each reporting date. 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.

The depreciation periods applicable are as follows:

Software	3 to 10 years
Fair value of contracts	Life of the contract

11. Impairments of non-financial assets (excluding goodwill)

At each reporting date, the group reviews the carrying amounts of its non-financial assets, other than investment property, inventories and deferred tax assets, to determine whether there is any indication that those assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated. The recoverable amount is the higher of fair value less cost to sell and the value in use.

The value in use is determined using the estimated future cash flows discounted to their present value using a pre-tax discount rate that reflects the market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount for an individual asset, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than the carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. The impairment losses are recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of impairment is recognised immediately in profit or loss.

12. Assets held for sale

Non-current assets classified as held for sale are disclosed at the lower of the carrying amount and fair value less cost to sell if the carrying amount is recognised primarily through a sale transaction rather than through continuing use.

This condition is regarded as met only when the sale is highly probable and the assets (or disposal group) are available for immediate sale which should be expected to qualify for recognition as a completed sale within one year from date of classification.

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, deferred tax assets, employee benefit assets and investment property, which continue to be measured in accordance with the group's accounting policies.

Impairment losses on initial classification as held for sale and subsequently gains and losses on re-measurements are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment losses.

13. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash and cash equivalents are measured at amortised cost.

14. Financial instruments

Financial instruments carried by the group on the statement of financial position include cash and cash equivalents, long- and short-term investments in equity and debt securities, trade and other receivables, trade and other payables, and long- and short-term loans and borrowings. The particular recognition and measurement policies adopted are disclosed in the accounting policy associated with the item.

Financial assets

Purchases and sales of financial assets are recognised on trade-date, being the date on which the group commits to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs, except those carried at fair value through profit or loss where transaction costs are recognised immediately through profit or loss.

Financial assets are classified into the following categories: financial assets at fair value through profit or loss (FVTPL), loans and receivables, held-to-maturity investments, and available-for-sale (AFS) financial assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets at fair value through profit or loss (FVTPL)

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is part of an identified portfolio of financial instruments that the group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the group's documented risk management or investment strategy, and information about grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39: Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at fair value through profit or loss are subsequently carried at fair value. Realised and unrealised gains and losses from changes in the fair value of "financial assets through profit or loss" category are included in profit or loss in the period in which they arise. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within twelve months of the reporting date.

Accounting policies continued

14. Financial instruments (continued)

Financial assets (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the group provides money, goods or services directly to a debtor with no intention of trading the receivable. Loans and receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method less any impairment.

An impairment loss is recognised when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

The amount of the impairment loss is the difference between the asset's carrying amount and the present value of estimated cash flows, discounted at the original effective interest rate. The amount of the impairment loss is recognised in profit or loss.

Loans and receivables are included in current assets, except for maturities greater than twelve months after the reporting date. These are classified as non-current assets. Loans and receivables are included in trade and other accounts receivables in the statement of financial position.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the categories above. They are included in non-current assets unless management intends to dispose of the investment within twelve months of reporting date.

Available-for-sale financial assets are subsequently carried at fair value. The fair value of quoted securities is based on bid prices. If the market for a financial asset is not active (as for example unlisted securities), the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

Gains and losses arising from changes in fair value are recognised in other comprehensive income with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets, which are recognised directly in profit or loss.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are recognised in comprehensive income.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the group's management has the positive intention and ability to hold to maturity. Held-to-maturity investments are carried at amortised cost using the effective interest method less any impairment, with revenue recognised on the effective yield basis.

Impairment of financial assets

The group assesses at each reporting date whether there is objective evidence that financial assets, other than those held at FVTPL, are impaired. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline of the fair value of the security below cost is considered in determining whether the securities are impaired.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Financial assets classified as loans or receivables or held-to-maturity that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables classified as loans or receivables or held-to-maturity could include the group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 180 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

14. Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an impairment allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent reversals of impairment losses are credited against the allowance account. Changes in the carrying amount of the impairment allowance account are recognised in profit or loss.

With the exception of the available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised. In respect of available-for-sale (AFS) equity securities, impairment losses previously recognised through profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised directly in other comprehensive income.

Derecognition of financial instruments

The group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the group retains substantially all the risks and rewards of ownership of a transferred financial asset, the group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Derivative financial instruments

The group uses derivative financial instruments (primarily foreign currency forward exchange contracts) to manage its risks associated with foreign currency fluctuations. Such derivatives are initially recorded at fair value and re-measured at subsequent reporting dates with changes reflected in profit or loss. Where the fair value of such derivatives cannot be reliably measured, they are measured at cost.

The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than twelve months and it is not expected to be realised or settled within twelve months. Other derivatives are presented as current assets or current liabilities.

Embedded derivatives

Derivatives embedded in other financial instruments or non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not carried at fair value with unrealised gains or losses reported in profit or loss.

Derivatives are governed by the group's policies approved by the board of directors and are not used for speculative purposes.

Hedge accounting

The group designates certain hedging instruments, which include derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL where the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near future; or
- it is a part of an identified portfolio of financial instruments that the group manages together and has a recent actual pattern of short-term profit taking ; or
- it is a derivative that is not designated and effective as a hedging instrument.

Accounting policies continued

14. Financial instruments (continued)

Financial liabilities (continued)

Financial liabilities at FVTPL (continued)

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39: Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability. Derivatives are governed by the group's policies approved by the board of directors and are not used for speculative purposes.

Hedge accounting

The group designates certain hedging instruments, which include derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

Trade and other payables

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

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of financial liabilities

The group derecognises financial liabilities when, and only when, the group's obligations are discharged, cancelled or they expire.

15. Inventories

Inventories are measured at the lower of cost and estimated net realisable value. Slow-moving inventory in excess of requirements or obsolete inventory is written down to net realisable value.

Cost is determined using the weighted average cost method.

The values of merchandise and work in progress include direct costs and, where appropriate, a proportion of overhead expenditure (based on normal operating capacity). It excludes borrowing costs.

The basis of determining the net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

16. Provisions

Provisions representing liabilities of uncertain timing or amount

Provisions are recognised when the group has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the expenditure required to settle the present obligation. Where the effect of discounting is material, provisions are measured at their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks for which future cash flow estimates have not been adjusted.

16. Provisions (continued)

Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as a provision. An onerous contract is considered to exist where the group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Restructuring

A restructuring provision is recognised when the group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditure arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Warranties

Provisions for warranty costs are recognised at the date of sale of the relevant products, at the estimated expenditure required to settle the group's obligation.

17. Deferred tax assets and liabilities

Deferred tax assets and liabilities are recognised on all temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statements. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill (or negative goodwill) or from the initial recognition (other than in business combinations) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. A deferred tax asset that arises from the distribution of dividends is recognised to the extent that it is probable that an entity will declare a dividend for which secondary tax on company credits can be utilised.

Deferred tax assets are recognised for capital losses to the extent that future gains, against which the loss can be offset, will be available.

Deferred tax is recognised in profit or loss except when it relates to items credited or charged directly in equity, in which case the deferred tax is dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

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 raised. Deferred tax is measured at the tax rates that are expected to be applied that have been enacted or substantively enacted by the reporting date.

18. Employee share options

The group issues equity-settled share options to certain employees. Equity-settled share options are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share options is expensed on a straight-line basis over the vesting period, based on the group's estimate of the shares that will eventually vest and is adjusted for the effect of non-market based vesting conditions.

A reserve is created in equity in which share-based payments are recognised over the vesting period. Fair value is measured using the Black Scholes method pricing model. The expected life used in the model has been adjusted, based on the management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

19. Post-retirement benefit obligations

Retirement obligation

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate trustee-administrated fund and will have no legal or constructive obligation to pay further amounts.

The group operates a number of defined contribution retirement schemes in the territories in which it operates. The assets of these schemes are generally held in separate trustee-administered funds. The schemes are generally funded by payments from the employees and by the relevant group entities, taking into account the recommendations of independent actuaries. The group's contributions to these schemes are recognised in profit or loss when settled.

Accounting policies continued

19. Post-retirement benefit obligations (continued)

Retirement obligation (continued)

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Post-retirement healthcare obligations

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

For post-retirement healthcare obligations, the cost of providing benefits is determined using the projected unit credit method. Costs in respect of past service are recognised in profit or loss, as are any adjustments required in terms of the actuarial valuations when past service costs have vested.

The post-retirement obligations, in the statement of financial position, represent the present value of future obligations.

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

20. 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, net of any tax effects.

Repurchase of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs and is net of tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from equity. When treasury shares are sold or reissued 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.

21. Dividends

Dividends to equity holders are included in the statement of changes in equity in the year in which they are declared. Tax costs incurred on dividends are dealt with in the statement of comprehensive income in the year in which the related dividend is declared.

22. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract.

The stage of completion of the contract is determined as follows:

- installation fees are recognised by reference to the stage of completion of the installation, determined as the proportion of the total time expected to install that has elapsed at the reporting date;
- servicing fees included in the price of products sold are recognised by reference to the proportion of the total cost of providing the servicing for the product sold, taking into account historical trends in the number of services actually provided on past goods sold; and
- revenue from time and material contracts is recognised at the contractual rates as labour hours are delivered and direct expenses are incurred.

Sales of goods

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

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

22. Revenue recognition (continued)

Royalties

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement.

Royalties determined on a time basis are recognised on a straight-line basis over the period of the agreement.

Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

Rental income

Rental income from investment properties is recognised on a straight-line basis over the term of the relevant lease.

Dividend and interest received

Dividends received from investments are recognised when the shareholder's right to receive payment has been established, which in the case of quoted securities is the ex-dividend date.

Interest received is accrued on a time basis, by reference to the principal amount outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

23. Cost of sales

When inventories are sold, the carrying amount is recognised as part of cost of sales. Any write-down of inventories to net realisable value and any loss of inventory or reversals of previous write-downs or losses are recognised in cost of sales in the period the write-down, loss or reversal occurs. Manpower costs, depreciation charges and any other expenses incurred in delivering a service are also recognised as part of cost of sales.

24. Borrowing costs

The group capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset; any other borrowing costs are recognised in profit or loss in the period in which they are incurred using the effective interest method.

25. Research and development costs

Research and development costs are written off to profit or loss, except for costs incurred on development projects, which are recognised as intangible assets if:

- a separately identifiable asset is created;
- it is probable that such expenditure has definite future economic benefits;
- the development costs can be reliably measured;
- the product or process is technically and commercially feasible; and
- the group intends to and has sufficient resources to complete the development and to use or sell the asset.

Development costs initially written off as an expense are not recognised as an asset in a subsequent period.

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

Research and development costs incurred over and above the agreed contracted value are expensed.

Expenditure that enhances and extends the benefits of computer software programs beyond their original specifications and useful life, is recognised as a capital improvement and added to the original cost of the software and the useful life is reassessed. Computer software development costs recognised as assets are depreciated using the straight-line method over their useful lives, not exceeding three years.

Research and development costs incurred in terms of a contract from a customer are treated as work-in-progress up to the agreed contracted value.

Accounting policies continued

26. Taxation

Income tax expense represents the sum of current and deferred tax.

Income tax

The current tax charge is based on the taxable profit for the period. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Secondary Tax on Companies (STC)

STC is recognised as part of the current tax charge when the related dividend is declared.

27. Segment reporting

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any group's other components.

An operating segment's operating results are reviewed regularly by the Chief executive officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

All intra-segment transactions are eliminated on consolidation.

28. Comparatives

During the year the group changed its segmental divisions to include the Innovation division, which houses the group's own intellectual property as well as the Investment division which houses the group's investment in associates, joint ventures and other strategic investments.

	Total revenue		Operating profit/(loss)	
	31 Aug 2010 R000	31 Aug 2009 R000	31 Aug 2010 R000	31 Aug 2009 R000
Services division	1 841 311	2 759 688	198 554	169 182
Technology division	1 527 337	2 359 969	52 598	(27 131)
Innovation division	397 942		66 161	
International division	350 485	526 956	(4 434)	(9 448)
Investment division			(765)	
Inter-segmental revenue	(57 096)	(150 486)	(114 826)	
	4 059 979	5 496 127	197 288	132 603

Notes to the annual financial statements continued

for the year ended 31 August 2010

	Property R000	Furniture and fittings R000	Equipment R000	Vehicles R000	Rental assets R000	Total R000
1. Property, plant and equipment						
Group						
Cost						
Cost at 31 May 2008	139 387	41 796	388 471	2 477	5 105	577 236
Additions	8 466	4 924	80 424			93 814
Transfer from rental assets			919		(919)	
Transfer from capitalised leased assets	484	281	6 811			7 576
Transfer from inventories					1 106	1 106
Transfer to intangible assets			(2 574)			(2 574)
Disposals	(60)	(1 362)	(43 213)	(402)		(45 037)
Currency translation differences	(973)	(441)	(566)	(300)		(2 280)
Cost at 31 August 2009	147 304	45 198	430 272	1 775	5 292	629 841
Additions	9 307	632	73 211	556	172	83 878
Transfer from capitalised leased assets	758		11 766			12 524
Transfer other	4 665	12 554	39 396	918		57 533
Disposals		(180)	(12 635)	(420)	(13)	(13 248)
Currency translation differences	(809)	(462)	(2 496)	(290)		(4 057)
Cost at 31 August 2010	161 225	57 742	539 514	2 539	5 451	766 471
Accumulated depreciation						
Accumulated depreciation at 31 May 2008	11 040	26 157	209 679	1 126	4 219	252 221
Depreciation	4 661	7 587	94 754	595	801	108 398
Transfer from capitalised leased assets	3					3
Disposals	(60)	(1 274)	(27 867)	(375)		(29 576)
Currency translation differences	(27)	(282)	(398)	(126)		(833)
Accumulated depreciation at 31 August 2009	15 617	32 188	276 168	1 220	5 020	330 213
Depreciation	7 487	5 746	66 546	353	212	80 344
Transfer from capitalised leased assets	375		1 193			1 568
Transfer other	3 172	4 490	49 763	391		57 816
Disposals		(141)	(9 685)	(417)	(12)	(10 255)
Currency translation differences	(25)	(269)	(1 023)	(156)		(1 473)
Accumulated depreciation at 31 August 2010	26 626	42 014	382 962	1 391	5 220	458 213
Carrying value at 31 August 2009	131 687	13 010	154 104	555	272	299 628
Carrying value at 31 August 2010	134 599	15 728	156 552	1 148	231	308 258

The insurable value of the group's property, plant and equipment, investment property and capitalised leased assets at 31 August 2010 is R941,7 million (2009: R902,3 million). The value is based on the cost of replacement except for vehicles that are at carrying value.

A list of land and buildings is available for inspection at the registered office of the company.

The carrying value of freehold land and buildings held as security for long-term liabilities amounted to R7,1 million (2009: R8,0 million). Details of assets held as security for long-term liabilities are disclosed in note 16.

Notes to the annual financial statements continued

for the year ended 31 August 2010

	2010 R000	2009 R000
2. Investment property		
Group		
Fair value of investment property at beginning of period	17 450	15 600
Increase in fair value during the period	362	1 850
Reclassification of investment property as asset held for sale	(9 612)	
Fair value of investment property at end of period	8 200	17 450

The group's investment property at 31 August 2009 has been valued by an independent property consultant not connected to the group, with appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

The investment property does not generate any rental income.

Freehold land comprises Erf 20 R Randjespark Extension 15.

	Land and buildings R000	Furniture and fittings R000	Equipment R000	Total R000
3. Capitalised leased assets				
Group				
Cost				
Cost at 31 May 2008	484	1 270	45 817	47 571
Additions			32 698	32 698
Transfer to property, plant and equipment	(484)	(281)	(6 811)	(7 576)
Disposals			(437)	(437)
Currency translation differences		(164)	(19)	(183)
Cost at 31 August 2009		825	71 248	72 073
Additions			8 822	8 822
Transfer to property, plant and equipment			(12 524)	(12 524)
Transfer from intangible assets			2	2
Transfer other		241	(8 682)	(8 441)
Disposals			(16 393)	(16 393)
Currency translation differences		(99)	(9)	(108)
Cost at 31 August 2010		967	42 464	43 431
Accumulated depreciation				
Accumulated depreciation at 31 May 2008	3	105	14 560	14 668
Depreciation		266	13 067	13 333
Transfer to property, plant and equipment	(3)			(3)
Disposals			(1)	(1)
Currency translation differences		(17)	(3)	(20)
Accumulated depreciation at 31 August 2009		354	27 623	27 977
Depreciation		199	6 930	7 129
Transfer to property, plant and equipment			(1 568)	(1 568)
Transfer from intangible assets			2	2
Transfer other		1	(8 729)	(8 728)
Disposals			(14 789)	(14 789)
Currency translation differences		(38)	(6)	(44)
Accumulated depreciation at 31 August 2010		516	9 463	9 979
Carrying value at 31 August 2009		471	43 625	44 096
Carrying value at 31 August 2010		451	33 001	33 452

Capitalised leased assets are encumbered as reflected in note 16.

	2010 R000	2009 R000
4. Goodwill		
Group		
Carrying value at beginning of period	145 575	154 093
Acquisition of business		97
	145 575	154 190
Impairment during the period		(8 615)
Carrying value at end of period	145 575	145 575
Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units that are expected to benefit from that business combination. The carrying amount of goodwill has been allocated to Business Connexion (Proprietary) Limited:		
Cost	162 074	162 074
Impairment	(16 499)	(16 499)
	145 575	145 575

Acquisition of business in the previous period related to Impi Linux (refer note 43).

The group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired. The recoverable amount of a cash-generating unit is the higher of fair value less cost to sell and the value in use. The value in use is determined using the estimated future cash flows discounted to their present value using a pre-tax rate that reflects the market assessments of the time value of money and the risks specific to the asset.

These calculations use cash flow projections based on historical information and financial budget approved by management covering a three year period. The projected cash flows are discounted to their present value using the weighted average cost of capital.

The goodwill impairment of R8,6 million in 2009, resulted from Business Connexion Communications (Proprietary) Limited being divisionalised, and the valuation of Impi Linux indicated impairment.

	Computer software R000	Fair value of contracts R000	Total R000
5. Intangible assets			
Group			
Cost			
Cost at 31 May 2008	175 073	26 825	201 898
Additions	12 669		12 669
Transfer from/(to) property, plant and equipment	2 729	(155)	2 574
Disposals	(239)		(239)
Currency translation differences	(419)		(419)
Cost at 31 August 2009	189 813	26 670	216 483
Additions	44 965		44 965
Transfer to capitalised leased assets	(2)		(2)
Transfer other	1 873	(63)	1 810
Disposals	(4 387)		(4 387)
Currency translation differences	(1 220)		(1 220)
Cost at 31 August 2010	231 042	26 607	257 649
Accumulated amortisation			
Accumulated amortisation at 31 May 2008	76 126	22 030	98 156
Amortisation	26 326	1 865	28 191
Disposals	(54)		(54)
Currency translation differences	(10)		(10)
Accumulated amortisation at 31 August 2009	102 388	23 895	126 283
Amortisation	23 880	1 514	25 394
Transfer to capitalised leased assets	(2)		(2)
Transfer other	1 878	(63)	1 815
Disposals	(3 320)		(3 320)
Currency translation differences	(409)		(409)
Accumulated amortisation at 31 August 2010	124 415	25 346	149 761
Carrying value at 31 August 2009	87 425	2 775	90 200
Carrying value at 31 August 2010	106 627	1 261	107 888

The intangible assets included above have finite lives, over which the assets are amortised. Intangible assets relating to the fair value of contracts are contracts acquired on acquisition of businesses and are amortised as and when the contract revenues are expected to be realised.

The insurable value of the group's computer software at 31 August 2010 is R16,0 million (2009: R225,3 million). The value was based on replacement cost.

Notes to the annual financial statements continued

for the year ended 31 August 2010

	COMPANY		GROUP	
	2010 R000	2009 R000	2010 R000	2009 R000
6. Investment in subsidiaries (Annexure A)				
Shares at cost	4 171 202	3 933 688		
Impairment of investment in subsidiaries	(1 975 406)	(1 975 406)		
Carrying value at end of period	2 195 796	1 958 282		
The valuation of investment in subsidiaries is the carrying value above.				
7. Investment in associates and jointly controlled entities (Annexure B)				
Shares at cost			3 675	3 675
Advances to associates and jointly controlled entities			6 436	11 242
Share of post-acquisition losses			(2 231)	
Carrying value at end of period			7 880	14 917
The advances to associates and jointly controlled entities are interest free, unsecured and repayable on demand.				
The group's share in assets and liabilities amounted to:				
Associates				
Intenda (Proprietary) Limited				
Total assets				7 237
Total liabilities				9 407
Hawkstone iSolutions (Proprietary) Limited				
Revenue			2 381	
Loss			(2 130)	
Total assets			4 431	3 015
Total liabilities			(6 560)	4 797
Jointly controlled entity				
Business Connexion Managed Print Solutions (Proprietary) Limited				
Loss			(101)	
Total liabilities			(101)	
8. Other investments				
Financial assets designated at fair value through profit and loss				
Dimension Data Holdings plc				826
2009: 110 024 shares at a share price of R7,50 per share. The shares were held by the CH Share Purchase Trust in order to fulfil its obligations.				
Fair value at end of period				826
Investments held-to-maturity				
Cost at beginning of period	204 890	204 890	204 890	205 213
Disposal of investment in Business Partners (Proprietary) Limited				(323)
Cost at end of period	204 890	204 890	204 890	204 890
Total other investments at end of period	204 890	204 890	204 890	205 716
Details of unlisted investments				
Gadlex (Proprietary) Limited – "A" preference shares	111 792	111 792	111 792	111 792
Gadlex (Proprietary) Limited – "B" preference shares	15 810	15 810	15 810	15 810
Gadlex Holdings (Proprietary) Limited – "C" preference shares	77 288	77 288	77 288	77 288
	204 890	204 890	204 890	204 890

Investments are valued at cost less accumulated impairment losses. The fair value of unlisted investments cannot be measured reliably as there is no open market value for these investments.

8. Other investments (continued)

Gadlex (Proprietary) Limited

Broad-based Black Economic Empowerment (B-bBEE) transaction

Effective 31 August 2010 the group successfully completed the restructuring of its B-bBEE deal, details are as follows:

- Gadlex (Proprietary) Limited switched its 20,01% holding in Business Connexion (Proprietary) Limited for a 10,2% holding in Business Connexion Group Limited through an issue of 41 092 438 ordinary shares in the share capital of Business Connexion Group Limited at R5.78 per ordinary share;
- an acquisition by the Business Connexion Group Share Trust of 2 492 438 ordinary shares from Gadlex (Proprietary) Limited at a purchase price of R5.78 per share to be settled in cash;
- the acquisition by Business Connexion Group Limited of a shareholder loan held by Gadlex (Proprietary) Limited in Business Connexion (Proprietary) Limited at a price of R40,0 million to be settled in cash; and
- the introduction of Gadlex Holdings (Proprietary) Limited, key Business Connexion Group Limited executives and senior management, organisations involved in social and community development and selected women's organisations as 19,8% Black Economic Empowerment shareholders in Business Connexion Group Limited.

The following special resolutions were passed on 8 September 2010 relating to the B-bBEE transaction:

A special resolution was passed at the annual general meeting to amend the Articles of Association to increase the authorised share capital by the creation of "A" shares.

A special resolution was passed at the annual general meeting to grant financial assistance to Gadlex Holdings (Proprietary) Limited, the BCG Management "A" Share Trust, the developmental organisations and the women's groups who will be participating in the "A" Share Transaction.

All the put and call options included in the previous shareholders' agreements between Business Connexion Group Limited and Gadlex (Proprietary) Limited were removed as part of renegotiation of the group's B-bBEE transaction approved by shareholders on 8 September 2010.

All cash amounts received by Gadlex (Proprietary) Limited, on the Business Connexion Group Limited shares held, be it dividends or otherwise, shall be used to redeem the below preference shares on similar terms as initially envisaged in the previous shareholders' agreement.

Gadlex (Proprietary) Limited - "A" preference shares

10 000 "A" preference share with a nominal value of R0,01 (one cent) each. The shares are redeemable, and cumulative and have a coupon rate of 80% of the South African prime rate. The approximate redemption date changed from 7 June 2013 to 31 August 2015 as a result of the new B-bBEE transaction.

Gadlex (Proprietary) Limited - "B" preference shares

1 000 "B" preference shares with a nominal value of R0,01 (one cent) each. The shares are redeemable, and cumulative and have a coupon rate of 80% of the South African prime rate and rank after the "A" preference shares. The approximate redemption date changed from 7 June 2013 to 31 August 2015 as a result of the new B-bBEE transaction.

Gadlex (Proprietary) Limited - "C" preference shares

10 000 "C" preference shares with a nominal value of R0,01 (one cent) each. The shares are redeemable, and cumulative and have a coupon rate of 80% of the South African prime rate and rank after the "A" and "B" preference shares. The approximate redemption date changed from 7 June 2013 to 31 August 2015 as a result of the new B-bBEE transaction.

Preference dividends accrued on the "A", "B" and "C" preference shares of R16,9 million (2009: R28,5 million) has been included in other receivables.

Notes to the annual financial statements continued

for the year ended 31 August 2010

	COMPANY		GROUP	
	2010 R000	2009 R000	2010 R000	2009 R000
9. Deferred tax				
Deferred tax assets at beginning of period	2 854	1 617	45 620	50 586
Deferred tax liabilities at beginning of period			(3 458)	(840)
Net deferred tax balance at beginning of period	2 854	1 617	42 162	49 746
Recognised in profit or loss	(1 164)	1 237	(18 339)	(7 584)
Net deferred tax balance at end of period	1 690	2 854	23 823	42 162
Deferred tax asset at end of period	1 690	2 854	25 861	45 620
Deferred tax liabilities at end of period			(2 038)	(3 458)
	1 690	2 854	23 823	42 162

The following are the major deferred tax assets and liabilities recognised by the group and the movements in the current and prior periods:

	STC credits R000	Accelerated tax depre- ciation R000	Pre- payments R000	Capitalised leased assets and liabilities R000	Provisions R000	Capital gains/ (losses) R000	Income received in advance R000	Net option share balance R000	Total R000
Group									
Balance at 31 May 2008	1 712	(3 646)	(5 086)	1 542	41 394	25	13 805		49 746
Recognised in profit or loss	1 278	(9 606)	(822)	(10 080)	12 158	(25)	(487)		(7 584)
Balance at 31 August 2009	2 990	(13 252)	(5 908)	(8 538)	53 552		13 318		42 162
Recognised in profit or loss	(1 300)	(14 629)	1 958	18 636	(19 929)		395	(3 470)	(18 339)
Balance at 31 August 2010	1 690	(27 881)	(3 950)	10 098	33 623		13 713	(3 470)	23 823
Company									
Balance at 31 May 2008									1 617
Recognised in profit or loss									1 237
Balance at 31 August 2009									2 854
Recognised in profit or loss									(1 164)
Balance at 31 August 2010									1 690

At 31 August 2010, the group had unutilised tax losses of R170,0 million (2009: R204,2 million) available for offset against future profits. No deferred tax asset has been raised on the unutilised tax losses due to the unpredictability of future profit streams. If a deferred tax asset was to be raised, an amount of R47,5 million (2009: R59,2 million) would be recognised in profit and loss.

At reporting date, the group had unutilised capital gains tax losses of R1 105,5 million (2009: R1 114,7 million). A deferred tax asset has not been raised on this amount due to the uncertainty of future capital gains.

	COMPANY		GROUP	
	2010 R000	2009 R000	2010 R000	2009 R000
10. Amounts owed by group companies				
Business Connexion (Proprietary) Limited The loan is unsecured, interest free and has no repayment terms.	243 575	315 416		
In 2009 Business Connexion Group Limited subordinated its right to claim or accept payment of R159,9 million until 31 August 2010.				
Business Connexion Group Share Trust The loan is unsecured, interest free and has no repayment terms.	14 406			
Business Connexion Technology Holdings (Proprietary) Limited The loan is unsecured, interest free and has no repayment terms.	24 722			
	282 703	315 416		

	COMPANY		GROUP	
	2010 R000	2009 R000	2010 R000	2009 R000
11. Inventories				
Cost				
Maintenance, components and consumables			161 324	152 501
Merchandise			59 159	115 527
Work in progress			13 450	44 389
			233 933	312 417
Write-down of inventories				
Maintenance, components and consumables			93 942	122 164
Merchandise			1 819	674
			95 761	122 838
Carrying value at end of period			138 172	189 579
12. Trade receivables				
Trade receivables			780 122	705 142
Impairment			(8 728)	(18 868)
Carrying value at end of period			771 394	686 274

Impairments are based on the objective evidence that the group will not be able to collect all the amounts due according to the original terms of trade receivables. Balances not impaired are considered recoverable. The carrying amount of the trade receivables approximates fair value because of the short period to maturity.

Standard credit terms are 30 days from date of invoice unless otherwise stipulated in an agreement with customers. Based on historic default rates the group believes that no impairment is necessary in respect of trade receivables not past due.

Details of the group's credit risk management policies are set out in note 38.

	Gross R000	Impairment R000	Carrying amount R000
Trade receivables ageing 31 August 2010			
Not past due	582 814		582 814
Past due 30 days	74 828		74 828
Past due 60 days	42 405	(658)	41 747
Past due 90 days	16 701		16 701
Past due >120 days	63 374	(8 070)	55 304
	780 122	(8 728)	771 394
Trade receivables ageing 31 August 2009			
Not past due	452 199		452 199
Past due 30 days	114 948		114 948
Past due 60 days	36 378	(800)	35 578
Past due 90 days	47 094		47 094
Past due >120 days	54 523	(18 068)	36 455
	705 142	(18 868)	686 274

	COMPANY		GROUP	
	2010 R000	2009 R000	2010 R000	2009 R000
Movement in the impairment of trade receivables				
Balance at beginning of period			18 868	24 940
Amounts written off as uncollectible			(11 420)	(5 321)
Created			8 728	2 496
Released			(7 448)	(2 724)
Currency translation differences				(523)
Balance at end of period			8 728	18 868

Notes to the annual financial statements continued

for the year ended 31 August 2010

	COMPANY		GROUP	
	2010 R000	2009 R000	2010 R000	2009 R000
13. Other receivables				
Loans to employees			181	284
Provision for uninvoiced income			198 240	97 720
Accrual for preference dividends	18 438	28 538	18 438	28 538
Other		1	25 423	40 134
	18 438	28 539	242 282	166 676
The carrying amount of other receivables approximates fair value.				
14. Assets and liabilities held for sale				
Asset held for sale				
Balance at beginning of period				31 930
Transfer from investment property			9 612	
Property sold				(31 930)
Balance at end of period			9 612	
Liability held for sale				
Balance at beginning of period				14 675
Repayment of liability				(14 675)
Balance at end of period				

The group received an offer to sell Erf 326 Randjespark Extension 94.

The group disposed of its remaining commercial property to Growthpoint Properties (Proprietary) Limited for an amount of R53,5 million in 2009.

	COMPANY		GROUP	
	Number of shares	R000	Number of shares	R000
15. Share capital				
Authorised share capital				
Ordinary shares				
31 August 2010 and 31 August 2009 ordinary shares of 0,59 cents each	847 457 627	5 000	847 457 627	5 000
"A" shares				
Authorised during the year	150 000 000	885	150 000 000	885
31 August 2010 "A" shares of 0,59 cents each	150 000 000	885	150 000 000	885
Issued share capital				
Ordinary shares				
Ordinary shares of 0,59 cents in issue at 31 August 2009	262 636 912	1 550	262 636 912	1 550
Ordinary shares issued during the year	41 092 438	242	41 092 438	242
Ordinary shares of 0,59 cents in issue at 31 August 2010	303 729 350	1 792	303 729 350	1 792
Less treasury shares held at 31 August 2010			3 114 904	18
Treasury shares held at 31 August 2009			2 370 499	14
Utilised during the year			(1 748 033)	(11)
Treasury shares purchased during the year			2 492 438	15
Net number of ordinary shares at 31 August 2010	303 729 350	1 792	300 614 446	1 774
"A" shares				
"A" shares of 0,59 cents issued during the year	75 100 000	443	75 100 000	443
"A" shares of 0,59 cents in issue at 31 August 2010	75 100 000	443	75 100 000	443

The "A" shares are legally issued but are not taken into account for accounting purposes as the substance of the transaction is that Business Connexion Group Limited has granted a share option which is accounted for as an equity-settled share-based payment in terms of IFRS 2: Share-based Payment, i.e they are still held by Business Connexion Group Limited pending their transfer to the participants in the "A" share transaction.

Shares held by the share purchase trusts as treasury shares at 31 August 2010 are 3 114 904 (2009: 2 370 499) representing 1,0% (2009: 0,9%) of the issued share capital.

	Less than one year R000	Between one and five years R000	GROUP	
			2010 R000	2009 R000
16. Interest bearing long-term liabilities				
<i>Liabilities under finance leases</i>				
Future minimum lease payments	10 061	20 706	30 767	
Lease finance charges	(2 038)	(1 890)	(3 928)	
Present value of minimum lease payments	8 023	18 816	26 839	
Future minimum lease payments	6 335	19 359		25 694
Lease finance charges	(1 744)	(2 778)		(4 522)
Present value of minimum lease payments	4 591	16 581		21 172
Liabilities under finance leases relate to assets with lease terms ranging from three to five years.				
These liabilities bear interest at fixed interest rates ranging between 2,0% and 10,22% (2009: 7,7% and 12,3%). A variable rate based on the base rate of the Bank of England plus 2% applies to a lease in GBP.				
The liabilities are in respect of the capitalised leased assets with a carrying value of R33,5 million (2009: R44,1 million) as shown in note 3. The group has the option to purchase these assets at the end of the lease term.				
The fair value of the finance lease liabilities and other liabilities is approximately equal to their carrying amounts.				
<i>Loans</i>				
Stanbic Tanzania			3 123	4 993
The loan bears interest at 8,5%, is secured by a guarantee from Business Connexion (Proprietary) Limited and is repayable over 60 months. The base currency for this loan is USD.				
Akiba Tanzania			2 164	
The loan bears interest at 9,0%, is secured by fixed assets and is repayable over 36 months. The base currency for this loan is USD.				
IBM Global Finance			1 173	2 630
The loan bears interest at 9,92%, is unsecured and is repayable over 36 months.				
Barclays Commercial Mortgage			5 025	5 741
The loan bears interest at the UK prime rate plus 1,25%, is secured by the freehold building at 4 Arlington Court, Arlington Business Park, Stevenage and is repayable over 20 years. The base currency of the loan is GBP.				
Refer note 1 for the carrying value of freehold buildings.				
Total interest bearing long-term liabilities			38 324	34 536
Short-term liabilities (note 20)			(11 657)	(8 186)
			26 667	26 350

	COMPANY		GROUP	
	2010 R000	2009 R000	2010 R000	2009 R000
17. Interest free long-term liabilities				
Gadlex (Proprietary) Limited	54 397		54 397	68 530
Short-term liabilities (note 20)	(54 397)		(54 397)	(68 530)

Gadlex (Proprietary) Limited subordinated its right to claim or accept repayment in 2009 for R40,0 million.

Notes to the annual financial statements continued

for the year ended 31 August 2010

	GROUP	
	2010 R000	2009 R000
18. Post-retirement benefit obligations		
Post-retirement healthcare benefits		
Balance at beginning of period	10 931	9 535
Interest	938	1 223
Current period service cost	597	496
Benefits paid	(411)	(323)
Balance at end of period	12 055	10 931
Amounts recognised in profit or loss		
Interest	938	1 223
Current period service cost	597	496
	1 535	1 719
It is not the group's policy to offer post-retirement healthcare benefits. At 31 August 2010, 60 individuals (31 August 2009: 74) have the right to post-retirement healthcare benefits as a result of terms and conditions applicable in their service contracts prior to becoming part of the group.		
It is the group's policy to provide in full for the future liabilities where the individual is already retired and over the remaining period of employment where the individual is currently employed.		
These liabilities are unfunded.		
The method used to value the liabilities is the projected unit credit method. The most significant assumptions are outlined below:		
Healthcare cost inflation (%)	7,3	5,8
Discount rate (%)	8,8	3,0 – 9,0
Average retirement age for in service members	63	63

	COMPANY		GROUP	
	2010 R000	2009 R000	2010 R000	2009 R000
19. Amounts owed to group companies				
Business Connexion Investments (Proprietary) Limited		29 005		
The loan is unsecured, interest free and has no repayment terms.				
Business Connexion Technology Holdings (Proprietary) Limited		146 038		
The loan is unsecured, interest free and has no repayment terms.				
		175 043		
20. Short-term liabilities				
Transfer from interest bearing long-term liabilities (note 16)			11 657	8 186
Transfer from interest free long-term liabilities (note 17)	54 397		54 397	68 530
	54 397		66 054	76 716
21. Other payables				
Accruals	796	463	147 776	122 897
Accrual for leave pay			78 802	92 725
Income received in advance			107 075	105 487
Payroll creditors			44 264	56 165
VAT			29 517	24 614
Accrual for restructuring cost				41 589
Financial liabilities	48 625	32 066		
Other	2 183	2 427	71 531	121 298
	51 604	34 956	478 965	564 775



	COMPANY		GROUP	
	2010 R000	2009 R000	2010 R000	2009 R000
22. Provisions				
Non-current liabilities				582
Current liabilities			2 282	5 499
			2 282	6 081
		Legal R000	Warranties R000	Total R000
Balance at 31 May 2008		600	1 852	2 452
Recognised in profit or loss		3 257	372	3 629
Balance at 31 August 2009		3 857	2 224	6 081
Recognised in profit or loss		(3 572)	(227)	(3 799)
Balance at 31 August 2010		285	1 997	2 282

The legal provision relates to possible claims on outstanding legal matters.

Warranties relate to possible claims on products sold. The amount is determined based on past experience.

	GROUP	
	2010 R000	2009 R000
23. Revenue		
For rendering services	2 214 727	3 428 096
Arising on sale of goods	1 845 252	2 068 031
	4 059 979	5 496 127

	COMPANY		GROUP	
	2010 R000	2009 R000	2010 R000	2009 R000
24. Operating (loss)/profit				
Operating (loss)/profit is stated after:				
Administration, management and other fees			21 719	17 428
Auditors' remuneration				
Audit fees				
– Current year			5 572	5 040
– Prior year(over)/under provision			(2 237)	2 920
Fees for other services			1 078	3 078
			4 413	11 038
Depreciation and amortisation				
Property, plant and equipment				
– Property			7 487	4 661
– Furniture and fittings			5 746	7 587
– Equipment			66 546	94 754
– Vehicles			353	595
– Rental assets			212	801
			80 344	108 398
Capitalised leased assets				
– Furniture and fittings			199	266
– Equipment			6 930	13 067
			7 129	13 333
Intangible assets				
– Computer software			23 880	26 326
– Fair value of contracts			1 514	1 865
			25 394	28 191

Notes to the annual financial statements continued

for the year ended 31 August 2010

	COMPANY		GROUP	
	2010 R000	2009 R000	2010 R000	2009 R000
24. Operating (loss)/profit (continued)				
Directors' emoluments				
Emoluments for services as directors of the company	13 268	14 122		
Less paid by subsidiaries	(13 268)	(14 122)		
Made up as follows:				
- Salaries and other benefits	6 464	8 680		
- Bonuses and performance related payments	4 585	3 035		
- Remuneration paid to non-executive directors	2 219	2 407		
	13 268	14 122		
Operating lease charges				
- Land and buildings			53 727	74 262
- Equipment			19 627	4 158
- Vehicles			1 078	538
			74 432	78 958
Foreign exchange losses			13 375	34 381
Research and development costs			14 931	14 029
Employee costs				
- Paid to employees			1 599 326	2 328 498
- Contributions paid on behalf of employees			134 229	153 969
			1 733 555	2 482 467
Average number of employees			4 733	4 840
Other disclosable items				
Fair value adjustment to other investments			12	279
Reversal of impairment of loan				6 606
Impairment of loan			(5 917)	
Fair value of financial liability			30 747	
Fair value adjustment to investment property			362	1 850
Fair value adjustment to share options	(14 307)	(4 055)		
Share-based payment expenses	(46 447)	(1 154)	(50 881)	(2 399)
Profit on sale of held for sale asset				21 580
Loss on sale of property, plant and equipment, capitalised leased assets and intangible assets			(1 644)	(474)
Goodwill impairment				(8 615)
Profit on sale of other investments			8	2 264
25. Investment income				
Interest received				
- Banks	39	43	11 487	30 921
- Loans and advances	92		49	
- South African Revenue Services			607	
Dividends received				
- Banks			1 384	
- Unlisted investments	16 899	28 538	16 966	28 966
- Listed investments				18
- Subsidiaries	111 587	274 926		
	128 617	303 507	30 493	59 905
26. Finance costs				
Interest on liabilities	60	90	2 745	3 902
Interest on finance leases			650	3 634
	60	90	3 395	7 536

	COMPANY		GROUP	
	2010	2009	2010	2009
	R000	R000	R000	R000
27. Taxation				
South African tax	3 075	17 447	68 912	73 712
Foreign tax			5 775	6 544
	3 075	17 447	74 687	80 256
Comprising				
Normal tax				
– Current period	36	13	52 507	57 664
– Prior period under/(over) provision	50	(103)	173	(8 015)
Deferred tax				
– Current period	1 164	(1 237)	17 492	(135)
– Prior period under provision			847	7 719
Withholding tax			3 242	4 249
Secondary tax on companies	1 825	18 774	1 826	18 774
	3 075	17 447	76 087	80 256
Reconciliation of effective tax rate	%	%	%	%
Effective tax rate	4,8	5,9	34,2	43,4
Deferred tax raised on secondary tax credits on companies	(1,8)	(0,4)	0,8	(0,7)
Withholding tax and secondary tax on companies	(2,9)	(6,4)	(2,3)	(12,4)
Differing tax rate			(0,5)	(3,3)
Reduction/(increase) in taxes due to exempt income, allowances and estimated tax losses	27,9	28,9	(4,2)	1,0
Statutory tax rate	28,0	28,0	28,0	28,0

South African income tax is calculated at 28% (2009: 28%) of the estimated taxable income for the period. Taxation in the other jurisdictions is calculated at rates prevailing in those relevant jurisdictions.

	GROUP	
	2010	2009
	R000	R000
28. Earnings per share		
Reconciliation of treasury shares		
Weighted average number of treasury shares held by the share purchase trusts at end of period	622 466	2 370 499
Weighted average number of options forfeited during the period in the share purchase trusts	1 160 573	2 966 832
Weighted average number of treasury shares	1 783 039	5 337 331
Weighted average number of shares is calculated as follows		
Number of ordinary shares in issue at end of period	262 636 912	262 636 912
Weighted average number of treasury shares	(1 783 039)	(5 337 331)
Weighted average number of shares	260 853 873	257 299 581
Diluted weighted average number of shares is calculated as follows		
Weighted average number of shares	260 853 873	257 299 581
Dilutive options at end of period	7 531 557	1 137 358
Options issued and exercised during the period that were dilutive for a portion of the period	650 322	2 645 405
Net ordinary shares issued to Gadlex (Proprietary) Limited in terms of B-bBEE transaction	38 600 000	
Diluted weighted average number of shares	307 635 752	261 082 344
Profit attributable to equity holders	123 247	106 932
Basic earnings per share (cents)	47,2	41,6
Diluted earnings per share (cents)	40,1	41,0

Notes to the annual financial statements continued

for the year ended 31 August 2010

	GROUP	
	2010 R000	2009 R000
29. Headline earnings per share		
Profit attributable to equity holders	123 247	106 932
Reversal of impairment of loans and other investments		(4 000)
Fair value adjustment to investment properties	(362)	(1 850)
Loss on sale of property, plant and equipment, capitalised leased assets and intangible assets	1 644	474
Profit on sale of held for sale asset		(21 580)
Impairment of goodwill		8 615
Tax effect of headline earnings adjustments	(221)	5 178
Non-controlling interest in headline earnings adjustments	(179)	2 634
Headline earnings attributable to equity holders	124 129	96 403
Weighted average number of shares	260 853 873	257 299 581
Diluted weighted average number of shares	307 635 752	261 082 344
Headline earnings per share (cents)	47,6	37,5
Diluted headline earnings per share (cents)	40,3	36,9
The group is not able to ascertain the extent of the ultimate dilution in 2015 in respect of the "A" shares issued and therefore has not included the potential dilution in diluted weighted average number of shares.		
30. Capital commitments		
Contracted/authorised	32 101	64 590
Capital commitments will be financed out of existing group resources.		
The capital commitments relate to capital expenditure on property as well as equipment.		

	<1 year R000	2 to 5 years R000	>5 years R000	Total 2010 R000
31. Operating lease commitments				
Group				
Land and buildings	56 968	121 400	31 616	209 984
Equipment	23 656	25 673		49 329
Vehicles	126	376		502
	80 750	147 449	31 616	259 815
				Total 2009 R000
Group				
Land and buildings	52 328	153 464	60 436	266 228
Equipment	5 067	8 204	1 811	15 082
Vehicles	74			74
	57 469	161 668	62 247	281 384

The operating lease commitments for land and buildings relate mainly to rentals of office space at all the regional locations. These leases have varying terms, escalation clauses and renewal periods.

There is no intention to purchase the equipment and vehicles reflected under operating lease commitments.

	COMPANY		GROUP	
	2010 R000	2009 R000	2010 R000	2009 R000
32. Contingent liabilities				
Guarantees				
- Performance guarantees			71 775	70 549
- Other			14 528	6 125
- Asset finance deals with recourse to Business Connexion (Proprietary) Limited			5 077	11 402
			91 380	88 076

The performance guarantees relate mainly to contracts awarded in the rest of Africa and will terminate upon conclusion of the contracts.

Contracts generally do not extend beyond one year.

33. Guarantees and contingencies

Company

The company has provided the following guarantees for Business Connexion (Proprietary) Limited, a fellow subsidiary, in favour of Nedbank.

Multi option facility

A multi option facility for up to R25 million, which may be availed by means of one or more of the following instruments, namely:

Direct facilities:

- Overdraft facility
- Overnight loans
- Foreign finance

Indirect facility:

- Letters of credit

Indirect facility

An indirect facility for up to R20 million, which may be availed by means of letters of guarantee.

Derivative facility

Forward exchange contracts for up to R6 million, being 10% of the amount of the forward exchange contract.

	COMPANY		GROUP	
	2010 R000	2009 R000	2010 R000	2009 R000
34. Related party transactions				
The group and company entered into the following transactions with subsidiaries, associates, jointly controlled entities and other related parties of the group who are able to exert significant influence on the group and its subsidiaries.				
<i>Dividends received</i>				
Gadlex (Proprietary) Limited and Gadlex Holdings (Proprietary) Limited	16 899	28 538	16 899	28 538
Business Connexion Technology Holdings (Proprietary) Limited	82 607	99 814		
Business Connexion Investments (Proprietary) Limited	28 980	10 667		
CH Share Purchase Trust		164 445		

For transactions with subsidiaries, associates and jointly controlled entities refer to notes 6, 7, 10 and 19.

For transactions with Gadlex (Proprietary) Limited and Gadlex Holdings (Proprietary) Limited refer to note 8, 17 and 20.

The directors have certified that they did not have a material interest in any transaction of any significance with the company or any of its subsidiaries, other than as set out in the directors' report.

The related party transactions entered into are at arm's length prices.

Refer to page 70 of the remuneration report for details of remuneration paid to senior management.

35. Borrowing powers

The Articles of Association of the company provide that the directors may from time to time:

- borrow for the purpose of the company such sums they deem fit; or
- secure the payment of any such sums or any other sums, as they deem fit, whether by the creation and issue of debentures, mortgage bonds or charge upon all or any of the properties of the company.

The borrowing powers are therefore considered to be unlimited.

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for the year ended 31 August 2010

36. Retirement information

All eligible permanent employees, other than those required to join a fund established by statute, are required to join the Business Connexion Group Pension and Provident Funds as a condition of employment. The employees become members of both funds simultaneously. Business Connexion and certain of its subsidiaries contribute to the Business Connexion Group Provident Fund and employees contribute to the Business Connexion Group Pension Fund. These funds are registered in the Republic of South Africa in terms of the Pension Funds Acts, 1956 and are approved by the South African Revenue Service. The funds are classified as defined contribution funds.

The Business Connexion Group Pension and Provident Funds are reviewed annually by an actuary at the funds' year-end. At the last review date, 28 February 2010, the funds were certified financially sound.

At the financial year-end, 28 February 2010, the funds had an active membership of 3 638 (2009: 4 024) members. During the period, the company contributions to the Business Connexion Group Provident Fund amounted to R61,9 million (2009: R63,1 million). The combined asset size of the Business Connexion Group Pension and Provident Funds at the end of the year was approximately R938,3 million (2009: R787,9 million).

The duties and responsibilities of administering the Business Connexion Group Pension and Provident Funds are adequately segregated. Alexander Forbes Financial Services, a leading firm of benefit administrators, consultants and actuaries, is responsible for the administration of the funds. Investment Solutions (Proprietary) Limited is primarily responsible for managing the assets of the funds.

The funds have adequate fidelity guarantee insurance against negligence, theft, fraud and dishonesty on the part of any of the funds' officers. The auditors of these funds are Deloitte.

37. Segmental analysis

Business Connexion's primary segmental analysis is based on the following business segments:

- Services division relates to the control and management of clients' systems and services on an ongoing basis. It includes the service management centre, professional services and infrastructure services;
- Technology division provides clients with hardware and network for their computing needs;
- International division provides the services of Services division and Technology division outside the borders of South Africa;
- Innovation division houses the group's own intellectual property;
- Investment division houses the group's investments in associates, jointly controlled entities and other investments; and
- Corporate office relates to group shared services, investments and treasury functions.

Revenue and expenses are allocated to a segment based on the actual results of the division.

	Total revenue		Inter-segmental revenue		Total external revenue	
	2010	Restated 2009	2010	Restated 2009	2010	Restated 2009
	R000	R000	R000	R000	R000	R000
Services division	1 841 311	2 377 426	(1 104)	(88 625)	1 840 207	2 288 801
Technology division	1 527 338	2 239 717	(53 447)	(61 861)	1 473 891	2 177 856
Innovation division	397 942	608 765	(2 546)		395 396	608 765
International division	350 485	420 705			350 485	420 705
Inter-segmental revenue	(57 097)	(150 486)	57 097	150 486		
	4 059 979	5 496 127			4 059 979	5 496 127
			Depreciation		Operating profit	
			2010	Restated 2009	2010	Restated 2009
			R000	R000	R000	R000
Services division			73 130	99 348	198 554	180 500
Technology division			5 610	7 541	52 598	21 500
Innovation division			3 245	2 136	66 161	114 700
International division			5 604	9 101	(4 434)	(55 100)
Investment division					(765)	
Corporate office			25 278	31 796	(114 826)	(128 997)
			112 867	149 922	197 288	132 603

37. Segmental analysis (continued)

	Capital expenditure		Assets		Liabilities	
	2010	Restated 2009	2010	Restated 2009	2010	Restated 2009
	R000	R000	R000	R000	R000	R000
Services division	113 154	129 282	651 131	236 299	124 404	50 410
Technology division	8 384	7 728	748 867	554 959	476 450	288 180
Innovation division	18	1 807	157 315	46 212	75 380	30 340
International division	60	24	179 796	215 924	27 816	238 707
Investment division			5 142			
Corporate office	16 049	340	714 841	1 284 559	202 399	311 923
	137 665	139 181	2 457 092	2 337 953	906 449	919 560

38. Financial instruments

Financial risk management

The group has exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity 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 consolidated financial statements.

The board of directors has overall responsibility for the establishment and oversight of the group's risk management framework. The board has established the Audit, risk and compliance committee, which is responsible for developing and monitoring the group's risk management policies. The committee reports regularly to the board of directors on its activities.

The group's risk management policies are established to identify and analyse the risks faced by the group, to set appropriate risk limits and control, 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 group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit, risk and compliance committee 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. The Audit, risk and compliance committee is assisted in its oversight roles by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the result of which are reported to the Audit, risk and compliance committee.

The group's financial instruments consist of cash and cash equivalents, other investments, trade and other receivables, trade and other payables and liabilities.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial instrument are disclosed in note 14 of the accounting policies.

Capital risk management

The group manages its capital to ensure that entities in the group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of debt and equity.

The capital structure of the group consists of debt, which includes the liabilities disclosed in notes 16, 17 and 20, cash and cash equivalents and shareholders' equity, comprising issued capital, reserves and retained earnings.

Notes to the annual financial statements continued

for the year ended 31 August 2010

38. Financial instruments (continued)

Treasury risk management

The group's treasury function provides the group with access to local money markets and the group entities with the benefits of bulk financing and depositing.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, or interest rates, will affect the group's profit or loss or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within parameters, while optimising the return on risk.

Currency risk

The group's activities expose it primarily to the market risk of changes in foreign currency exchange rates. The group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of group entities. The group's policy is to take out forward cover for all trade commitments where this is possible and if not, the treasury holds currency to match the exposures. Each operation manages its own trade exposure in consultation with the group treasury. The risk of having to close out the contracts is considered low and the amounts and currencies involved are set out below. There are no forward exchange contracts for periods beyond 90 days.

	Original contract R000	Fair value at period end R000	Foreign currency value R000
Forward exchange contracts at 31 August 2010	217 520	213 273	
United States Dollars (USD)	216 444	212 189	28 489
Australian Dollars (AUD)	649	657	100
Botswana Pula (BWP)	37	37	34
Euro (EURO)	54	55	6
New Zealand Dollar (NZD)	336	335	65
Forward exchange contracts at 31 August 2009			
United States Dollars (USD)	217 969	209 472	26 319

The group's exposure to significant currency risk was as follows:

	USD 000	AUD 000	BWP 000	EURO 000	NZD 000	GBP 000
Gross balance sheet exposure at 31 August 2010	(8 070)	(142)	67	8		9
Cash and cash equivalents	3 123			54		29
Trade receivables	4 973		67			
Trade payables	(16 166)	(142)		(46)		(20)
Foreign exchange contracts in place	28 489	100	34	6	65	
Foreign currency exposure	20 419	(42)	101	14	65	9

	31 Aug 2010	31 Aug 2009
The following significant exchange rates applied.		
ZAR/USD	7,38	7,88
ZAR/AUD	6,65	
ZAR/BWP	1,06	
ZAR/EURO	9,40	11,26
ZAR/NZD	5,16	
ZAR/GBP	11,38	12,81

38. Financial instruments (continued)

Foreign exchange sensitivity analysis

A 10% strengthening of the Rand against the following currencies at 31 August 2010 would have decreased profit by the amount shown below. The analysis assumes that all other variables, in particular interest rates, remain constant and is applied against the gross balance sheet exposure and foreign exchange contracts at the reporting date.

	31 Aug 2010 R000	31 Aug 2009 R000
Impact on profit or loss		
USD	(2 114)	(8 533)
AUD	(127)	
BWP	23	
EURO	1	
GBP	(1)	

A 10% weakening in the Rand against the above currencies at 31 August 2010 would have had the equal but opposite effect on the above currencies to the amount shown above, on the basis that all other variables remain constant.

Interest rate risk

The sensitivity analysis below has been determined based on the exposure to interest rates as at the reporting date. A 50 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates. If interest rates had been 50 basis points higher and all other variables were held constant, profit for the period ended 31 August 2010 would increase by R2,8 million (2009: increase by R2,5 million). This is mainly attributable to the group's exposure to interest rates on its cash and cash equivalents and other investments. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. This analysis is performed on the same basis for 2009.

	COMPANY		GROUP	
	2010 R000	2009 R000	2010 R000	2009 R000
Other investments	204 890	204 890	204 890	204 890
Amounts owed by group companies (interest free)	282 703	315 416		
Cash and cash equivalents (interest free)	1 665	1 872	358 823	333 431
Interest bearing long-term liabilities			(26 667)	(26 350)
Amounts owed to group companies (interest free)		(175 043)		
Short-term liabilities			(11 657)	(8 186)
	489 258	347 135	525 389	503 785

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. Potential areas of credit risk consist of trade receivables, other receivables, cash and cash equivalents, foreign exchange contracts and other investments.

Trade receivables consist mainly of a large, widespread customer base. The group monitors the customer base on an ongoing basis and where considered appropriate or where necessary, an impairment allowance is made against the trade receivable. At period-end management do not consider there to be any material exposure that has not been covered by impairment. The risk of doing business in the rest of Africa is mitigated through advance payments and the use of letters of credit.

It is group policy to deposit short-term cash with major banks of good standing.

The group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The group's exposure and the creditworthiness of its counterparties are continuously monitored. Credit exposure is reviewed in the business unit segment on an ongoing basis.

The ageing of trade receivables has been analysed in note 12.

Notes to the annual financial statements continued

for the year ended 31 August 2010

38. Financial instruments (continued)

Credit risk (continued)

The company's and group's total exposure to credit risk is as follows:

	COMPANY		GROUP	
	2010	2009	2010	2009
	R000	R000	R000	R000
Loans to associates			6 436	11 242
Other investments	204 890	204 890	204 890	204 890
Amounts owed by group companies	282 703	315 416		
Trade receivables			771 394	686 274
Other receivables	18 438	28 539	242 282	166 676
Cash and cash equivalents	1 665	1 872	358 823	333 431
	507 696	550 717	1 583 825	1 402 513

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 risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the company's reputation.

The group manages liquidity risk by monitoring forecasted cash flows and ensuring unutilised borrowing facilities are monitored. The group has the following unutilised banking facilities:

Overdraft facilities R100,0 million (2009: R20,0 million).

Maturity profile of financial instruments including finance lease liabilities

	<1 year	2 to	31 Aug
	R000	5 years	2010
	R000	R000	R000
Group			
<i>Financial assets</i>			
Other investments		204 890	204 890
Trade and other receivables	1 013 676		1 013 676
Cash and cash equivalents	358 823		358 823
	1 372 499	204 890	1 577 389

	Carrying amount	Contracted outflows			Contracted outflows
	31 Aug	31 Aug			31 Aug
	2010	2010	<1 year	2 to	2010
	R000	R000	R000	5 years	R000
				R000	
<i>Financial liabilities</i>					
Interest bearing long-term and short-term liabilities	38 324	44 052	14 224	29 828	44 052
Trade and other payables	797 215	797 215	797 215		797 215
Interest free short-term liabilities	54 397	54 397	54 397		54 397
	889 936	895 664	865 836	29 828	895 664

			<1 year	2 to	31 Aug
			R000	5 years	2009
			R000	R000	R000
Group					
<i>Financial assets</i>					
Other investments				205 716	205 716
Trade and other receivables			852 950		852 950
Cash and cash equivalents			333 431		333 431
			1 186 381	205 716	1 392 097

	Carrying amount	Contracted outflows			Contracted outflows
	31 Aug	31 Aug			31 Aug
	2009	2009	<1 year	2 to	2009
	R000	R000	R000	5 years	R000
				R000	
<i>Financial liabilities</i>					
Interest bearing long-term and short-term liabilities	34 536	34 536	8 186	26 350	34 536
Trade and other payables	796 024	796 024	796 024		796 024
Interest free long-term and short-term liabilities	68 530	68 530	68 530		68 530
	899 090	899 090	872 740	26 350	899 090

38. Financial instruments (continued)

Fair value

	2010		2009	
	Fair value R000	Carrying value R000	Fair value R000	Carrying value R000
Group				
<i>Financial assets</i>				
<i>Financial assets measured at amortised cost</i>				
Loans and receivables				
Trade receivables	771 394	771 394	686 274	686 274
Other receivables	242 282	242 282	166 676	166 676
Cash and cash equivalents	358 823	358 823	333 431	333 431
<i>Investments held-to-maturity</i>				
Other investments	204 890	204 890	204 890	204 890
<i>Financial assets measured at fair value</i>				
Other investments			826	826
	1 577 389	1 577 389	1 392 097	1 392 097
<i>Financial liabilities</i>				
<i>Financial liabilities measured at amortised cost</i>				
Interest bearing long-term and short-term liabilities	38 324	38 324	34 536	34 536
Interest free short-term liabilities	54 397	54 397	68 530	68 530
Trade payables	318 250	318 250	231 249	231 249
Other payables	478 965	478 965	564 775	564 775
Forward exchange contracts	217 520	213 273		
	1 107 456	1 103 209	899 090	899 090
Company				
<i>Financial assets</i>				
<i>Financial assets measured at amortised cost</i>				
Loans and receivables				
Amounts owed by group companies	282 703	282 703	315 416	315 416
Other receivables	18 438	18 438	28 539	28 539
Cash and cash equivalents	1 665	1 665	1 872	1 872
<i>Investments held-to-maturity</i>				
Other investments	204 890	204 890	204 890	204 890
	507 696	507 696	550 717	550 717
<i>Financial liabilities</i>				
<i>Financial liabilities measured at amortised cost</i>				
Amounts owed to group companies			175 043	175 043
Other payables	51 604	51 604	34 956	34 956
	51 604	51 604	209 999	209 999

Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the tables above.

Loans and receivables

For loans and receivables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value.

Cash and cash equivalents

The carrying amount of cash and mutual accounts approximate fair value due to the relatively short-term maturity of these financial instruments.

Loans and payables

The carrying amount approximates fair value of the short period to maturity of these instruments.

Capital management

There were no changes in the group's approach to capital management during the year.

Neither the company nor any of its subsidiaries are subject to externally imposed capital requirements.

Notes to the annual financial statements continued

for the year ended 31 August 2010

39. Critical judgements in applying the accounting policies

In the process of applying the entity's accounting policies, management has made no critical judgements that have a significant effect on the amounts recognised in the financial statements.

40. Key sources of estimation uncertainty

The key assumptions concerning the future, other key sources of estimation, uncertainty at the reporting date, that have significant risk of causing material adjustments to the carrying amounts of the assets and liabilities within the next financial year, are discussed below:

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill is allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate present value.

	COMPANY		GROUP	
	2010 R000	2009 R000	2010 R000	2009 R000
41. Reconciliation of profit before tax to cash generated from/(utilised by) operations:				
Profit before tax	63 971	293 895	222 155	184 972
Dividends received	(128 486)	(303 464)	(18 350)	(28 984)
Interest received	(131)	(43)	(12 143)	(30 921)
Finance costs	60	90	3 395	7 536
Adjustments for non-cash items:				
Depreciation and amortisation			112 867	149 922
Profit on sale of held for sale asset				(21 580)
Loss on disposal of property, plant and equipment, capitalised leased assets and intangible assets			1 644	474
Movement in provisions			(13 939)	(2 443)
Impairment of loans and advances, other investments and goodwill			5 917	1 730
Post-retirement benefit obligations movements			1 124	1 396
Unrealised foreign exchange gains			(9 356)	(12 327)
Share-based payment expense	46 447	1 154	50 881	2 399
Revaluation of listed investments			(12)	
Fair value adjustment to investment properties			(362)	(1 850)
Fair value of financial liability			(30 747)	
Share of losses from associates and jointly controlled entities			2 231	
Profit on sale of other investments			(8)	(2 264)
Operating cash flow before working capital changes	(18 139)	(8 368)	315 297	248 060
Working capital changes:				
Decrease/(increase) in inventories			51 407	(80 523)
(Increase)/decrease in trade receivables			(74 980)	160 041
Increase in other receivables		(12 894)	(91 624)	(39 786)
(Increase)/decrease in prepayments	(3)		13 279	(23 509)
Increase/(decrease) in trade payables			87 001	(118 378)
Increase/(decrease) in other payables	16 648	33 672	(55 063)	72 914
Cash (utilised by)/generated from operations	(1 494)	12 410	245 317	218 819
42. Taxation paid is reconciled to the amount shown in the statement of comprehensive income as follows:				
Amounts prepaid/(unpaid and accrued for) at beginning of period	41	(72)	11 448	(51 299)
Recognised in profit and loss	(3 075)	(17 447)	(76 087)	(80 256)
Deferred tax recognised in profit and loss	1 164	(1 237)	18 339	7 584
Amounts prepaid at end of period	(293)	(41)	(20 603)	(11 448)
	(2 163)	(18 797)	(66 903)	(135 419)



	COMPANY		GROUP	
	2010 R000	2009 R000	2010 R000	2009 R000
43. Analysis of acquisition of business				
Goodwill				(97)
Gross acquisitions				(97)
Contingent purchase price				(97)
44. Additions to property, plant and equipment, capitalised leased assets and intangible assets				
Replacement			(91 289)	(84 872)
Expansion			(46 376)	(54 309)
			(137 665)	(139 181)
45. Cash and cash equivalents				
Cash and cash equivalents consist of:				
Bank balances and cash	1 665	1 872	358 823	333 431
The group has the following unutilised banking facilities:				
Overdraft facilities: R100,0 million (2009: R20,0 million).				

Annexure A: Investment in subsidiaries

	Percentage holding		Number of shares		Amount invested		Net amount advanced to/(by)	
	2010 %	2009 %	2010	2009	2010 R000	2009 R000	2010 R000	2009 R000
Direct holdings								
South Africa								
Business Connexion (Proprietary) Limited	100	79,99	57 836	46 263	1 594 097	1 356 583	243 575	315 416
Business Connexion Technology Holdings (Proprietary) Limited	100	100	100	100	601 645	601 645	24 722	(146 038)
Indirect holdings through Business Connexion (Proprietary) Limited								
South Africa								
Business Connexion Communications (Proprietary) Limited	100	100	300	300			142 681	137 741
Business Connexion Solutions Holdings (Proprietary) Limited	100	100	372 944	372 944	107 071	107 071		15 459
Nanoteq (Proprietary) Limited*	100	100	100	100	35 509	100	(4 457)	(10 829)
Namibia								
Business Connexion Namibia (Proprietary) Limited	75	75	2 625	2 625	7 079	7 079	6 186	5 484
United Kingdom								
Business Connexion Limited	100	100	2 100	2 100	4 062	4 062		
Tanzania								
Business Connexion Tanzania Limited	65	65	650	650	34	34	37 460	3 471
Zambia								
Business Connexion Zambia Limited	85	85	4 250	4 250	3	3		
Mozambique								
Business Connexion Mozambique Limitada	100	100	100	100	14 753	10	(888)	(4)
Nigeria								
Business Connexion Networks (Nigeria) Limited	100	100	10 000 000	10 000 000	669	669	11 995	7 208

A full list of subsidiaries is available to shareholders, on written request, from the registered office of the company. The trading subsidiaries have been listed above.

* Previously held by Business Connexion Technology Holdings (Proprietary) Limited.

Annexure B: Investment in associates and jointly controlled entities

Name of associate or jointly controlled entity	Percentage holding		Amount invested		Amount advanced	
	2010	2009	2010	2009	2010	2009
Associates						
South Africa						
Intenda (Proprietary) Limited		29,85				5 917
Jointly controlled entity						
Business Connexion Managed Print Solutions (Proprietary) Limited	50,01				101	
Hawkstone iSolutions (Proprietary) Limited	49,00	49,00	3 675	3 675	6 335	5 325

- The holding in Intenda (Proprietary) Limited of 29,85% was sold during the year.
- Business Connexion Managed Print Solutions (Proprietary) Limited name to be changed from Kuskoraal Investments (Proprietary) Limited.
- Hawkstone iSolutions (Proprietary) Limited has a 31 March year end.



Glossaries meetings & agendas

Definitions

Key definitions used in the annual report

1. Accounting policies

The specific principles, bases, conventions, rules and practices applied in preparing and presenting the financial statements.

2. Amortised cost

Part of the cost of an asset which is written off as amortisation or depreciation in the group's books of account, and represents accumulated amortisation or depreciation to date.

3. Asset

A resource controlled by the group as a result of a past event from which future economic benefits are expected to flow.

4. Associate

An entity over which the group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policies of the entity but is not control or joint control over those policies.

5. Available-for-sale assets

Those assets which are designated as available for sale or are not classified as loans and receivables, held to maturity investments or financial assets at fair value through profit and loss.

6. Average debtors' days

Average trade receivables adjusted for value added tax, divided by revenue for the period, multiplied by the number of days for the period.

7. Broad-based black economic empowerment (B-bBEE)

Government defines BEE as an integrated and coherent socio-economic process that directly contributes to the economic transformation of South Africa and brings about significant increases in the numbers of black people that manage, own and control the country's economy, as well as significant decreases in income inequalities. The ICT Charter defines BEE as the economic empowerment of all black people (Africans, Coloureds, Indians who are South African citizens), including women, workers, youth, people with disabilities and people living in rural areas, through diverse but integrated socio-economic strategies.

8. Carrying value

The value at which an asset is recognised after deducting any accumulated depreciation or amortisation and accumulated impairment losses.

9. Cash flow

- Financing activities: activities that result in changes to the capital structure of the group.
- Investing activities: activities relating to the acquisition, holding and disposal of property and equipment and long-term investments.
- Operating activities: activities that are not financing or investing activities and arise from operations conducted by the group.

10. Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

11. Cash-generating unit

The smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

12. Contingent liability

A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

13. Deferred tax assets

Deferred tax assets are the amounts of income taxation recoverable in future periods in respect of:

- deductible temporary differences arising due to differences between the taxation and accounting treatment of transactions; and
- the carry-forward of unused tax losses.

14. Deferred tax liabilities

Deferred tax liabilities are the amounts of income taxation payable in future periods due to differences between the taxation and accounting treatment of transactions.

15. Depreciation or amortisation

Depreciation refers to spreading a tangible asset's cost over the asset's useful life. Amortisation refers to spreading an intangible asset's cost over that asset's useful life.

16. Diluted weighted average number of shares

Weighted average number of shares in issue adjusted for dilutive options for the period. Dilutive options are options that have vested but have not yet been exercised.

17. Earnings per share (EPS)

- Basic EPS: profit attributable to equity holders for the period divided by the weighted average number of ordinary shares in issue during the period.
- Headline EPS: headline earnings divided by the weighted average number of shares in issue during the period.
- Fully diluted EPS: the relevant earnings figure is divided by the diluted weighted average number of shares in issue for the period.

18. Effective tax rate

The taxation charge in the statement of comprehensive income as a percentage of profit before taxation.

19. Employee benefits

All forms of consideration (excluding share options granted to employees) given in exchange for services rendered by employees.

20. Fair value

The amount for which an asset could be exchanged or a liability settled, between knowledgeable and willing parties in an arm's length transaction.

21. Finance costs

Interest and other costs incurred in connection with the borrowing of funds.

22. Finance lease

A lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

23. Financial instrument

A contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

24. Financial risk

The risk of a possible future change in one or more of a specific interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices and rates or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to a contract.

25. Foreign exchange translation gains/losses

The results and assets/liabilities of all foreign entities controlled by the group are translated at the closing exchange rate and the differences arising are recognised in the statement of comprehensive income as translation of foreign operations.

26. Going concern basis

The assumption that the entity will continue in operation for the foreseeable future.

27. Headline earnings

Headline earnings account for all the profits and losses from operational, trading, and interest activities, that have been discontinued or acquired at any point during the year. Excluded from this figure are profits or losses associated with the sale or termination of discontinued operations, fixed assets or related businesses, or from any permanent devaluation or write off of their values.

28. Impairment loss

The amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount.

29. Income taxation

Direct taxation includes normal taxation on income and capital gains tax (CGT).

30. Indirect taxation

Value added tax (VAT) and other taxes, levies and duties paid to government, excluding income taxation.

Definitions continued

31. Interest bearing liabilities to equity

Interest bearing liabilities as a percentage of total equity.

32. International financial reporting standards

The standards, as adopted by the International Accounting Standards Board (IASB), the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) of the IASB.

33. JSE Limited (JSE)

Previously the JSE Securities Exchange South Africa.

34. King III (the code)

The King Report on Corporate Governance in SA 2009, which sets out the principles of good corporate governance for South African companies and organisations.

35. Liability

A present obligation of an entity arising from a past event, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.

36. Liquidity risk

The risk that the group will not be able to meet its financial obligations as they fall due.

37. Market risk

The risk that changes in market prices, such as foreign exchange rates, interest rates and commodity prices, will affect the group's profit or loss.

38. Net asset value per share

Shareholders' equity divided by the number of shares in issue.

39. Net assets

Net operating assets plus cash and cash equivalents.

40. Normal dividend per share

Dividends paid divided by the number of shares in issue.

41. Operating expenses

Expenses associated with running a business but not considered directly applicable to the current line of goods and services being sold. These include sales and marketing, and general and administrative costs (including the salaries of people working in these areas).

42. Operating lease

A lease other than a finance lease.

43. Operating profit margin

Operating profit for the period divided by revenue for the period.

44. Operational risk

The risk of loss resulting from inadequate or failed internal processes and systems, incompetence or external events.

45. Post-employment benefits

Employee benefits (other than termination benefits) that are payable after the completion of the contract of employment.

46. Present value

A current estimate of the discounted value of future net cash flows.

47. Recoverable amount

The higher of an asset's fair value less costs to sell at its value in use.

48. Reputational risk

The risk of impairment of the group's image in the community or the long-term trust placed in the group by its stakeholders as a result of a variety of factors, such as the group's performance, strategy execution, ability to create shareholder value, or an activity, action or stance taken by the group. Such impairment could result in loss of business and/or legal action.

49. Residual value

The estimated amount which an entity would currently obtain from the disposal of the asset.

50. Restructuring

A programme that is planned and controlled by management and materially changes either the scope of a business or the manner in which that business is conducted.

51. Return on equity

Profit attributable to equity shareholders as a percentage of total equity.

52. Return on total assets

Operating profit divided by total assets less cash and cash equivalents and preference share investments.

53. Revenue

Increase in economic benefits in the form of inflows or enhancements of assets or decrease of liabilities that result in increases in equity.

54. SEA System

The SEACOM submarine cable linking Southern and East Africa to Europe and East Asia.

55. Secondary tax on companies (STC)

STC is a tax paid at company level on the net difference between dividends paid and dividends received.

56. Share-based payment transactions

- a. A cash-settled share-based payment transaction is the acquisition of goods or services by incurring a liability to transfer cash or other assets to the supplier of those goods or services for amounts that are based on the price (or value) of the entity's shares or other equity instruments.
- b. An equity-settled share-based payment transaction is a share-based payment transaction where goods or services are received and settled in equity instruments of the entity.

57. Tangible net asset value

Shareholders' equity, less goodwill and fair value of contracts, divided by the number of shares in issue.

58. Tax base

- a. The tax base of an asset is the amount that is deductible for tax purposes if the economic benefits from the asset are taxable or is the carrying amount of the asset if the economic benefits are not taxable.
- b. The tax base of a liability is the carrying amount of the liability less the amount deductible in respect of that liability in future periods.
- c. The tax base of revenue received in advance is the carrying amount less any amount of the revenue that will not be taxed in future periods.

59. Temporary differences

The differences between the carrying amount of an asset or liability and its tax base.

60. Total assets

An entity's non-current assets and current assets.

61. Total equity

An entity's shareholders' equity.

62. Total liabilities

An entity's non-current liabilities and current liabilities.

63. Treasury shares

An entity's own equity instruments, held by the entity or other members of the consolidated group.

64. Useful life

The period over which an asset is expected to be available for use.

65. Value in use

The present value of the future cash flows expected to be derived from an asset.

66. Weighted average number of shares

The number of shares in issue increased by the shares issued during the period, weighted on a time basis for the period during which they participated in the income of the group.

Abbreviations and acronyms

AGM	Annual general meeting	LWDCR	Lost work day case rate
Aids	Acute immune deficiency syndrome	MOSS	Microsoft office sharepoint server
ARC	Audit, risk and compliance committee	MPLS	Multiprotocol label switching
ATM	Automated teller machine	MPS	Managed print services
AS/NZ\$	Australian/New Zealand standard	MTM	Mark to market
BCM	Business continuity management	NAEDO	Non-authenticated early debit order
B-bBEE	Broad-based black economic empowerment	NAV	Net asset value
BEE	Black economic empowerment	NDC1	New Road data centre one
BPM	Business process management	NDC2	New Road data centre two
CAGR	Compound annual growth rate	NGO	Non-governmental organization
CEO	Chief executive officer	Nitac	National Information Technology Acquisition Consortium
CFO	Chief financial officer	NPV	Net present value
COSO	Committee of the sponsoring organisations of the Treadway Commission	OHASA	Occupational Health and Safety Act
CRM	Customer relationship management	OHSAS	Occupational health and safety assessment series
CSSA	Computer Society of South Africa	PDI	Previously disadvantaged individual
CSI	Corporate social investment	PERSAL	Personnel and salary system
DTI	Department of Trade and Industry	POP	Point of presence
EAC	East African community	ReNco	Remuneration and nominations committee
EAI	Enterprise application integration	ROA	Return on assets
ECF	Employee communication forum	ROE	Return on equity
EMEA	Europe, Middle East and Africa	SADC	Southern African Development Community
ERM	Enterprise resource management	SARB	South African Reserve Bank
ERP	Enterprise resource planning	SARS	South African Revenue Services
Exco	Executive committee	SCARC	Soweto Canoe and Recreation Club
FCTR	Foreign currency translation reserve	SEACOM	SEACOM is the first cable to provide broadband interconnectivity to countries in Africa
FIFA	Federation Internationale de Football Association	SENS	Securities Exchange News Service
GDP	Gross domestic product	SITA	State Information Technology Agency
GSMC	Global services management centre	STC	Secondary tax on companies
HAART	Highly active antiretroviral therapy	SMME	Small, medium and micro enterprises
HIV	Human immunodeficiency virus	VCE	Virtual computing environment
HSRC	Human Sciences Research Council	UK	United Kingdom
HR	Human resources	UNICEF	United Nations Children's Fund
IASB	International Accounting Standards Board	UNS	Unified network services
IAS	International Accounting Standards	USD	United States dollar
ICASA	Independent Communications Authority of South Africa	VAT	Value added tax
ICT	Information and communications technology	WACS	West African cable system
IFRS	International financial reporting standards	WESSA	Wildlife and Environmental Society of South Africa
IRCA	International register of certified auditors	WWF-SA	World Wildlife Fund for Nature South Africa
IT	Information technology		
ITIL	Information Technology Infrastructure Library		
ISO/IEC	International Organization of Standards/International Electrotechnical Commission		

Notice of annual general meeting



Business Connexion Group Limited

(Incorporated in the Republic of South Africa)

(Registration number: 1988/005282/06)

(Share code: BCX ISIN: ZAE000054631)

(the company or Business Connexion)

Notice is hereby given that the seventh annual general meeting of the members of the company will be held in the Business Connexion Fundi Auditorium, Business Connexion Park North, 789 Sixteenth Road, Randjespark, Midrand 1685, on Thursday, 13 January 2011 at 11:00 to conduct the following business:

1. To receive, consider and adopt the annual financial statements of the company for the financial year ended 31 August 2010.
2. To reappoint KPMG as independent auditors of the company and Pierre Fourie as the individual designated auditor of the company for the 2010/2011 financial year.
- 3.1 To re-elect Mr. AC Ruiters as a director, who retires by rotation in accordance with the company's Articles of Association and being eligible, offers himself for re-election. A brief *curriculum vitae* in respect of Mr. Ruiters appears on page 16 of the annual report of which this notice of annual general meeting forms part.
- 3.2 To re-elect Mr. JF Buchanan as a director, who retires by rotation in accordance with the company's Articles of Association and being eligible, offers himself for re-election. A brief *curriculum vitae* in respect of Mr. Buchanan appears on page 16 of the annual report of which this notice of annual general meeting forms part.
- 3.3 To re-elect Ms. J John who retires in accordance with the company's Articles of Association due to being appointed during the period and being eligible, offers herself for re-election. A brief *curriculum vitae* in respect of Ms. John appears on page 17 of the annual report of which this notice of annual general meeting forms part.
- 3.4 To re-elect Ms. M Lehobye who retires in accordance with the company's Articles of Association due to being appointed during the period and being eligible, offers herself for re-election. A brief *curriculum vitae* in respect of Ms. Lehobye appears on page 17 of the annual report of which this notice of annual general meeting forms part.
4. To approve the remuneration to be paid to the non-executive directors for the 2010/2011 financial period, details of which are as follows:

4.1	Chairman	R450 000
4.2	Chairman of the Audit and compliance committee	R160 000
4.3	Member of the Audit and compliance committee	R80 000
4.4	Chairman of the Remuneration and nominations committee	R85 000
4.5	Member of the Remuneration and nominations committee	R42 500
4.6	Chairman of Risk and sustainability committee	R72 000
4.7	Member of Risk and sustainability committee	R36 000
4.8	Member of the board	R135 000
4.9	Rate of R2 500 per hour for all special meetings (unchanged)	

The board has resolved at a meeting held on 9 November 2010 that in line with the King III recommendation that 60% of the proposed fees will be fixed and the remainder will be variable based on meeting attendance. The board further resolved to introduce a third board sub-committee to focus on risk and sustainability.

5. To approve the appointment of the members of the Audit and compliance committee for the financial year commencing 1 September 2010 as required by the King III report on Corporate Governance – Chapter 3 – the members being:
 - 5.1 JF Buchanan (Chairman)
 - 5.2 JM Poluta
 - 5.3 J John
 - 5.4 M Lehobye

Notice of annual general meeting continued

6. As special business, to consider and, if deemed fit, to pass, with or without modification, the following ordinary and special resolutions:

6.1 Ordinary resolution number 1

"Resolved that 2% of the authorised, but unissued shares in the ordinary capital of the company be and are hereby placed under the control and authority of the directors of the company as a general authority in terms of section 221 of the Companies Act (Act 61 of 1973) as amended (the Companies Act), and that the directors of the company be and are hereby authorised and empowered to allot, issue and otherwise dispose of such shares to such person or persons on such terms and conditions and at such times as the directors of the company may from time to time and in their discretion deem fit, subject to the provisions of the the Articles of Association of the company, the Companies Act and the Listings Requirements of the JSE Limited (JSE), when applicable."

6.2 Special resolution number 1

"Resolved that the company, or a subsidiary of the company, be and is hereby authorised, by way of a general authority in terms of section 85 to 89 of the Companies Act, to acquire securities issued by the company, upon such terms and conditions and in such amounts as the directors of the company may from time to time determine, subject to compliance with the requirements of the company's Articles of Association, the Companies Act and the Listings Requirements of the JSE provided that:

- this authority shall only be valid until the company's next annual general meeting or 15 months from the date of passing of this special resolution, whichever period is the shorter;
- when the company, or a subsidiary of the company, has, cumulatively, acquired 3% of the initial number of securities of a class of securities in issue as at the date of passing of this special resolution (initial number), and for each 3% in aggregate of the initial number of securities of that class acquired thereafter, an announcement in compliance with the JSE Listings Requirements will be made;
- the acquisition will be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company, or a subsidiary of the company, and the counter parties (reported trades are prohibited);
- acquisitions may not be made at a price greater than 10% above the weighted average of the market value of the securities for the five business days immediately preceding the date on which the acquisition is effected;
- any acquisition by the company of securities in aggregate in any one financial year will not exceed 15% of the company's issued securities of that class as at the beginning of the financial year;
- the number of securities acquired and held by a subsidiary or subsidiaries of the company shall not exceed 10% in the aggregate of the number of issued securities in the company at the relevant times;
- at any point in time, the company, or a subsidiary of the company, may only appoint one agent to effect any acquisition on the company or a subsidiary's behalf; and
- the company, or a subsidiary of the company, may not acquire securities during a prohibited period, as defined in the JSE Listings Requirements unless the company has in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and full details of the programme have been disclosed in an announcement over SENS prior to the commencement of the prohibited period."

The directors intend to utilise this authority at such time or times, in respect of such number of securities, at such price and on such terms, as they may consider appropriate in the circumstances. Accordingly, the method by which the company, or a subsidiary of the company, will acquire securities issued by the company, the maximum number of securities which will be acquired and the price(s) and date(s) at which the repurchase(s) is (are) to take place are not presently known. In considering whether or not to act in terms of this general authority, should the directors elect to act, they will ensure for a period of 12 months after the date of the acquisition that:

- the company and its subsidiaries (the group) in the ordinary course of business will be able to pay its debts;
- the consolidated assets of the company and the group, fairly valued in accordance with International Financial Reporting Standards, will exceed the consolidated liabilities of the company and the group;
- the ordinary capital and reserves of the company and the group will be adequate in the ordinary course of business;
- the working capital of the company and the group will be adequate in the ordinary course of business; and
- the company's sponsor shall, prior to the company, or a subsidiary of the company, entering into the market to acquire securities, provide the JSE with the written working capital statement required in terms of the JSE Listings Requirements.

Please refer to the annual report for the other disclosures required in terms of section 11.26 of the JSE Listings Requirements:

- board of directors and executive committee (pages 16 and 17 and 20 and 21 respectively);
- major shareholders (page 59);
- share capital of the company (page 98); and
- directors' interests in securities (page 71).

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

In terms of section 11.26 of the JSE Listings Requirements, the directors whose names are given on pages 16 and 17 of the annual report of which this notice forms part are not aware of any legal or arbitration proceedings, including proceedings that are 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.

The directors whose names are given on pages 16 and 17 of the annual report collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution number 1 and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that the above special resolution and additional disclosure in terms of section 11.26 of the JSE Listings Requirements pertaining thereto contains all information required by law and the JSE Listings Requirements.

The reason for and the effect of the special resolution number 1 is to grant the company, or a subsidiary of the company, a general authority in terms of the Companies Act, to acquire securities issued by the company. Such general authority will provide the board with flexibility, subject to the requirements of the Articles of Association of the company, the Companies Act and the JSE Listings Requirements, to acquire securities should it be in the interests of the company to do so at any time.

Voting and proxies

A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, speak, and on a poll, vote in his/her stead. A proxy need not be a member of the company. Nevertheless, any member who lodges a completed form of proxy will be entitled to attend and vote in person at the meeting should the member decide to do so. Forms of proxy must be completed and returned to Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg 2001 (PO Box 61051, Marshalltown 2107), Republic of South Africa, not later than 11:00 on Tuesday, 11 January 2011, 48 (forty-eight) hours (excluding Saturdays, Sundays and public holidays in the Republic of South Africa) prior to the meeting. For the convenience of registered members of the company, a form of proxy is enclosed herewith and forms are also obtainable from the Group company secretary, J de Koker, Business Connexion Park North, 789 Sixteenth Road, Randjespark, Midrand 1685, telephone number (+27 11) 266 6630.

On a poll, every member of the company shall have one vote only for every share held in the company by such member.

The attached form of proxy is only to be completed by those members who are:

- holding Business Connexion ordinary shares in certificated form; or
- are recorded on the electronic sub-register in "own-name" dematerialised form.

Members who have dematerialised their shares and registered them in the name of a Central Securities Depository Participant (CSDP) or broker should instruct their CSDP or broker to provide 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.

Equity securities held by a share trust or scheme will not have their votes taken into account at the annual general meeting for the purposes of resolutions proposed in terms of the JSE Listings Requirements. The same is applicable to treasury shares who may also not vote. The unlisted "A" shares created in terms of the Black Economic Empowerment transaction will have full voting rights.

By order of the board

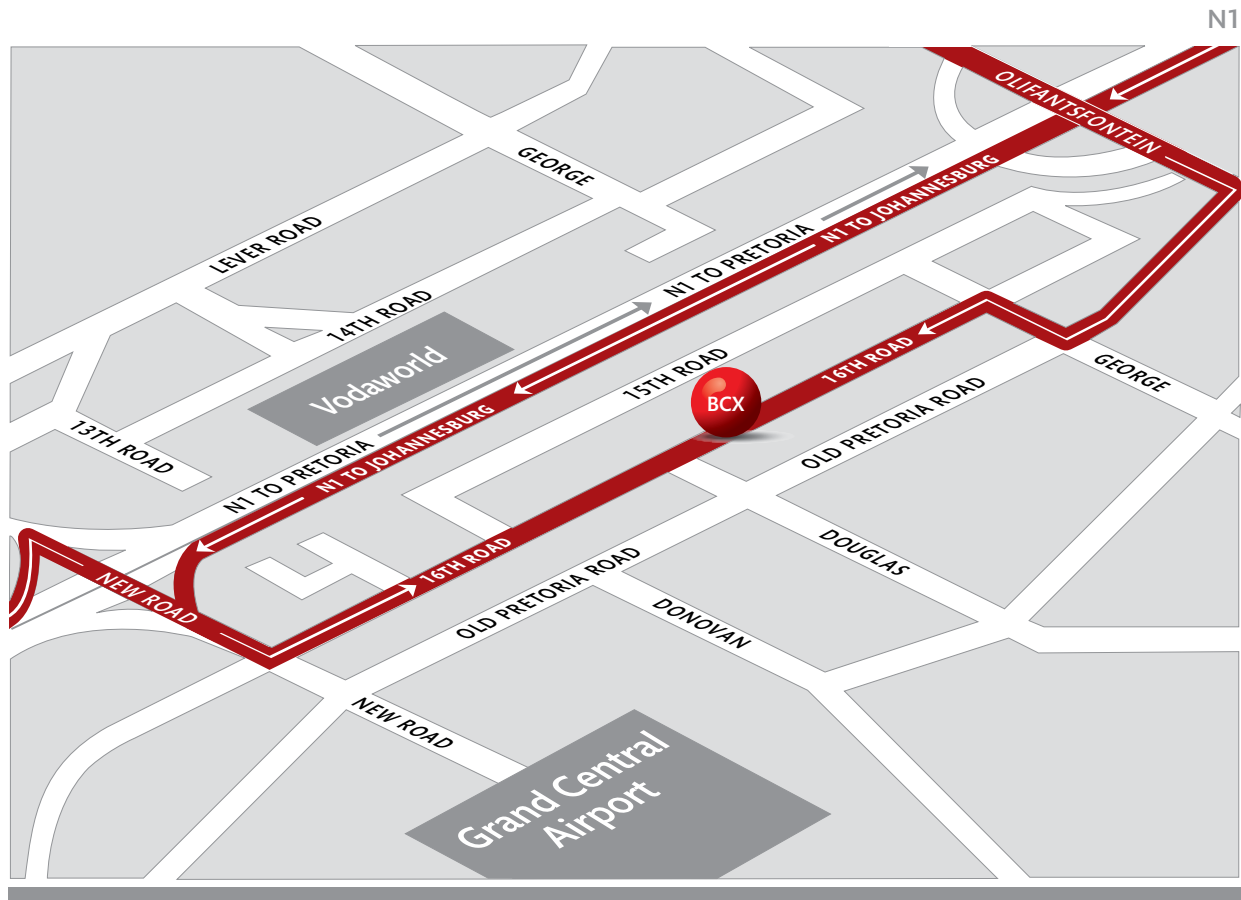


J de Koker
Group company secretary

9 November 2010

Business Connexion Park North
789 Sixteenth Road
Randjespark, Midrand 1685
Republic of South Africa

Map to annual general meeting



Suggested route

On the N1 towards Pretoria, take New Road off-ramp and turn right off the slipway, then first left into 16th Road

Business Connexion Park North

789 16th Road, Randjespark, Midrand

Tel: +27 (11) 266 5111

Fax: +27(11) 266 1088

Form of proxy



Business Connexion Group Limited
(Incorporated in the Republic of South Africa)
(Registration number 1988/005282/06)
(ISIN: ZAE000054631 Share Code: BCX)
(the company or Business Connexion)

For use at the seventh annual general meeting of the company which will be held in the Business Connexion Fundi Auditorium, Business Connexion Park North, 789 Sixteenth Road, Randjespark, Midrand, 1685 on Thursday, 13 January 2011 at 11:00 and at any adjournment thereof.

Only for use by members who have not dematerialised their shares or who have dematerialised their shares and registered them in their own name.

I/We

(Name/s in block letters)

of

(Address in block letters)

being a member/s of Business Connexion, and entitled to vote, do hereby appoint (refer to note 1):

1. _____ or, failing him/her,
2. _____ or, failing him/her,

the Chairman of the annual general meeting, as my/our proxy/ies to vote on a poll on my/our behalf at the annual general meeting of the company for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at each adjournment thereof and to vote for and/or against the resolution and/or abstain from voting in respect of the ordinary shares registered in my/our name/s in accordance with the instructions/notes overleaf.

Please indicate with an "X" in the spaces below how you wish your proxy to vote in respect of the resolutions to be proposed, as contained in the notice of the abovementioned annual general meeting.

*I/We desire my/our proxy to vote on the resolution to be proposed, as follows:

		For	Against	Abstain
1.	Resolution to adopt the annual financial statements.			
2.	To re-appoint KPMG as auditors and Pierre Fourie as the individual designated auditor of the company for the 2010/2011 financial year.			
3.1	To re-elect Mr AC Ruiters as a director.			
3.2	To re-elect Mr JF Buchanan as a director.			
3.3	To re-elect Ms J John as a director due to being appointed during the period.			
3.4	To re-elect Ms M Lehobye as a director due to being appointed during the period.			
4.	To approve the remuneration to be paid to the non-executive directors for the 2010/2011 financial period details of which are as follows:			
4.1	Chairman R450 000			
4.2	Chairman of the Audit and compliance committee R160 000			
4.3	Member of the Audit and compliance committee R80 000			
4.4	Chairman of the Remuneration and nominations committee R85 000			
4.5	Member of the Remuneration and nominations committee R42 500			
4.6	Chairman of Risk and sustainability committee R72 000			
4.7	Member of Risk and sustainability committee R36 000			
4.8	Fees for services as a non-executive director R135 000			
4.9	Rate of R2 500 per hour for all special meetings (unchanged)			
5.	To approve the appointment of the members of the Audit and compliance committee for the financial year commencing 1 September 2010 as required by the King III report on Corporate Governance - Chapter 3 - the members being:			
5.1	JF Buchanan (Chairman)			
5.2	JM Poluta			
5.3	J John			
5.4	M Lehobye			
6.1	Resolution to place shares under the control of directors (general authority) – ordinary resolution number 1.			
6.2	Resolution to renew directors' authority and that of subsidiaries to acquire the company's shares – special resolution number 1.			

Signed by me/us this _____ day of _____ 2010/2011

Signature

Assisted by me (where applicable) (refer to note 3)

Full name/s of signatory if signing in a representative capacity (refer to note 5)

* If this form of proxy is returned without any indication of how the proxy should vote, the proxy will exercise his/her discretion both as to how he/she votes and as to whether or not he/she abstains from voting.

Notes to form of proxy

1. A member may insert the name of a proxy or the names of two alternative proxies of the member's choice in the space/s provided overleaf, with or without deleting "the Chairman of the meeting", but any such deletion must be initialled by the member. Should this space be left blank, the proxy will be exercised by the Chairman of the meeting. The person whose name appears first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. A member's voting instructions to the proxy must be indicated by the insertion of an "X", or the number of votes exercisable by that member, in the appropriate spaces provided overleaf. Failure to do so will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting, as he/she thinks fit in respect of all the member's exercisable votes. A member or his/her proxy is not obliged to use all the votes exercisable by him/her or by his/her proxy, but the total number of votes cast, or those in respect of which abstention is recorded, may not exceed the total number of votes exercisable by the member or by his/her proxy.
3. 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.
4. To be valid, the completed form of proxy must be lodged with the transfer secretaries of the company:
Computershare Investor Services (Pty) Limited
70 Marshall Street, Johannesburg 2001
PO Box 61051, Marshalltown 2107
Republic of South Africa

to reach the company on or before 11:00 on Tuesday, 11 January 2011 at least 48 (forty eight) hours (excluding Saturdays, Sundays and Public holidays in the Republic of South Africa) before the time appointed for the holding of the annual general meeting.
5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the transfer secretaries or waived by the Chairman of the meeting.
6. The completion and lodging of this form of proxy will not preclude the relevant member from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such member wish to do so.
7. The completion of any blank spaces need not be initialled. Any alterations or corrections to this form of proxy must be initialled by the signatory/ies.
8. The Chairman of the meeting shall be entitled to decline or accept the authority of a person signing the proxy form:
 - a) under a power of attorney; or
 - b) on behalf of a companyunless his power of attorney or authority is deposited at the offices of the company or that of the transfer secretaries not later than 11:00 on Tuesday, 11 January 2011, 48 (forty eight) hours before the meeting.

Corporate information

Business Connexion Group Limited
Incorporated in the Republic of South Africa
Registration number 1988/005282/06

Company secretary

J de Koker

Registered office and business address

Business Connexion Park North
789 16th Road
Randjespark
Midrand, 1685

Postal address

Private Bag X48
Halfway House, 1685

Tel: + (27) 11 266 6630
Fax: + (27) 86 571 4020
E-mail: joan.dekoker@bcx.co.za

Website

<http://www.bcx.co.za>

Investor relations

The investor relations function at Business Connexion Group is outsourced. For investor-related information please contact Tier 1 Investor Relations (details below).

Business and postal address

Ground Floor
Grapevine House
Silverwood Close
Steenberg Office Park
Tokai, 7945

Tel: + (27) 21 702 3102
Fax: + (27) 21 702 3107
E-mail: investor.relations@bcx.co.za

Transfer secretaries

Computershare Investor Services (Pty) Limited

Business address

70 Marshall Street
Johannesburg, 2001

Postal address

PO Box 61051
Marshalltown, 2107

Tel: + (27) 11 370 5000
Fax: + (27) 11 688 5248

Sponsors

Rand Merchant Bank
A division of FirstRand Bank Limited

Business address

1 Merchant Place
Cnr Fredman Drive and Rivonia Road
Sandton, 2196

Postal address

PO Box 786273
Sandton, 2146

Tel: + (27) 11 282 8000
Fax: + (27) 11 282 4184
E-mail: sponsorteam@rmb.co.za

Auditors

KPMG

Business address

KPMG Crescent
85 Empire Road
Parktown, 2193

Postal address

Private Bag X9
Parkview, 2122

Tel: + (27) 11 647 5000
Fax: + (27) 11 647 6084

