



Annual Integrated Report

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» IMUNITI

CORPORATE PROFILE

Imuniti is a manufacturer and marketer of pharmaceutical products and complimentary natural medicines as well as high-protein and fortified powdered nutritional food products and supplements. The group's manufacturing and marketing operations are complemented by its research, design and development capabilities. Imuniti's ability to deliver an affordable range of nutritional fortified and natural products aims to address the malnutrition, immune deficiencies and water contamination problems in South Africa and beyond.

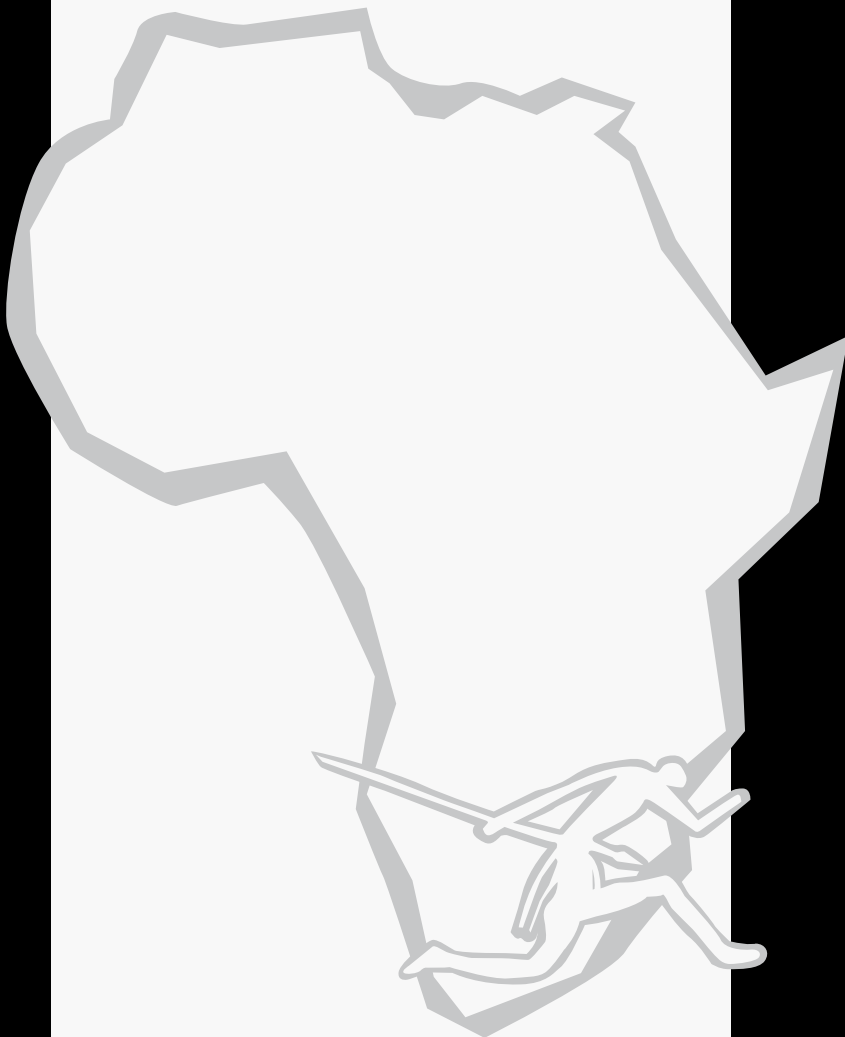
The Imuniti Group comprises established, complementary pharmaceutical and nutritional powdered foodstuffs manufacturing businesses. The group manufactures apart from its vast range of food and complementary medicines, the Imuniti wellness pack under licence. A basic package containing various natural immune-boosting products and high-protein fortified nutritional supplements as well as water decontamination agents.

VISION

Imuniti's vision is to develop and provide affordable, sustainable wellness products, services and programmes and to actively promote socio-economic wellbeing for South Africans and throughout sub-Saharan Africa.

MISSION STATEMENT

Imuniti's mission is to be the preferred regional wellness and healthcare product and service supplier to the lower and middle-income segments of the market, and to produce sustainable returns for shareholders.



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Mr Glen Wambach as an independent non-executive director and Chairman

Mr Wambach has been involved in the healthcare industry for 25 years and has completed a number of related courses in the time. He is currently employed by one of the leading medical scheme administrators in South Africa.

Mr Henk van der Merwe as Chief Executive Officer

Mr Van der Merwe has a BCom (Hons) (Acc) (Cum Laude) degree from Pretoria University and is a Chartered Accountant. He worked as a merchant banker (corporate finance field) for 13 years in both South Africa and the United Kingdom, including four years as founder and approved executive at Exchange Sponsors (Proprietary) Limited. He served the last four years as Chief Operating Officer and Group Financial Director of Stratcorp Limited, a company listed on the Alternative Exchange of the JSE.

Ms Jenny Etchells as an independent non-executive director

Ms Etchells has a Honours degree in Bachelor of Accounting Science obtained at UNISA. In addition, she has a Masters degree in Commerce (Aus), a Postgraduate degree in Advanced Taxation and is a Chartered Accountant. She worked in, and managed, various accounting practices, including being a director of BDO Spencer Steward (KZN) Inc. She served the last two years as Group Financial Director of Argent Industrial Limited, a company listed on the JSE.

Mr Paul Fouche as Chief Financial Officer

Mr Fouche has a BCom degree and is a Professional Accountant. He has owned his own accounting practice since 1992 before he joined Imuniti in 2006 as the CEO and later as the Financial Director in June 2009.



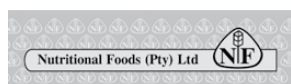
» GROUP ACTIVITIES

NUTRITIONAL FOODS

Nutritional Foods, which is located in Klerksdorp, has one of the biggest and most efficient factories in South Africa producing high-protein and fortified powdered food and food supplements. It has a large customer base, sales and distribution network.

The company has well-established and recognised brands in the mass catering market of South Africa.

Brands include:



IMPILO

The company is located in the Durban area and has a well-established brand and numerous dossiers with product registrations with the Medicines Control Council.

Brands include:



The top sellers are:

Quma Mixture Antacid;

Impilo Calamine Lotion;

Imbiza Worm Syrup;

Kwe Kwe Ointment; and

Utshile Burn Lotion.



» GROUP ACTIVITIES

In 2006, Imuniti purchased the rights to manufacture and market the Imuniti Nutritional Supplement Combo Pack ("ISCP") in South Africa from Edge to Edge Global Investments Limited ("E2E"). ISCP is a nutritional pack consisting of eight different natural products. The product has shown to have anti-bacterial and anti-viral properties and provides one person with adequate sustenance and a balanced intake of all required micro and macro nutrients for a one-month period.

Due to the trials that have taken place on this product since the rights were purchased, full production has not started but is expected to begin shortly. Below is a brief on the activities undertaken by E2E on this product.

2003 TO 2005

Various anecdotal evidence in a number of SADC countries with respect to using the ISCP.

2003

Articles by Ms Liz Clarke

The product was tested by Ms Liz Clarke, the former chief HIV/AIDS reporter for Independent Newspapers, on an AIDS sufferer called Sylvia in KwaZulu-Natal. The results of the ISCP on a dying HIV/AIDS sufferer after eight weeks were remarkable – the virus, according to the laboratory report, was no longer detectable.

Another article by Ms Clarke, on the life of Godfrey Ngidi that could not walk without assistance – being extremely thin and fading away – diagnosed with TB and HIV and AIDS – how the ISCP turned his life to such an extent that he could resume his normal work duties.

Ms Clarke received the USA-South Africa award for the best HIV/AIDS reporter in South Africa and the USA for the year (2002-2003).

31 OCTOBER 2006

Clinical trial evaluation criteria were received with respect to the Phase I Clinical Trial concerning the ISCP from the Indigenous Knowledge Systems ("IKS") Lead Programme of the South African Medical Research Council ("MRC").

27 NOVEMBER TO 1 DECEMBER 2006

E2E and Imuniti were invited by the MRC, to visit the World Health Organisation ("WHO") in Brazzaville, Congo at the Regional Expert Committee on Traditional Medicine.

9 MAY 2007

The Ethics Committee granted ethical permission (Ref EC07-003) for the Indigenous Knowledge Systems ("IKS") Lead Programme (a division of the MRC) to conduct a Phase I controlled clinical trial in respect of the ISCP. The trial was commissioned by E2E.

17 SEPTEMBER 2007

The MRC and E2E signed a memorandum of agreement with respect to the Phase I Clinical Trial concerning the ISCP.

22 NOVEMBER 2007

Signing of the memorandum of understanding ("MoU") between the Africa Forum and E2E at Livingstone, Zambia. The roll-out of the ISCP for the African countries as well as the responsibilities of the parties are central to the MoU.

2008

Between the Africa Forum and E2E, the Agriculture and Nutrition Project for Future Self-Reliance in Africa ("ANSRP") where drafted. The ISCP with respect to cultivation and other agricultural aspects are central to the ANSRP.

9 DECEMBER 2008

E2E received the Narrative Report: A Phase I Safety Clinical Trial of the ISCP from MRC.

Results: Preliminary narrative results showed no toxicity and no side effects were reported by any of the participants. The results are now being statistically reviewed for significances.

Conclusion: The study was a success and a full report will be written. The IKS wishes to apply for a Phase II controlled clinical trial of this product.

22 OCTOBER 2009

The MRC and E2E signed a Research Agreement with respect to the P450 Drug Metabolising Enzymes study concerning the ISCP. This study entailed testing the effect of the ISCP on all major cyto-chrome P450 drug metabolising enzymes in vitro and in vivo test systems (compatibility of the ISCP with ARV, TB and diabetes medication).

22 OCTOBER 2009

The MRC and E2E signed a research agreement to conduct a Nutritional Content Study in respect of the ISCP.

22 OCTOBER 2009

The MRC and E2E signed a memorandum of agreement to conduct a Phase II controlled clinical trial in respect of the ISCP.

The trial aims to prove quality of life parameters and blood results such as CD counts and viral load (in essence proving scientifically what has been seen anecdotally).

The Department of Health (South Africa) has requested the use of the VCT centres (voluntary, counselling and testing centres) for the Imuniti Phase II clinical trial. The trial will be multi-centred and they have also requested an even spread of participants between rural, semi-urban and urban sites.

The Monitoring Board includes top scientists, heads of several university's Bioscience and Pharmacology Departments; Research Directorates and Traditional Medicine Practitioners.



DECEMBER 2009

Strategic discussions for further trials with respect to the ISCP with Prof Luc Montagnier (Nobel Laureate 2008) at UNESCO (United Nations Educational, Scientific and Cultural Organisation) in Paris.

25 JANUARY 2010

The Ethics Committee granted ethical permission (Ref EC09-005) for the IKS Lead Programme (of the MRC) to conduct a Phase II controlled clinical trial in respect of the ISCP. The trial was commissioned by E2E.

28 MARCH 2010

MoU signed with Prof Luc Montagnier concerning amongst other further trials with respect to the ISCP at the Nanectis Laboratory, Paris, France.

MAY 2010

E2E visited Côte d'Ivoire together with Dr Abie Zogoe (Ambassador of Côte d'Ivoire in SA) on invitation of Dr Aka Aouele (Minister of Health of Côte d'Ivoire).

18 JUNE 2010

A Cooperative Research and Development Agreement was signed between Prof Luc Montagnier and E2E.

AUGUST 2010

Nutritional Content Study

The MRC conducted a study to list all the macro and micro nutrients in the product – this study was released during August 2010 by the MRC, with the result: on the recommended daily allowance ("RDA") scorecard "almost perfect nutrition".

31 AUGUST 2010

Prof Luc Montagnier, on behalf of the World Foundation for Aids Research and Prevention ("WFARP"), signed a MoU with the MRC.

OCTOBER 2010 TO MARCH 2011

Clinical Trial by Prof Luc Montagnier under the auspices of the WFARP:

Testing of the Imuniti product with Prof Luc Montagnier's BioMarker in collaboration with Dr Henri Chenal at Centre Intégré de Recherches Biocliniques d'Abidjan, Côte d'Ivoire.

The first phase of the trials have been completed during February 2011. The aim is to create a therapeutic treatment programme combining current ARV treatments with a nutritional supplement, the ISCP, in order to give the patient a better quality of life, maintain the patients and potentially eradicate this disease.

The significant results of this trial were shown by two different technologies: Viral DNA sequences in the plasma of patients were detected by classical, but highly sensitive molecular techniques ("PCR"), and have shown a significant decrease upon a three-month treatment by Imuniti added to ARVs. Secondly, a new technology

developed by Prof Montagnier and his team, based on the detection of electromagnetic signals induced by viral DNA.

This is the first time that a complementary regimen made of known natural products had a significant effect on the viral genetic information, which persists with the ARV treatment alone. This result will pave the way to functional eradication of the HIV infection. Important to note: no adverse effects from the addition of the Imuniti wellness pack to the ARV treatment.

Prof Montagnier briefed the second meeting of the Livingstone Group of former African Heads of State and Government and other African Institutions on combating HIV and Aids in Africa on his new findings and to give a perspective scenario for future studies/trials.

Press statement by Prof Montagnier and E2E on the results of the first clinical trial using the Imuniti Nutritional Supplement Combo Pack in conjunction with ARV therapy, conducted at the Centre Intégré de Recherches Biocliniques d'Abidjan ("CIRBA"), Côte d'Ivoire:

What we clearly saw on this first preliminary trial is the following:

1. *Using the new biomarker developed by Prof Montagnier to measure the remaining viral DNA in the body after ARV treatment and also the current standard of PCR measurements, the following trend was observed.*

- a. *The control arm of ARV alone showed no change in any of the markers requested as per protocol.*
- b. *The ARV plus Imuniti arm also showed a substantial reduction in the viral DNA in five out of seven patients.*

Furthermore, PCR showed that two out of those five patients had viral DNA disappear after three months of IMUNITI treatment.

This is the first time that this viral DNA, considered at least as part of the viral reservoir, would tend to disappear after treatment by a combination of natural products of African origin.

2. *The preliminary results justify further clinical trials with a larger number of patients. It is also envisaged to use Imuniti in HIV positive naïve patients not yet treated by ARVs.*

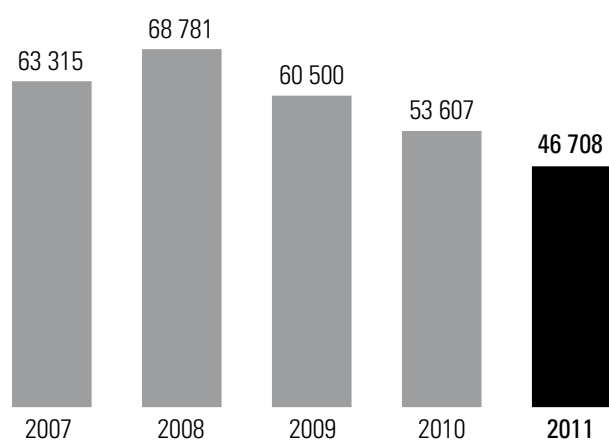
Prof Luc Montagnier



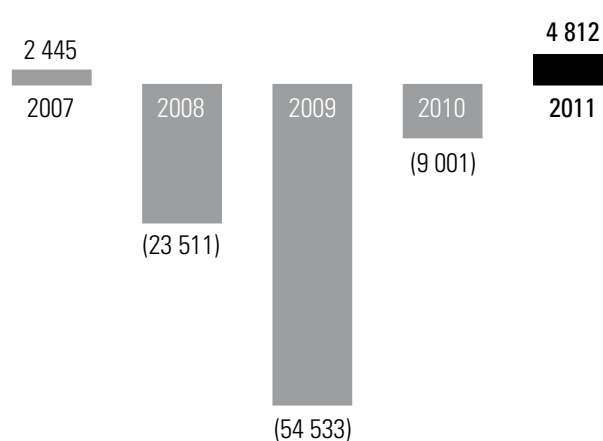
» FINANCIAL HIGHLIGHTS

Earnings up by	▲	153%
Headline earnings up by	▲	120%
Headline earnings per share up by	▲	117%
Net asset value per share up by	▲	21,1%
Revenue down by	▼	12,9%

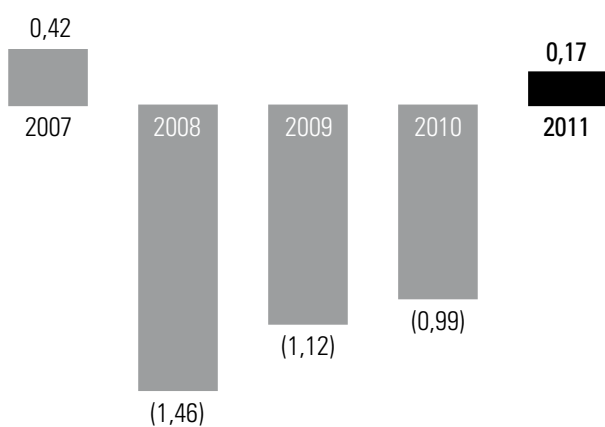
REVENUE (R'000)



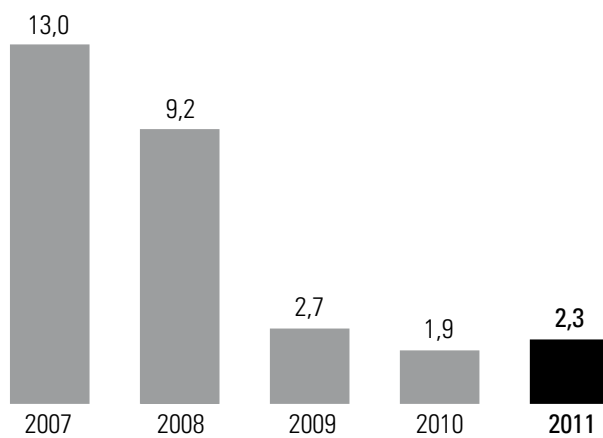
ATTRIBUTABLE EARNINGS (R'000)



HEADLINE EARNING PER SHARE (cents)



NET ASSET VALUE PER SHARE (cents)



» FIVE-YEAR REVIEW

		2011	Restated 2010	2009	Restated 2008	14 months 2007
Revenue	(R'000)	46 708	53 607	60 500	68 781	63 315
Attributable earnings for the year	(R'000)	4 812	(9 001)	(54 533)	(23 511)	2 445
Attributable earnings/(loss) per share	(cents)	0,43	(0,95)	(6,32)	(3,38)	0,42
Headline earnings/(loss) per share	(cents)	0,17	(0,99)	(1,12)	(1,46)	0,42
Net asset value per share	(cents)	2,30	1,9	2,7	9,2	13,0
Net asset value per share (excluding intangibles)	(cents)	1,30	0,8	1,3	1,8	3,3
Total assets employed	(R'000)	44 672	38 234	43 836	69 757	86 802
Return on shareholders' equity	(%)	18,30	(43,14)	(232,32)	(36,01)	2,50



» CHAIRMAN'S REPORT

The 2011 financial year under review was challenging with limited financial and human resources available to help the group make any real quantum leap forward that might be seen by Imuniti's shareholders studying the financial results.

The major shareholders have however intervened resulting in the following changes:

- The resignation of the full board of Imuniti save for Mr PHA Fouche during late 2010;
- The resignation of Mr PHA Fouche effective 31 July 2011 as Chief Financial Officer;
- The appointment of Mr HJ van der Merwe as the new Chief Executive Officer in March 2011;
- The appointment of Mr GR Wambach as Chairman of the board of directors in March 2011;
- The appointment of Ms JA Etchells as non-executive director and Chairperson of the Risk and Audit Committee as well as the Remuneration Committee in March 2011;
- The injection of R12 million of new capital into the business (the subject of a shareholder approval still outstanding and expected on 24 June 2011);
- The strengthening of the ties between Edge to Edge Global Investments Limited ("E2E"), the holder of the rights over the Imuniti wellness pack, and Imuniti;
- The change of the name of Imuniti to Nutritional Holdings Limited (the subject of a shareholder approval still outstanding and expected on 24 June 2011); and
- The supply contract of the Imuniti wellness packs is in the process of negotiation with E2E.

With these changes the group is focused on making its existing business, excluding the Imuniti wellness pack, profitable and adding the extra dimension by starting to deliver substantial quantities of the Imuniti wellness pack to the market place.

The previous board has had to focus its efforts on those financial management, strategic and governance issues that were capable of being achieved within very major constraints. At the same time, the board and its sub-committees have endeavoured to identify the risks associated with this stage of Imuniti's business cycle and to ensure that management has mitigated risk as best as practical under the circumstances.

The previous board implemented certain strategies to turn the group around, but this effort was hampered due to a lack of resources and focus.

The recommendations and requirement of the King II and III Reports on Corporate Governance and the regulations of the JSE form an integral part of the corporate governance framework within which Imuniti operates.

We as a board remain grateful for the support of the shareholders, customers, suppliers, staff and other stakeholders of the Imuniti Group.

GR Wambach

Chairman

26 May 2011



» CHIEF EXECUTIVE OFFICER'S REPORT

Imniti is a manufacturer and marketer of pharmaceutical, complementary and natural medicines as well as high-protein, fortified powdered food products and supplements. The group consists of three wholly owned trading entities. The group, apart from new executives on the board of directors, appointed a Chief Operating Officer, Mr Peter Brierley in April 2011 to assist with the new focus and to ensure a complete turnaround to profitability. Peter has more than 25 years' experience in the industry.

Nutritional Foods

The 2011 financial year was a period of difficulty for Nutritional Foods. With an overemphasis on working capital management, valuable sales were lost and the group was compromised by not having critical inventory ready when the market demand for certain inventory lines picked up.

With the group now being freshly capitalised, the focus will be on managing the working capital optimally so as not to lose critical sales but also be able to expand group market share. The production facilities are currently underutilised and management in the new financial year will be working on ways to address this problem. The results of this will start flowing through during the second quarter of the 2012 financial year.

The factory still has considerable spare capacity and the impact of the expected increase in volumes on profitability will be considerable.

Pharmaceuticals

The Pharmaceuticals business (Impilo Marketing and Impilo Drugs) has a contract manufacturing agreement with Pac-Con Pharmaceuticals ("Pac-Con") in terms of which Pac-Con manufactures the Impilo product range. Due to working capital constraints at Pac-Con, Impilo struggled to obtain enough product to supply to the market as demand far exceeded available supply.

This problem has now been addressed by the strengthening of Pac-Con's working capital position and Impilo engaging with two other contract manufacturers to manufacture product on its behalf. The results of this will only be felt in the second quarter of the 2012 financial year.

A major R10 million upgrade of the manufacturing facility at Isithebe was commenced by Pac-Con in December 2009 and is due for completion in July 2011, delayed as a result of working capital constraints. This will ensure that the factory is fully compliant with all Medicines Control Council ("MCC") regulations.

PROSPECTS

The board remains pleased with the progress that has been made in stabilising and turning around the Nutritional Foods and Impilo businesses since the management changes to date.

The Imniti head office, which will move to Gauteng, will continue to operate on a considerably downsized basis until the group has stabilised fully and is ready to move into the next phase of its strategic development.

FINANCIAL RESULTS

Financial performance

Sales of R 46,7 million were 12,9% down on the R53,6 million of the previous year. This was mainly due to a decline in sales in the Nutritional and Pharmaceuticals sectors. Sales at Nutritional Foods dropped to R43 million for the year. Gross profit declined marginally to R21,7 million from R21,8 million as a result of the decline in sales but the gross margin increased from 40,7% to 46,6%. The increase in margin was primarily as a result of inventory shortages increasing demand. There was also a reduction in expenses from R33,1 million to R26,5 million (20%). The loss from last year has been reversed this year with the loss of R9,4 million in 2009/2010 to a profit of R1,9 million in 2010/2011. A pleasing feature of the results was the fact that the loss before taxation of R2,8 million in the first six months of the financial year reduced to a loss before taxation of R1,4 million for the second half of the year which includes the months of December and January which are historically the worst trading months of the group.

Financial position

The profit of the group, even though there was an increase in the number of shares in issue, contributed to the increase in the net asset value per share from 1,9 cents to 2,3 cents. There were, however, pleasing reductions in inventories from R5 439 518 to R4 057 036.



» CHIEF EXECUTIVE OFFICER'S REPORT

CHANGES TO THE BOARD

Messrs MR Gahagan, NP Lamble and SR Bean resigned with effect from 31 October 2010 and Mr PHA Fouche resigned with effect from 31 July 2011.

Mr GR Wambach (Chairman), Mr HJ van der Merwe (Chief Executive Officer) and Ms JA Eтчells (non-executive) were appointed on 4 March 2011 to the board of directors.

There were no other changes to the board during the period.

SHARES ISSUED

During the period 51 500 000 shares were issued for cash. The amount raised amounted to R643 306 (net of share issue costs). The shares were issued at an average price of 1,25 cents per share.

DIVIDEND

No dividend was declared for the year under review.

HJ van der Merwe

Chief Executive Officer

26 May 2011



The Imuniti Group endorses the Code of Corporate Practices and Conduct as contained in South Africa's King III Report. The group believes that its governance practices are sound and that the group conforms to the principles embodied within the King III Report ("King III") on Corporate Governance and the Listings Requirements of the JSE Limited ("JSE").

Imuniti and its subsidiaries are intent on implementing the highest standards of corporate governance. The group is committed to good corporate citizenship and organisational integrity in the running of its affairs.

A third non-executive director will be appointed shortly to comply with King III and the provisions of the new Companies Act.

This commitment provides stakeholders with the comfort that the group's affairs will be managed in an ethical and disciplined manner. Imuniti's philosophy is founded on principles of transparency, accountability and responsibility.

BOARD OF DIRECTORS

The board of directors maintains full and effective control over the affairs of the group. In terms of the governance philosophy of the group a clear division of responsibilities at board level ensures a balance of power and authority, such that no one individual has unfettered powers of decision-making.

The non-executive directors are high calibre professionals and are sufficient in number for their independent views to carry significant weight in the board's deliberations and decisions. They are fully independent of management and are free to make their own decisions and independent judgements. They enjoy no benefits from the group, for their services as directors, other than their fees and the potential gains and dividends on their interests in ordinary shares. No share options are granted to non-executive directors.

The group operates in terms of a formally approved board charter which sets out its role and responsibilities, the main elements being:

- Nominations for appointment to the board are formal and transparent and submitted to the full board for consideration;
- The Chairman of the board must be an independent, non-executive director;
- A formal orientation programme for new directors must be followed;
- Specific policies, in line with King III, must exist with regard to conflicts of interest and the maintenance of a register of directors' interests;
- They must conduct an annual self-evaluation;
- Directors must have access to staff, records and the advice and services of the Company Secretary;
- Succession planning for executive management must be in place and must be updated regularly;
- Strategic plans and an approvals framework must be in place that must be reviewed regularly;
- Policies to ensure the integrity of internal controls and risk management must be in place; and
- Social transformation, ethics, safety, health, human capital and environmental management policies and practices must be monitored and reported on regularly.

Directors are appointed by the board. Curricula vitae are obtained and circulated to all board members. Interviews are conducted with the shortlisted people. Appointments are then made by a board resolution.

Any appointments to the board are made taking into account the need for ensuring that the board provides a diverse range of skills, knowledge and expertise, the requisite independence, the necessity of achieving a balance between skills and expertise and the professional and industry knowledge necessary to meet the group's strategic objectives.

The board meets at least quarterly on a formal basis. Additional meetings are arranged where deemed necessary. A detailed breakdown of each director's attendance at the meetings concerned is indicated below:

Attendance of the current directors at board meetings during the year under review

	8 March 2010	25 May 2010	23 September 2010	28 October 2010
NP Lamble	✓	✓	✓	✓
PHA Fouche	✓	✓	✓	✓
SR Bean	✓	✓	✓	✓
MR Gahagan (Chairman)	✓	✓	✓	✓



To enable the board to properly discharge its responsibilities and duties, certain responsibilities of the board have been delegated to board committees. All board committees are chaired by an independent non-executive director. Board committee charters are reviewed on an on-going basis to ensure that the committees' duties and responsibilities are aligned with the requirements of corporate governance and keep abreast of developments in this field.

The Audit and Risk Management Committee is now a statutory committee since the new Companies Act and in terms of the recommendations set out in King III, shareholders will now be required to elect the members of this committee at the company's next annual general meeting.

AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee consists presently of two members, both of whom are independent non-executive directors, and meet at least twice a year with management and external auditors. Ms JA Etchells and Mr GR Wambach were appointed as members of the committee on 4 March 2011. Mr S Bean and Mr Gahagan resigned as members of the committee on 31 October 2010.

The group believes that the members of the committee are knowledgeable about the affairs of the group and have extensive expertise in finance, accounting and risk management practices. A third independent member is being sought.

The Audit and Risk Management Committee fulfils the responsibilities as set out in the Audit and Risk Management Committee charter, which includes:

- Overseeing the external audit function;
- Assisting the board in the discharge of its duties relating to the safeguarding of the group's assets and operation of adequate systems and internal controls;
- The preparation of accurate financial reporting and statements in compliance with all applicable legal requirements, corporate governance and accounting standards; and
- Providing support to the board on the risk profile and risk management of the group.

During the year the committee addressed the following additional responsibilities required by King III and the JSE Listings Requirements:

- Evaluated and confirmed the independence of the external audit function; and
- Reviewed the expertise, resources and experience of the Group Financial Director.

Committee members have unlimited access to all information, documents and explanations required to discharge their duties. This authority has been extended to the external auditors. The board is provided with regular reports on the activities of the committee.

Additional information regarding the committee is contained in the report of the Audit and Risk Management Committee on page 14.

HUMAN RESOURCES AND REMUNERATION COMMITTEE

The Human Resources and Remuneration Committee presently consists of two independent non-executive directors. The committee meets at least twice a year and operates according to a board-approved charter.

Members of the committee are:

- GR Wambach – non-executive director – appointed 4 March 2011; and
- JA Etchells – non-executive director – appointed 4 March 2011.

Consideration is given during the meetings to succession planning, training and development, employment equity, broad-based black economic empowerment, human resources policies, wellness programmes and remuneration of management and executive and non-executive directors.

The remuneration policy focuses on market-related payments to management and directors with the objective to retain the services of capable individuals.



RESTRICTIONS ON SHARE DEALINGS

Directors and employees are prohibited from dealing in Imuniti shares during price-sensitive periods. There is a formal clearance procedure in place with respect to directors' dealings in Imuniti shares. Closed periods extend from 31 August and 28 February, being the commencement of the interim and year-end reporting dates, respectively, up to the date of announcement of interim and year-end results, and include any other period during which the company is trading under a cautionary announcement.

All directors are required to obtain written permission from the chairman before dealing in any Imuniti shares in order to protect them against possible and unintentional contravention of the insider trading laws and stock exchange regulations.

RELATIONSHIP WITH THE SHAREHOLDERS AND STAKEHOLDERS

Management maintained communication with shareholders through SENS announcements and regular information on the official Imuniti website – www.imuniti.co.za.

COMPANY SECRETARY

Mr Paul Fouche is the Company Secretary for the group and the board is of the opinion that he is suitably qualified and experienced to carry out his duties as stipulated under section 268G of the Companies Act. The Company Secretary provides guidance to the directors on their duties and ensures awareness of all relevant statutory requirements and legislation. All directors have access to the advice and services of the Company Secretary who at the group's expense, will arrange independent professional advice for the directors where the directors request it.

The certificate that is required to be signed in terms of section 268G(d) of the Act appears on page 22.

GOING CONCERN

Attention is drawn to the fact that at 28 February 2011, the group had accumulated losses of R90,5 million.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the group to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure funding for the ongoing operations of the group.

In terms of agreements signed on 2 and 3 March 2011 and amended subsequently, the BBE Family Trust and the Ellis Family Trust have agreed to subscribe for 190 000 000 ordinary shares each and the Kingfisher Discretionary Trust and the Molefe Family Trust have agreed to subscribe for 10 000 000 ordinary shares each in the issued share capital of the company at a subscription price of 3 cents per ordinary share, resulting in a total subscription of 400 000 000 shares at 3 cents each.

Two of the subscribing parties, namely the BBE Family Trust and the Ellis Family Trust, own in excess of 10% of the issued share capital of the company prior to the fresh issue as contemplated in this circular. As a result they are deemed material shareholders and are therefore deemed to be related parties in terms of Section 10 of the JSE Listings Requirements.

In terms of the JSE Listings Requirements regarding a specific authority to issue shares, a 75% majority of the votes of all the shareholders present or represented by proxy at the general meeting, excluding controlling shareholders, their associates, any party acting in concert, and if applicable, any shareholder who is participating in the issue and is not regarded as being public in terms of the JSE Listings Requirements, must be cast in favour of the each of the resolutions to issue the shares.

Shareholders' approval is still outstanding and is expected on 24 June 2011.

CODE OF ETHICS

The group's ethics policy requires all employees to act with the utmost good faith and integrity and compliance to the applicable legislation. This ensures that Imuniti remains committed to conducting business in a manner that is above reproach in all reasonable circumstances. In addition, the group strives to provide a work environment that is non-discriminatory with sound safety, health and environmental practices.



» REPORT OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit and Risk Management Committee is a formally constituted sub-committee of the board of directors and in addition to having specific statutory responsibilities to the shareholders in terms of the South African Companies Act, it assists the board through advising and making submissions on financial reporting, oversight of the risk management process and internal financial controls, external and internal audit functions and statutory and regulatory compliance of the group.

TERMS OF REFERENCE

The Audit and Risk Management Committee has adopted formal terms of reference that have been approved by the board and has executed its duties during the past financial year in accordance with these terms of reference. These terms of reference are regularly reviewed and updated where necessary.

COMPOSITION

The committee consists of two independent non-executive directors. At year-end and subsequently the Audit and Risk Management Committee comprised:

Name	Qualifications	Period served
SR Bean (Chairman)	BCom (Hons) CA (SA)	1 March 2009 to 31 October 2010
MR Gahagan	BCom (Hons) CA (SA)	1 March 2009 to 31 October 2010
JA Etchells (Chairman)	BCom (Hons) CA (SA) HDipTax MCom (Aus)	4 March 2011 to date
GR Wambach	Business Management (MDP) (USB); Old Mutual, ILPA Health Benefit Management	4 March 2011 to date

The new Chief Executive Officer, then Acting Chief Executive Officer, the Chief Financial Officer, representatives from the external auditors and the designated advisor attend the committee meetings by invitation. The external auditors have unrestricted access to the Audit and Risk Management Committee and its Chairman.

MEETINGS

The Audit and Risk Management Committee held three meetings during the period. Attendance at these meetings is shown in the table below.

Director	8 March 2010	25 May 2010	28 October 2010
SR Bean (Chairman)	✓	✓	✓
MR Gahagan	✓	✓	✓

STATUTORY DUTIES

In execution of its statutory duties during the past financial year, the Audit and Risk Management Committee:

- Nominated for appointment as external auditors, Grant Thornton (Durban) and Mr J Barnett as the individual auditor, who in our opinion are independent of the group;
- Determined the fees to be paid to Grant Thornton (Durban) as disclosed in note 20 to the financial statements and the paragraph on external audit below;
- Determined Grant Thornton (Durban)'s terms of engagement;
- Believes that the appointment of Grant Thornton (Durban) complies with the relevant provisions of the Companies Act, the JSE Listings Requirements and King III;
- Pre-approved all non-audit service contracts with Grant Thornton (Durban);
- Received no complaints, relating to the accounting practices of the company, the content or auditing of its financial statements, the internal financial controls of the company, and any other related matters;
- Reviewed the draft audited financial statements and annual integrated report, the preliminary profit announcement and interim statements;
- Met with the external auditors to discuss the annual financial statements prior to their approval by the board;
- Made the following submissions to the board on matters concerning the group's accounting policies, financial control, records and reporting and:
 - We concur that the adoption of the going concern premise in the preparation of the financial statements is appropriate.

The objectives of the committee were met during the year under review.



OVERSIGHT OF RISK MANAGEMENT

The committee has satisfied itself that the following areas have been appropriately addressed:

- Financial reporting risks;
- Internal financial controls;
- Fraud risks as they relate to financial reporting;
- IT risks as they relate to financial reporting; and
- Reviewed tax and technology risks, in particular how they are managed.

INTERNAL FINANCIAL CONTROLS

The committee has:

- Reviewed the effectiveness of the group's system of internal financial controls including receiving assurance from management;
- Reviewed significant issues raised by the external auditors in their reports; and
- Reviewed policies and procedures for preventing and detecting fraud.

Based on the processes and assurances obtained, we believe that the significant internal financial controls are effective.

REGULATORY COMPLIANCE

The Audit and Risk Management Committee has complied with all applicable legal and regulatory responsibilities.

EXTERNAL AUDIT

Based on processes followed and assurances received, nothing has come to our attention with regards to the external auditor's independence.

Fees for Audit Services are disclosed in note 20 to the financial statements.

Based on our satisfaction with the results of the activities outlined above, the committee has recommended the re-appointment of Grant Thornton (Durban), to the board and shareholders.

FINANCIAL FUNCTION AND FINANCIAL DIRECTOR'S REVIEW

We have reviewed the expertise, resources and experience of the company's finance function and are satisfied that these requirements are adequate for the forthcoming year.

The financial director, Mr PHA Fouche's contract expires in July 2011 and a new financial director is to be appointed. The committee will review the appropriateness and expertise of the financial director that is to take over from PHA Fouche and will confirm their suitability in terms of the JSE Listings Requirements.

ANNUAL INTEGRATED REPORT

We have reviewed the annual financial statements of Imuniti Holdings Limited and the group for the year ended 28 February 2011 and based on the information provided to the committee, consider that the group complies in all material respects with the requirements of the Act and International Financial Reporting Standards and we recommend the annual integrated report to the board for approval.

The annual integrated report has been prepared in line with the best practice pursuant to the recommendations of the King III Code. The committee acknowledges that the integrated reporting is in its infancy and that the report will improve over time as practice evolves.

On behalf of the Audit and Risk Management Committee

JA Etchells

Chairman

26 May 2011



We conduct our business to make a profit and return value to those who have invested in us through the delivery of an affordable range of nutritional fortified food products as well as pharmaceutical, natural and complimentary medicines, with the aim to address the malnutrition and immune deficiency problems in South Africa. We aim to build value for our shareholders and other stakeholders by addressing our social, environmental and economic impacts.

RESPONSIBILITY FOR SUSTAINABLE DEVELOPMENT

The board accepts overall responsibility for the advancement of sustainable development with the assistance of the board sub-committees. The day-to-day responsibility is delegated to executive management. We understand the responsibility to the people who enable us to conduct business and the country in which we operate. We acknowledge that it is important to manage our economic, social and environmental relationships effectively, which should ensure a better quality of life for all our stakeholders.

OUR SUSTAINABILITY AGENDA

Our sustainability agenda comprises the following goals:

- We will strive to be a recognised manufacturer and distributor of superior quality complementary, natural and pharmaceutical medicines as well as protein and fortified powdered nutritional food products and supplements to be able to actively promote socio-economic wellbeing for South Africans;
- We will strive to uphold high standards of corporate governance within our marketplace;
- We will actively address the impacts of our business on the natural environment as we use natural resources which are all finite and have to therefore be managed with care; and
- We will strive to ensure we have the right people and culture to meet our goals.

ASSURANCE

We are committed to ensuring that the non-financial information provided in this annual integrated report is accurate. It is believed that the expectations reflected in this statement are reasonable, but they may be affected by a wide range of variables that could cause actual results to differ materially from those currently anticipated.

We have taken a number of important steps forward in our sustainability endeavours as we progress towards meeting and exceeding the expectations of the stakeholders.



VALUE-ADDED STATEMENT

Value-added is the wealth created by the group and its employees by supplying its services and expertise.

This statement shows how the value was shared by those responsible for its achievements.

	2011 R'000	2010 R'000
Sale of goods and services	46 708	53 607
Cost of materials and services	34 813	47 011
Value-added from trading operations	11 895	6 596
Non-operating income	481	2 735
Total value-added	12 376	9 331
Value distributed as follows		
To remunerate employees:		
Salaries, wages, pensions, bonuses and other benefits	11 956	14 471
To reward providers of capital:		
Interest on loans	1 070	1 696
To the government:		
Company tax	(6 239)	260
To replace assets:		
Depreciation and amortisation	777	1 905
To expand the group:		
Retained earnings	4 812	(9 001)
	12 376	9 331

To remunerate employees	96%
To reward providers of capital	9%
To the state	(50)%
To replace assets	6%
To expand the group	39%



RISK MANAGEMENT

The board is responsible for the total process of risk management for the group and uses the risk assessment monitor as its main source of information to determine the effectiveness of the group's risk management process. The objective of risk management is to identify, assess, manage and monitor the risks to which the business is exposed. These include credit granting risks, crime, the shift in spending patterns, and foreign currency and interest rate risks. Operational and financial risks are managed through detailed systems of operating and financial controls which are reviewed and monitored regularly.

Detailed reviews take place at all levels of the organisation and are updated at all management, executive and board meetings.

Losses from defaulting debtors are limited by stringent credit application criteria and clearly defined credit and collection policies. These are reviewed regularly in the light of prevailing economic conditions and bad debt statistics.

With assistance from expert insurance consultants, risks are assessed and insurance cover purchased for all risks above pre-determined self-insured limits. Levels of cover are reassessed annually in the light of claims experiences and changes within and outside the group.

ENVIRONMENTAL SUSTAINABILITY

The group is conscious of the fact that in carrying out its activities there is a potential risk of environmental damage. Our underlying environmental philosophy is the adoption of protective strategies to manage and control the impact of our manufacturing operations upon the environment, at the same time as safeguarding our assets and human resources.

An effort has therefore been made to educate all employees in best practice so as to avoid causing long-term damage to the environment or atmospheric pollution through the inappropriate use of plant and equipment.

The following are amongst efforts made to reduce damage to the environment:

- Time switches added to geysers;
- Daylight switches added to lights;
- Boiler converted from diesel to paraffin; and
- Hot water circulation converted to save energy.

SOCIAL RESPONSIBILITIES

We acknowledge our social responsibility towards the communities in which we operate and deserving institutions at large.

EQUALITY

The group is an equal opportunity employer and there is no discrimination on the basis of ethnic origin or gender or in any other manner. A number of programmes are in place to ensure that the group's employee profile will become increasingly representative of the demographics of the regions in which it operates whilst maintaining the group's high standards.

EMPLOYEE PARTICIPATION

The group will continue to have its operating decisions made at the appropriate levels. Participative management lies at the heart of this strategy, which relies on the building of employee partnerships at every level to foster mutual trust and to encourage people to think at all times about how they can "do things better". The group strives to liberate the initiative and energies of its people, because it is they who make the difference in the group's performance.

EMPLOYEES

The number of employees at the end of February 2011 totalled 55.

HEALTH AND SAFETY

We comply with the Occupational Health and Safety Act and Department of Labour rules and regulations.

EMPLOYMENT EQUITY

We comply with the Employment Equity Act, No 55 of 1998, and regular reports are submitted to the Department of Labour. Employment equity Committees have been established to set and monitor progress. We believe that no unfair discrimination exists in the workplace.

HIV/AIDS

In 2006, Imuniti purchased the rights to manufacture and market the Imuniti Nutritional Supplement Combo Pack ("ISCP") in South Africa from Edge to Edge Global Investments Limited. ISCP is a nutritional pack consisting of eight different natural products. The product has shown to have anti-bacterial and anti-viral properties and provides one person with adequate sustenance and a balanced intake of all required micro and macro nutrients for a one-month period.



Summary of trials undertaken on the ISCP:

ANECDOTAL TRIALS IMUNITI NUTRITIONAL COMBO PACK

No	Reference	Product	Whose initiative?	How many involved?	Status	Outcome
1	Newspaper article	Imuniti Combo Pack	Employer	1	TB and HIV	Increased CD4 count and very healthy.
2	Letter from the Health Lifestyles Clinic and Diabetes Centre	Imuniti Combo Pack	Dr Molotoi Monyamane	100	People living with HIV/Aids	The nursing staff were pleased to report excellent results with respect to the QOL parameters measured. There has been an average mass gain of approximately 2 to 4 kg per month. There has been significant improvement in mood, general wellbeing, increased strength, less fatigue, decreased symptoms of diarrhoea, nausea and malaise and opportunistic infections. The trial participants have been able to work and perform household duties, with overall improvement in health and general productivity levels.
3	Quality of Life Trials (Anecdotal)	Imuniti Combo Pack	Independent trials in Namibia	36	People living with HIV/Aids	100% success rate in the adult individuals in terms of mass gain (6 to 10 kg on average after four weeks).
4	Quality of Life Trials (Anecdotal)	Imuniti Combo Pack	QOL trial Lesotho, Maseru	100	People living with HIV/Aids	The nursing staff were pleased to report excellent results with respect to the QOL parameters measured. There has been an average mass gain of approximately 2 to 4 kg per month. There has been significant improvement in mood, general wellbeing, increased strength, less fatigue, decreased symptoms of diarrhoea, nausea and malaise and opportunistic infections. The trial participants have been able to work and perform household duties, with overall improvement in health and general productivity levels.
5	Occupational Health Clinic at Independent Newspapers (Liz Clarke)	Imuniti Combo Pack	Liz Clarke	1	HIV/Aids	The results of this trial test on a dying HIV/Aids sufferer after eight weeks were remarkable.
6	Feeding project in cooperation with Siyazisiza Trust, Msinga School (KwaZulu-Natal)	Imuniti Porridge	SPP (trials on fortified soy products)	300 children ages 6 to 15 years	Status unknown	Most of the children were above the third percentile after the three weeks of supplementary feeding.
7	Report of pilot project results for Limpopo PSNP	Imuniti Porridge	Soya SA testing the taste of the soya porridge	1 070 children ages 6 to 16 years	Status unknown	Mothers who were taught how to prepare the meals, were amazed at how easy and time-saving the process was. They have written on the forms about the ease of preparation, all accepted the taste of the product. Recommendations – The product can be used for school feeding programmes and other institutional feeding programmes since it is acceptable for almost 100% of the children and other stakeholders; – The products provide 30% of the RDA for energy, protein and some micronutrients such as vitamin A, calcium, iron, selenium and zinc; – Quality is non-negotiable; – Larger portions of the product or more portions for the children that want can also be supplied; – Supply of all food to each and every school must be ensured; and – Helpers must be educated in the preparation of the product.
8	A toxicity study of <i>Sutherlandia</i> leaf powder consumption	<i>Sutherlandia</i>	Medical Research Council of South Africa and National Research Foundation	Adult vervet monkeys for three months	Status unknown	General observations The <i>Sutherlandia</i> leaf powder had no side effects. There were no signs of discomfort, ill health or abnormal behaviour throughout the study.
9	Department of Botany	<i>Sutherlandia</i>	Mrs Anne Hutchings Zulu Traditional Medicine Research Department of Botany	3	Terminally ill Aids patients	Improved appetite and increased levels of energy and wellbeing. Weight gains have been observed. Improvement in muscular strengths after two weeks and the ability to resume normal household work. Reductions in general aches and pains, episodes of diarrhoea and nausea and improvement of sleep patterns. The enthusiastic response of all those treated and involved in the caring procedures lead me to the conclusion that it is vitally important that this product receive all the support and promotion it can.



ETHICS AND VALUES

Imuniti share the commitment to:

- Employee development;
- Participation and empowerment;
- Wealth creation, reward and recognition;
- Respect, dignity and equal opportunity;
- A safe and healthy work environment;
- Community and environmental commitment;
- Open communication;
- Continuous improvement;
- Product quality; and
- Customer service.

The group endeavours to act with honesty, responsibility and professional integrity in its dealings with employees, shareholders, customers, suppliers and society at large. Employees are required to maintain the highest ethical standards in ensuring that business practices are conducted in a manner, which in all reasonable circumstances is above reproach. In any instance where ethical standards are called into question, the circumstances are investigated and resolved in an appropriate and fair manner.

STAKEHOLDER ENGAGEMENT

As a listed entity, we comply with legal communications requirements. We believe in regular dialogue with stakeholders and the investor community as a whole. Regular SENS announcements are published to keep the stakeholders informed.

Our website provides up-to-date information to stakeholders.

Communication to stakeholders takes place in the following manner:

Stakeholders and other providers of capital

- Website;
- SENS announcements;
- Trading updates;
- Bi-annual results announcements; and
- Annual integrated report.

Industry

- Member of SAAFOST– South African Association of Food Science and Technology.

Business partners and customers

- Face-to-face meetings; and
- Regular discussions.

Staff and unions

- Management meetings;
- Union meetings; and
- Employment Equity meetings.

Suppliers

- Regular discussions; and
- Presentations to Procurement Committees.

PRODUCT RESPONSIBILITY

The continuous need for food manufacturers to market products that meet the required food safety standards has resulted in a review of various statute requirements and industry legislation in order to implement better product quality and food safety.

PACKAGING AND INGREDIENT SUPPLIERS

Packaging and ingredient suppliers have a major impact on the risk management of food quality and safety and are managed accordingly. We drive a policy to exclude dealings with suppliers that pose a threat to our product responsibility. Food Safety Certification is a compulsory requirement for ingredient suppliers and continuous communication and controls have been established to prevent potential risks occurring.

We purchase our pharmaceutical, natural and complimentary medicines that are registered (or in process of registration) with the Medicines Control Council ("MCC"). These suppliers are subject to the very stringent rules as required by the MCC.



» REPORT OF THE INDEPENDENT AUDITORS

TO THE SHAREHOLDERS OF IMUNITI HOLDINGS LIMITED

We have audited the annual financial statements and group annual financial statements of Imuniti Holdings Limited, which comprise the statement of financial position and consolidated statement of financial position as at 28 February 2011, the statement of comprehensive income and consolidated statement of comprehensive income, the statement of changes in equity and consolidated statement of changes in equity and statement of cash flows and consolidated statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 23 to 58.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

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

OPINION

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of the company and the group as of 28 February 2011, and of their financial performance and their 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.

EMPHASIS OF MATTER

Without qualifying our opinion, we draw attention to the report of the directors under the heading "Going Concern" on page 23.

Grant Thornton

Registered Auditors

Chartered Accountant (SA)

Per: **James Barnett**

26 May 2011



» DIRECTORS' RESPONSIBILITY AND APPROVAL

The directors are required in terms of the Companies Act 2008 of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group.

While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The directors have reviewed the group's cash flow forecast for the year to 29 February 2012 and, in the light of this review and the current financial position, they are satisfied that the group has or has access to adequate resources to continue in operational existence for the foreseeable future.

The board of directors are responsible for the financial affairs of the group.

The external auditors are responsible for independently reviewing and reporting on the group's annual financial statements. The annual financial statements have been examined by the group's external auditors and their report is presented on page 21.

The annual financial statements set out on pages 23 to 58, have been prepared on the going concern basis, have been approved by the board on 26 May 2011 and are signed on its behalf by:

HJ van der Merwe
Chief Executive Officer

Durban
26 May 2011

PHA Fouche
Chief Financial Officer

» DECLARATION BY COMPANY SECRETARY

The Company Secretary certifies that the company has lodged with the Registrar of Companies all such returns as are required of a public company, in terms of the South African Companies Act, and that all such returns are true, correct, and up to date.

PHA Fouche
Company Secretary

Durban
26 May 2011



The directors have pleasure in submitting their report for the year ended 28 February 2011 on the company and group results for the year under review.

NATURE OF BUSINESS

The group is engaged in the manufacturing of high-protein fortified nutritional food products and supplements, as well as pharmaceutical products and complementary natural medicines in South Africa.

REVIEW OF ACTIVITIES

The net profit of the group for the year was R1,9 million (2010: loss R9,4 million; 2009: loss R54,5 million) after taxation of R6,2 million (2010: R260 thousand; 2009: Rnil).

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

GOING CONCERN

We draw attention to the fact that at 28 February 2011, the company had accumulated losses of R91,2 million and that the group had accumulated losses of R90,5 million.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the group to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure funding for the ongoing operations of the group.

In terms of agreements signed on 2 and 3 March 2011 and amended subsequently, the BBE Family Trust and the Ellis Family Trust have agreed to subscribe for 190 000 000 ordinary shares each and the Kingfisher Discretionary Trust and the Molefe Family Trust have agreed to subscribe for 10 000 000 ordinary shares each in the issued share capital of the company at a subscription price of 3 cents per ordinary share, resulting in a total subscription of 400 000 000 shares at 3 cents each.

Two of the subscribing parties, namely the BBE Family Trust and the Ellis Family Trust, own in excess of 10% of the issued share capital of the company prior to the fresh issue. As a result they are deemed material shareholders and are therefore deemed to be related parties in terms of Section 10 of the JSE Listings Requirements.

In terms of the JSE Listings Requirements regarding a specific authority to issue shares, a 75% majority of the votes of all the shareholders present or represented by proxy at the general meeting, excluding controlling shareholders, their associates, any party acting in concert, and if applicable, any shareholder who is participating in the issue and is not regarded as being public in terms of the JSE Listings Requirements, must be cast in favour of the each of the resolutions to issue the shares.

Shareholders' approval is still outstanding and expected on 24 June 2011.

EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any matters or circumstances arising since the end of the financial year except for the issue of shares as detailed above and the appointment of directors as noted below.

STATEMENT OF RESPONSIBILITY

The directors' statement of responsibility is addressed on page 22 of this annual integrated report.

DIVIDENDS

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

AUTHORISED AND ISSUED SHARE CAPITAL

During the year under review, no changes were made to the authorised share capital of R150 000 divided into 1 500 000 000 ordinary shares of R0,0001 each.

During the current year, 51 500 000 ordinary shares were issued at a share premium of R638 156 (net of share issue costs) for working capital purposes.

During the 2010 year, 211 123 182 ordinary shares were issued at a share premium of R6 370 331 (net of share issue costs) for working capital purposes.



» DIRECTORS' REPORT

INTEREST IN SUBSIDIARIES

Name of subsidiary	Held by	Percentage holding		Issued share capital	Net profit/(loss) after tax (R000's)		Nature of business subsidiary
		2011	2010		2011	2010	
PB Tully Family Holdings (Pty) Limited	Imuniti Holdings Limited	100	100	2	–	–	Holding company
Impilo Marketing (Pty) Limited	Imuniti Holdings Limited	100	100	100	1 231	(207)	Sales and distribution of pharmaceutical and complementary medicines
Nutritional Foods (Pty) Limited	Imuniti Holdings Limited	100	100	1 000	(2 741)	(3 238)	Manufacturer; distributor of Fortified Food
Impilo Drugs (1966) (Pty) Limited	PB Tully Family Holdings (Pty) Limited	100	100	350 100	3 078	(3 776)	Manufacturer of pharmaceutical, natural and complementary medicines

All the above subsidiaries are incorporated in South Africa.

Details of related party loans are set out in note 7 to the annual financial statements.

RISK MANAGEMENT AND INSURANCE

Risk is managed in order to protect the assets and earnings of the group against unacceptable financial loss and to safeguard against legal liabilities. Risks are insured at minimum cost with satisfactory cover. Property, plant and equipment are insured at current replacement values.

CONTROLLING AND MAJOR SHAREHOLDERS

The controlling and major shareholders of the company are set out on page 59 of this annual integrated report.

DIRECTORS

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

Name	Nationality	Changes
PHA Fouche	South African	(Resigned 31 July 2011)
SR Bean*	South African	(Resigned 31 October 2010)
NP Lamble	South African	(Resigned 31 October 2010)
MR Gahagan*	British	(Resigned 31 October 2010)
HJ van der Merwe	South African	(Appointed 4 March 2011)
JA Etchells*	South African	(Appointed 4 March 2011)
GR Wambach*	South African	(Appointed 4 March 2011)

* *Non-executive*

The attendance at meetings by directors is set out in the corporate governance report on page 11.

DIRECTORS' SHAREHOLDINGS

The directors of the company had the following direct and indirect interests in the issued share capital of Imuniti as at 28 February 2011:

	2011 Direct	2011 Indirect	2010 Direct	2010 Indirect
Executive directors				
PHA Fouche	2 042 777	6 375 000	1 442 777	6 375 000
NP Lamble	n/a	n/a	2 000 000	–
HJ van der Merwe	–	–	n/a	n/a
Non-executive directors				
JA Etchells	9 743 191	–	n/a	n/a
GR Wambach	508 333	–	n/a	n/a



Subsequent to year-end the following transactions took place:

On 10 March 2011, GR Wambach purchased 190 000 shares.

DIRECTORS' REMUNERATION

The directors' remuneration is reflected in note 24 to the annual financial statements.

SPECIAL RESOLUTIONS

There have been no special resolutions passed by the company or its subsidiaries, the nature of which might be significant to shareholders in their appreciation of the state of the affairs of the group.

BORROWINGS

On behalf of the group, the directors have established credit facilities with various financial institutions for use by the various subsidiary companies. The directors did not exceed any authorised levels of borrowings during the year under review.

CORPORATE GOVERNANCE

The directors acknowledge and subscribe to the values of good corporate governance as set out in the King II Report on Corporate Governance for the Republic of South Africa and the board has confirmed that the Imuniti Group has applied the principles of the King III Report on Governance for South Africa with effect from 1 March 2010. By supporting this Code of Corporate Practices and Conduct the directors have recognised the need to conduct the business of the group with integrity and in accordance with generally accepted best corporate governance practices. Refer to the corporate governance report in the annual integrated report for specific disclosure requirements.

SECRETARY

The Secretary of the company is PHA Fouche of:

Business address:

Suite E 101 Hampden Court
7 Hampden Road
Morningside
Durban
4000

Postal address:

PO Box 201966
Durban North
4016

AUDITORS

Grant Thornton (Durban) have expressed their willingness to continue in office as auditors in accordance with section 270(2) of the Companies Act.

LITIGATION

On 30 October 2009, summons was served on Imuniti by Andrew Maxwell Tully, Harold Levin, Colin Craig Elsworth and Randal James Brereton, being the trustees of the Tully Family Trust, which trust was the previous owner of the Impilo Group. In terms of the summons, the plaintiffs are claiming that shares issued to them at 60 cents per share, should have been issued at 48 cents per share. The plaintiffs issued a further summons on Imuniti on 4 December 2009, claiming that the 33 333 333 shares issued to the Tully Family Trust were issued in certificated form and thus contrary to the Impilo acquisition agreement in that they were not issued in negotiable form. An appearance to defend both summonses has been filed.

On 25 March 2010, Hans Jacob Wessels issued summons on Andrew Maxwell Tully, Harold Levin, Colin Craig Elsworth, Randal James Brereton and Imuniti, which summons claims that the value of the Impilo Group was overstated by R5,6 million when Imuniti purchased it. An appearance to defend has been filed.

Aside from the information detailed above, Imuniti and its subsidiaries are not involved in any material legal or arbitration proceedings or legal actions, nor are the directors aware of any proceedings that are pending or threatened, that may have, or have had in the 12-month period preceding the last practicable date, a material effect on the company's financial position.



» STATEMENT OF FINANCIAL POSITION

Figures in R thousands	Notes	GROUP 2011	GROUP 2010*	GROUP 2009	COMPANY 2011	COMPANY 2010	COMPANY 2009
ASSETS							
Non-current assets							
Property, plant and equipment	3	11 656	10 944	12 309	28	49	79
Intangible assets	4	11 694	11 694	11 694	–	–	–
Investments in subsidiaries	5	–	–	–	11 974	11 974	11 974
Deferred tax	28	8 865	1 721	–	–	–	–
Finance lease receivables	29	1 147	–	–	1 135	1 140	1 726
		33 362	24 359	24 003	13 137	13 163	13 779
Current assets							
Inventories	8	4 056	5 439	9 025	–	–	–
Loans to group companies	6	–	–	–	13 639	11 716	14 329
Loans to related parties	7	8	3	76	8	3	76
Current tax receivable		–	537	–	–	–	–
Finance lease receivables	29	751	–	–	611	682	542
Trade and other receivables	9	6 439	7 386	10 664	–	5	47
Cash and cash equivalents	10	56	510	68	5	477	20
		11 310	13 875	19 833	14 263	12 883	15 014
Total assets		44 672	38 234	43 836	27 400	26 046	28 793
EQUITY AND LIABILITIES							
Equity							
Share capital	11	113 302	112 658	106 267	113 302	112 658	106 267
Reserves	12	3 547	669	250	–	–	–
Accumulated loss		(90 530)	(92 464)	(83 044)	(91 229)	(90 338)	(81 749)
		26 319	20 863	23 473	22 073	22 320	24 518
Liabilities							
Non-current liabilities							
Instalment sale creditors	13	601	1 398	2 127	1 135	1 140	1 726
Deferred tax	28	3 649	1 721	–	–	–	–
		4 250	3 119	2 127	1 135	1 140	1 726
Current liabilities							
Loans from related parties	7	1 200	134	181	1 200	134	181
Current tax payable		141	131	323	–	–	–
Instalment sale creditors	13	879	1 118	1 351	611	682	542
Trade and other payables	14	9 551	10 343	13 048	2 379	1 759	1 819
Bank overdraft	10	2 332	2 526	3 333	2	11	7
		14 103	14 252	18 236	4 192	2 586	2 549
Total liabilities		18 353	17 371	20 363	5 327	3 726	4 275
Total equity and liabilities		44 672	38 234	43 836	27 400	26 046	28 793

* Restated



» STATEMENT OF COMPREHENSIVE INCOME

Figures in R thousands	Notes	GROUP 2011	GROUP 2010*	GROUP 2009	COMPANY 2011	COMPANY 2010	COMPANY 2009
Revenue	15	46 708	53 607	60 500	2 040	1 360	3 500
Cost of sales		(24 939)	(31 786)	(30 469)	–	–	–
Gross profit		21 769	21 821	30 031	2 040	1 360	3 500
Other income		481	2 735	1 259	38	106	125
Operating expenses excluding impairments		(26 524)	(33 120)	(39 397)	(2 193)	(2 544)	(4 624)
Impairments							
Loans		–	–	(167)	–	–	(97)
Group loans		–	–	–	(642)	(7 171)	(8 480)
Distribution rights		–	–	(24 000)	–	–	(24 000)
Investment in subsidiaries		–	–	–	–	–	(20 867)
Goodwill		–	–	(21 076)	–	–	–
Operating loss	16	(4 274)	(8 564)	(53 350)	(757)	(8 249)	(54 443)
Investment revenue	17	1 039	580	813	3	60	37
Finance costs	18	(1 070)	(1 696)	(1 996)	(137)	(400)	(18)
Loss before taxation		(4 305)	(9 680)	(54 533)	(891)	(8 589)	(54 424)
Taxation	19	6 239	260	–	–	–	–
Profit (loss) for the year		1 934	(9 420)	(54 533)	(891)	(8 589)	(54 424)
Other comprehensive income:							
Gain on property revaluation	3	3 900	680	–	–	–	–
Taxation related to components of other comprehensive income		(1 022)	(261)	–	–	–	–
Other comprehensive income for the year net of taxation	21	2 878	419	–	–	–	–
Total comprehensive income (loss)		4 812	(9 001)	(54 533)	(891)	(8 589)	(54 424)
Earnings per share							
Normal and diluted earnings per share	36; 38	0,43	(0,95)	(6,32)			
Headline earnings per share	37	0,17	(0,99)	(1,12)			

* Restated



» STATEMENT OF CHANGES IN EQUITY

Figures in R thousands	Share capital	Share premium	Total share capital	Revaluation reserve	Accumulated loss	Total equity
GROUP						
Balance at 1 March 2009	88	106 179	106 267	250	(83 044)	23 473
Changes in equity						
Total comprehensive loss for the year	–	–	–	419	(9 420)	(9 001)
Issue of shares	21	6 370	6 391	–	–	6 391
Total changes	21	6 370	6 391	419	(9 420)	(2 610)
Balance at 1 March 2010*	109	112 549	112 658	669	(92 464)	20 863
Changes in equity						
Total comprehensive income for the year	–	–	–	2 878	1 934	4 812
Issue of shares	5	639	644	–	–	644
Total changes	5	639	644	2 878	1 934	5 456
Balance at 28 February 2011	114	113 188	113 302	3 547	(90 530)	26 319
Note(s)	11	11	11	12 and 21	21	
COMPANY						
Balance at 1 March 2009	88	106 179	106 267	–	(81 749)	24 518
Changes in equity						
Total comprehensive loss for the year	–	–	–	–	(8 589)	(8 589)
Issue of shares	21	6 370	6 391	–	–	6 391
Total changes	21	6 370	6 391	–	(8 589)	(2 198)
Balance at 1 March 2010	109	112 549	112 658	–	(90 338)	22 320
Changes in equity						
Total comprehensive loss for the year	–	–	–	–	(891)	(891)
Issue of shares	5	639	644	–	–	644
Total changes	5	639	644	–	(891)	(247)
Balance at 28 February 2011	114	113 188	113 302	–	(91 229)	22 073
Note(s)	11	11	11	12 and 21	21	

* Restated



» STATEMENT OF CASH FLOWS

Figures in R thousands	Notes	GROUP 2011	GROUP 2010*	GROUP 2009	COMPANY 2011	COMPANY 2010	COMPANY 2009
Cash flows from operating activities							
Cash receipts from customers		47 699	59 575	63 274	2 045	1 402	3 621
Cash paid to suppliers and employees		(49 693)	(62 035)	(68 493)	(1 511)	(2 446)	(7 567)
Cash (used in) generated							
from operations	22	(1 994)	(2 460)	(5 219)	534	(1 044)	(3 946)
Interest income	17	464	580	813	3	60	37
Finance costs		(1 070)	(1 696)	(1 995)	(137)	(400)	(18)
Tax received (paid)	23	547	(729)	45	–	–	–
Net cash from operating activities		(2 053)	(4 305)	(6 356)	400	(1 384)	(3 927)
Cash flows from investing activities							
Purchase of property, plant and equipment	3	(12)	(28)	(1 226)	(1)	(27)	–
Sale of property, plant and equipment		2 460	153	297	–	5	28
Net movement on loans with group companies		–	–	–	(2 566)	(4 559)	(6 104)
Net cash from investing activities		2 448	125	(929)	(2 567)	(4 581)	(6 076)
Cash flows from financing activities							
Proceeds on share issue	11	643	6 391	7 206	643	6 391	7 204
Net movement in loans with group companies		–	–	–	–	–	2 820
Net movement in related party loans		1 061	–	473	1 061	26	407
Net movement on instalments sale creditors		(1 036)	(962)	503	(76)	(446)	–
Finance lease receipts		(1 323)	–	–	76	446	–
Net cash from financing activities		(655)	5 429	8 127	1 704	6 417	10 024
Total cash movement for the year		(260)	1 249	842	(463)	452	21
Cash at the beginning of the year		(2 016)	(3 265)	(4 107)	466	14	(8)
Total cash at end of the year	10	(2 276)	(2 016)	(3 265)	3	466	13

* Restated



1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

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

These accounting policies are consistent with the previous period, and there has been no change in the current year.

1.1 Consolidation

Basis of consolidation

The consolidated annual financial statements incorporate the annual financial statements of the company and all entities, which are controlled by the company.

Control exists when the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries are included in the consolidated annual financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the annual financial statements of subsidiaries to bring their accounting policies in line with those of the group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

1.2 Significant judgements

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

Loans and receivables

The group assesses its loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

Allowance for slow moving, damaged and obsolete inventories

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

Impairment testing

The recoverable amounts of individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. These assumptions may change which may then impact our estimations and may then require a material adjustment to the carrying value of tangible and intangible assets.

Property, plant and equipment

Management has made certain estimations with regard to the determination of estimated residual values and useful lives of items of property, plant and equipment, as discussed further in note 1.3.

Allowance for doubtful debts

Past experience indicates a reduced prospect of collecting debtors over the age of three months. Debtors balances older than three months are regularly assessed by management as deemed appropriate.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.



1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS continued

1.2 Significant judgements continued

Taxation continued

The group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Intangible assets

In calculating the recoverable amount of the intangibles the following estimates, assumptions and calculations were used:

The useful life of the "brand names" is considered to be indefinite, as the dossiers that back up the brands which are owned by the group, were developed over a number of years and are registered with the Medicines Control Council. The recoverable amount is calculated by using a discounted cash flow model using the following assumptions:

- Growth of 9% on the current year's gross profit derived from the sales of the products;
- Capitalisation rate of 10%, being the estimated cost of capital; and
- Period used – 10 years.

1.3 Property, plant and equipment

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

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

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

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment.

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

Land and buildings are carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Any increase in an asset's carrying amount, as a result of a revaluation, is recognised to other comprehensive income and accumulated in the revaluation surplus in equity. The increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in profit or loss in the current period. The decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The decrease recognised in other comprehensive income reduces the amount accumulated in the revaluation surplus in equity.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

Item	Average useful life
Land	Indefinite
Buildings	30 years
Plant and machinery	5 to 15 years
Motor vehicles	3 to 10 years



1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS continued

1.3 Property, plant and equipment continued

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

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

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

1.4 Intangible assets

An intangible asset is recognised when:

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

Intangible assets are initially recognised at cost.

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

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

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

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

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

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

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

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

1.5 Investments in subsidiaries

Company annual financial statements

In the company's separate annual financial statements, investments in subsidiaries are carried at cost less any accumulated impairment.

The cost of an investment in a subsidiary is the aggregate of:

- The fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- Any costs directly attributable to the purchase of the subsidiary.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.



1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS continued

1.6 Financial instruments

Classification

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

- Financial assets at fair value through profit or loss – held for trading;
- Loans and receivables;
- Financial liabilities at fair value through profit or loss – held for trading; and
- Financial liabilities measured at amortised cost.

Classification depends on the purpose for which the financial instruments were obtained/incurred and takes place at initial recognition. For financial instruments which are not at fair value through profit or loss, classification is reassessed on an annual basis.

Initial recognition and measurement

Financial instruments are recognised initially when the group becomes a party to the contractual provisions of the instruments.

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

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

Regular way purchases of financial assets are accounted for at trade date.

Subsequent measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Net gains or losses on the financial instruments at fair value through profit or loss include dividends and interest.

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

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

Impairment of financial assets

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

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

In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity as a reclassification adjustment to other comprehensive income and recognised in profit or loss.

Impairment losses are recognised in profit or loss.



1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS continued

1.6 Financial instruments continued

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

Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available for sale.

Impairment losses are also not subsequently reversed for available-for-sale equity investments which are held at cost because fair value was not determinable.

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

Loans to (from) group companies

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

Loans to group companies are classified as loans and receivables.

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

Loans to shareholders, directors, managers and employees

These financial assets are classified as loans and receivables.

Trade and other receivables

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

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

Trade and other receivables are classified as loans and receivables.

Trade and other payables

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

Cash and cash equivalents

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

Bank overdraft and borrowings

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



1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS continued

1.7 Tax

Current tax assets and liabilities

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

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

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, and affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- A transaction or event which is recognised, in the same or a different period, to other comprehensive income;
- A transaction or event which is recognised, in the same or a different period, directly in equity; or
- A business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.8 Leases

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

Finance leases – lessor

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

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

Operating leases – lessee

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

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



1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS continued

1.9 Inventories

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

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

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

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

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

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

1.10 Impairment of assets

The group assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

Any impairment loss of a revalued asset is treated as a revaluation decrease.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units.

The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

- First, to reduce the carrying amount of any goodwill allocated to the cash-generating unit; and
- Then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

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

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



1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS continued

1.11 Share capital and equity

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

1.12 Share-based payments

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

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

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

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

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

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

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

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

1.13 Employee benefits

Defined contribution plans

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

1.14 Provisions and contingencies

Provisions are recognised when:

- The group has a present obligation as a result of a past event;
- It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- A reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.



1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS continued

1.15 Revenue

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

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

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

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

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

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

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

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

1.16 Cost of sales

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

1.17 Borrowing costs

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

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

The capitalisation of borrowing costs commences when:

- Expenditures for the asset have occurred;
- Borrowing costs have been incurred; and
- Activities that are necessary to prepare the asset for its intended use or sale are in progress.

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

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

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



1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS continued

1.18 Goodwill

Goodwill is initially measured at cost, being the excess of the business combination over the company's interest of the net fair value of the identifiable assets, liabilities and contingent liabilities.

Subsequently, goodwill is carried at cost less any accumulated impairment.

The excess of the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the business combination is immediately recognised in profit or loss.

Internally generated goodwill is not recognised as an asset.

2. NEW STANDARDS AND INTERPRETATIONS

At the date of approval of these annual financial statements, certain new accounting standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the entity.

Management anticipates that all of the pronouncements will be adopted in the entity's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the entity's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the entity's financial statements.

2.1 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 1 March 2011 or later periods:

IAS 24 Related Parties

Amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities. The effective date of the amendment is for years beginning on or after 1 January 2011. The group does not envisage the adoption of the standard until such time as it becomes applicable to the group's operations. It is unlikely that the amendment will have a material impact on the company's annual financial statements.

IFRS 9 Financial Instruments

IFRS 9 is the first standard issued as part of a wider project to replace IAS 39. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply. Prior periods need not be restated if an entity adopts the standard for reporting periods beginning before 1 January 2012.

The effective date of the standard is for years beginning on or after 1 January 2013.



» NOTES TO THE ANNUAL FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT

Figures in R thousands	2011			2010			2009		
	Cost/ valuation	Accu- mulated depre- ciation	Carrying value	Cost/ valuation	Accu- mulated depre- ciation	Carrying value	Cost/ valuation	Accu- mulated depre- ciation	Carrying value
GROUP									
Buildings	7 528	(566)	6 962	4 124	(565)	3 559	3 444	(425)	3 019
Land	639	–	639	144	–	144	144	–	144
Motor vehicles	1 453	(953)	500	1 726	(1 074)	652	2 140	(1 144)	996
Plant and machinery	9 388	(5 833)	3 555	16 812	(10 223)	6 589	16 784	(8 634)	8 150
Total	19 008	(7 352)	11 656	22 806	(11 862)	10 944	22 512	(10 203)	12 309

Figures in R thousands	2011			2010			2009		
	Cost	Accu- mulated depre- ciation	Carrying value	Cost	Accu- mulated depre- ciation	Carrying value	Cost/ valuation	Accu- mulated depre- ciation	Carrying value
COMPANY									
Plant and machinery	159	(131)	28	370	(321)	49	342	(263)	79

Reconciliation of property, plant and equipment

Figures in R thousands	Opening balance	Additions	Disposals	Revaluations	Depreciation	Total
GROUP 2011						
Buildings	3 559	–	–	3 405	–	6 964
Land	144	–	–	495	–	639
Motor vehicles	652	–	(36)	–	(117)	499
Plant and machinery	6 589	12	(2 387)	–	(660)	3 554
	10 944	12	(2 423)	3 900	(777)	11 656
GROUP 2010						
Buildings	3 019	–	–	680	(140)	3 559
Land	144	–	–	–	–	144
Motor vehicles	996	–	(168)	–	(176)	652
Plant and machinery	8 150	28	–	–	(1 589)	6 589
	12 309	28	(168)	680	(1 905)	10 944
GROUP 2009						
Buildings	3 053	–	–	–	(34)	3 019
Land	144	–	–	–	–	144
Motor vehicles	932	292	(17)	–	(211)	996
Plant and machinery	8 856	934	(39)	–	(1 601)	8 150
	12 985	1 226	(56)	–	(1 846)	12 309



3. **PROPERTY, PLANT AND EQUIPMENT** continued
Reconciliation of property, plant and equipment

Figures in R thousands	Opening balance	Additions	Depreciation	Total
COMPANY 2011				
Plant and machinery	49	1	(22)	28
COMPANY 2010				
Plant and machinery	79	27	(57)	49
COMPANY 2009				
Plant and machinery	202	(24)	(99)	79

Pledged as security

Carrying value of assets pledged as security (refer to note 13):

Figures in R thousands	GROUP 2011	GROUP 2010*	GROUP 2009	COMPANY 2011	COMPANY 2010	COMPANY 2009
Land and buildings	7 600	3 700	3 000	–	–	–
Plant and machinery	1 373	2 084	2 546	–	62	62
Motor vehicles	386	483	617	–	–	–

*Restated

Revaluations

The effective date of the revaluation was 28 February 2011. The revaluation was performed by the board of directors.

Land and buildings are revalued independently every three years.

The valuation was performed using the rental capitalisation approach, and the following assumptions were used:

Capitalisation rate:	13%
Office rental per square metre:	R20
Factory rental per square metre:	R15
Garage rental per square metre:	R12

4. **INTANGIBLE ASSETS**

Figures in R thousands	2011			2010*			2009		
	Cost	Accu- mulated impair- ment	Carrying value	Cost	Accu- mulated impair- ment	Carrying value	Cost/ valuation	Accu- mulated impair- ment	Carrying value
GROUP									
Brand names	11 694	–	11 694	11 694	–	11 694	11 694	–	11 694
Distribution rights	24 000	(24 000)	–	24 000	(24 000)	–	24 000	(24 000)	–
Total	35 694	(24 000)	11 694	35 694	(24 000)	11 694	35 694	(24 000)	11 694
COMPANY									
Distribution rights	24 000	(24 000)	–	24 000	(24 000)	–	24 000	(24 000)	–

*Restated

The useful life of purchased "brand names" is considered indefinite. Brand names relate to dossiers registered with the Medical Research Council in Impilo Drugs (1966) (Pty) Limited which do not have a finite life.

The distribution rights relates to a purchase price of non-exclusive rights to manufacture the Imuniti wellness pack from Edge to Edge Global Investments Limited.



» NOTES TO THE ANNUAL FINANCIAL STATEMENTS

5. INVESTMENTS IN SUBSIDIARIES

Name of company	Held by	Percentage holding 2011	Percentage holding 2010	Percentage holding 2009	Carrying amount 2011	Carrying amount 2010	Carrying amount 2009
PB Tully Family	Imuniti*	100,00	100,00	100,00	40 015	40 013	40 013
Impilo Marketing (Pty) Limited	Imuniti*	100,00	100,00	100,00	500	500	500
Nutritional Foods (Pty) Limited	Imuniti*	100,00	100,00	100,00	1	1	1
Imuniti Wellness Centres (Pty) Limited	Imuniti*	–	–	100,00	–	–	1
					40 516	40 514	40 515
Impairment of investment in subsidiaries					(28 542)	(28 540)	(28 541)
					11 974	11 974	11 974

* *Imuniti Holdings Limited*

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

Figures in R thousands	COMPANY 2011	COMPANY 2010	COMPANY 2009
Impairment of investment in subsidiaries			
Opening balance	28 540	28 541	7 674
Impairments	2	–	20 867
Impairment reversed	–	(1)	–
	28 542	28 540	28 541

6. LOANS TO GROUP COMPANIES

Subsidiaries

Impilo Drugs (1966) (Pty) Limited	13 276	12 383	9 415
Nutritional Foods (Pty) Limited	21 644	19 859	19 145
Impilo Marketing (Pty) Limited	4 065	4 179	3 303
	38 985	36 421	31 863
Impairment of loans to subsidiaries	(25 346)	(24 705)	(17 534)
	13 639	11 716	14 329

The above loans are unsecured and repayable on demand. No interest was charged during the year (2010: Rnil; 2009: Rnil).

Credit quality of loans to group companies

The credit quality of loans to group companies that are neither past due nor impaired are assessed individually based on the solvency of the company being assessed.

Loans to group companies impaired

As of 28 February 2011, loans to group companies of R25 822 (2010: R24 705; 2009: R17 534) were impaired and provided for to the extent that liabilities of the subsidiary exceeded its assets.

Reconciliation of provision for impairment of loans to group companies

Opening balance	24 705	17 534	9 056
Provision for impairment	641	7 171	8 478
Closing balance	25 346	24 705	17 534



Figures in R thousands	GROUP 2011	GROUP 2010*	GROUP 2009	COMPANY 2011	COMPANY 2010	COMPANY 2009
7. LOANS TO (FROM) RELATED PARTIES						
Edge to Edge Global Investments Limited	(1 200)	(100)	74	(1 200)	(100)	74
Hans Wessels Trust	1	1	1	1	1	1
Paul Fouche Trust	2	2	1	2	2	1
Paul Fouche Accounting (Pty) Limited	–	–	(148)	–	–	(148)
MR Gahagan	–	(34)	(33)	–	(34)	(33)
S Alberts	5	–	–	5	–	–
	(1 192)	(131)	(105)	(1 192)	(131)	(105)
Current assets	8	3	76	8	3	76
Current liabilities	(1 200)	(134)	(181)	(1 200)	(134)	(181)
	(1 192)	(131)	(105)	(1 192)	(131)	(105)

* Restated

Terms and conditions of loans

The above loans are unsecured, interest free and repayable by mutual agreement.

Credit quality of loans to related parties

The credit quality of loans to related parties that are neither past due nor impaired are assessed individually based on historical information.

Loans to related parties impaired

As of 28 February 2011, loans to related parties of Rnil (2010: Rnil; 2009: R134 197) were impaired and provided for.

Figures in R thousands	GROUP 2011	GROUP 2010*	GROUP 2009	COMPANY 2011	COMPANY 2010	COMPANY 2009
8. INVENTORIES						
Inventory reworks	–	135	–	–	–	–
Raw materials	1 872	2 992	4 244	–	–	–
Work in progress	170	229	197	–	–	–
Finished goods	2 557	4 663	5 033	–	–	–
	4 599	8 019	9 474	–	–	–
Inventories (write-downs)	(543)	(2 580)	(449)	–	–	–
	4 056	5 439	9 025	–	–	–
Reconciliation of provision for impairment of inventories						
Opening balance	(2 580)	(449)	(190)			
Provision for impairment	–	(2 580)	(816)			
Amounts written off	2 037	449	557			
Closing balance	(543)	(2 580)	(449)			

* Restated



» NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in R thousands	GROUP 2011	GROUP 2010*	GROUP 2009	COMPANY 2011	COMPANY 2010	COMPANY 2009
9. TRADE AND OTHER RECEIVABLES						
Trade receivables	6 331	7 156	9 858	–	–	–
Staff loans	32	47	65	–	–	–
Prepayments and other receivables	22	153	389	–	–	–
Deposits	19	19	113	–	5	47
Value added tax	35	11	239	–	–	–
	6 439	7 386	10 664	–	5	47

* Restated

Trade and other receivables pledged as security

Trade and other receivables were pledged as security for overdraft facilities of R2 900 (2010: R4 100; 2009: R5 000) of the group. At year-end, the overdraft amounted to R2 332 (2010: R2 516; 2009: R3 333).

Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past due nor impaired are assessed by reference to historical information about counterparty default rates. The assessment performed has resulted in trade and other receivables below being identified as being past due but not impaired. No external credit ratings were obtained for trade and other receivables.

Trade and other receivables past due but not impaired

Trade and other receivables which are more than three months past due and less than three months past due are not considered to be impaired. At 28 February 2011, R2 577 (2010: R3 113; 2009: R2 297) were past due but not impaired.

Figures in R thousands	COMPANY 2011	COMPANY 2010	COMPANY 2009
The ageing of amounts past due but not impaired is as follows:			
One month past due	2 218	2 194	544
Two months past due	292	390	655
Three months past due	67	529	1 098
	2 577	3 113	2 297

Trade and other receivables impaired

As of 28 February 2011, trade and other receivables of R262 (2010: R498; 2009: R137) were impaired and provided for.

The ageing is as follows:

	COMPANY 2011	COMPANY 2010	COMPANY 2009
Three to six months	2	3	–
Over six months	260	495	137
	262	498	137

The creation and release of provision for impaired receivables has been included in operating expenses in the statement of comprehensive income. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash. The total amount receivable represents the maximum exposure to credit risk for trade receivables and other current assets, before any credit enhancements or collateral that may be held. The group does not hold any current collaterals.

Reconciliation of provision for impairment of trade and other receivables

Figures in R thousands	GROUP 2011	GROUP 2010*	GROUP 2009	COMPANY 2011	COMPANY 2010	COMPANY 2009
Opening balance	498	137	206	–	–	–
Provision for impairment raised (reversed)	–	731	(8)	–	–	–
Amounts written off as uncollectable	–	(370)	(61)	–	–	–
Unused amounts reversed	(236)	–	–	–	–	–
	262	498	137	–	–	–



Figures in R thousands	GROUP 2011	GROUP 2010*	GROUP 2009	COMPANY 2011	COMPANY 2010	COMPANY 2009
10. CASH AND CASH EQUIVALENTS						
Cash and cash equivalents consist of:						
Bank balances	52	53	63	4	23	19
Bank overdraft	(2 332)	(2 526)	(3 333)	(2)	(11)	(7)
Cash on hand	3	3	4	–	–	–
Short-term deposits	1	454	1	1	454	1
	(2 276)	(2 016)	(3 265)	3	466	13
Current assets	56	510	68	5	477	20
Current liabilities	(2 332)	(2 526)	(3 333)	(2)	(11)	(7)
	(2 276)	(2 016)	(3 265)	3	466	13

* Restated

A mortgage bond of R3 000 000 is registered over the land and buildings as described in note 4. Property, plant, equipment and trade debtors are pledged as security for overdraft facilities of R2 900 000 (2010: R4 100 000; 2009: R5 000 000) of the group.

Figures in R thousands	GROUP 2011	GROUP 2010*	GROUP 2009	COMPANY 2011	COMPANY 2010	COMPANY 2009
11. SHARE CAPITAL						
Authorised						
Ordinary shares of R0,0001 each	150	150	150	150	150	150
100 000 000 redeemable preference shares of R0,0001 each	10	10	10	10	10	10
	160	160	160	160	160	160
Reconciliation of number of shares issued:						
Reported as at 1 March (shares)	1 092 535	881 412	767 582	1 092 535	881 412	767 582
Issue of shares – ordinary shares (shares)	51 500	211 123	113 830	51 500	211 123	113 830
	1 144 035	1 092 535	881 412	1 144 035	1 092 535	881 412
Issued						
1 144 034 847 ordinary shares of R0,0001 each	114	109	88	114	109	88
Share premium	117 833	117 193	110 605	117 833	117 193	110 605
Share issue costs written off against share premium	(4 645)	(4 644)	(4 426)	(4 645)	(4 644)	(4 426)
	113 302	112 658	106 267	113 302	112 658	106 267
12. REVALUATION RESERVE						
The revaluation reserve resulted from the revaluation of land and buildings as described in note 4.						
Revaluation reserve	3 547	669	250	–	–	–

* Restated



» NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in R thousands	GROUP 2011	GROUP 2010*	GROUP 2009	COMPANY 2011	COMPANY 2010	COMPANY 2009
13. INSTALMENT SALE CREDITORS						
Minimum lease payments due						
– within one year	602	1 179	1 556	1 135	744	747
– in second to fifth year inclusive	878	1 512	2 398	611	1 253	1 997
	1 480	2 691	3 954	1 746	1 997	2 744
Less: future finance charges	–	(175)	(476)	–	(175)	(476)
Present value of minimum lease payments	1 480	2 516	3 478	1 746	1 822	2 268
Non-current liabilities	601	1 398	2 127	1 135	1 140	1 726
Current liabilities	879	1 118	1 351	611	682	542
	1 480	2 516	3 478	1 746	1 822	2 268

* Restated

The instalment sale creditors are repayable in monthly instalments of R79 967 (2010: R140 294; 2009: R127 223) and bear interest at rates linked to prime. The group's obligations under instalment sale agreements are secured over assets (refer to note 3).

Figures in R thousands	GROUP 2011	GROUP 2010*	GROUP 2009	COMPANY 2011	COMPANY 2010	COMPANY 2009
14. TRADE AND OTHER PAYABLES						
Trade payables	4 758	5 100	7 661	398	96	301
Amounts received in advance	42	250	1 000	–	–	–
VAT	788	774	405	555	378	405
Other payables	1 293	2 296	2 020	45	1 205	1 047
Accrued expenses	2 670	1 923	1 962	1 381	80	66
	9 551	10 343	13 048	2 379	1 759	1 819
15. REVENUE						
Administration and management services	–	–	–	2 040	1 360	3 500
Rental income	83	–	–	–	–	–
Sale of goods	46 625	53 607	60 500	–	–	–
	46 708	53 607	60 500	2 040	1 360	3 500
16. OPERATING LOSS						
Operating loss for the year is stated after accounting for the following:						
Operating lease charges						
Premises						
– contractual amounts	384	438	960	228	192	193
Equipment						
– contractual amounts	616	505	544	–	–	–
	1 000	943	1 504	228	192	193
Profit (loss) on sale of property, plant and equipment	83	(20)	241	–	5	4
Impairment of goodwill	–	–	21 076	–	–	–
Impairment of investment in subsidiaries	–	–	–	–	–	20 867
Impairment of loans	–	–	167	–	–	97
Impairment of distribution rights	–	–	24 000	–	–	24 000
Impairment on loans to group companies	–	–	–	642	7 171	8 480

* Restated



Figures in R thousands	GROUP 2011	GROUP 2010*	GROUP 2009	COMPANY 2011	COMPANY 2010	COMPANY 2009
16. OPERATING LOSS continued						
Depreciation on property, plant and equipment	777	1 905	1 846	22	57	99
Employee costs	11 956	14 471	16 837	923	1 240	2 860
Research and development	–	8	5	–	–	–
Inventory written off	–	449	558	–	–	–
17. INVESTMENT REVENUE						
Interest revenue						
Bank	63	62	39	3	60	37
Finance leases	575	–	–	–	–	–
Trade and other receivables	401	518	774	–	–	–
	1 039	580	813	3	60	37
18. FINANCE COSTS						
Bank	486	499	903	2	20	18
Current borrowings	174	326	474	–	–	–
South African Revenue Service	223	478	65	135	380	–
Trade and other payables	187	393	554	–	–	–
	1 070	1 696	1 996	137	400	18
19. TAXATION						
Major components of the tax income						
Deferred						
Benefit of unrecognised tax loss/tax credit/temporary difference used to reduce deferred tax expense	(3 415)	(1 187)	–	–	–	–
Originating and reversing temporary differences	(2 824)	927	–	–	–	–
	(6 239)	(260)	–	–	–	–
Reconciliation of the tax expense						
Reconciliation between applicable tax rate and average effective tax rate:						
Applicable tax rate	28,00	28,00	28,00	28,00	28,00	28,00
Impairments (%)	–	–	(23,00)	(22,89)	(23,30)	(15,80)
Disallowable charges (%)	(2,14)	(0,64)	(0,30)	(3,91)	(1,20)	(9,10)
Unprovided deferred tax (%)	–	(27,36)	(4,70)	(1,20)	(3,50)	(3,10)
Assessed losses previously not recognised (%)	(170,78)	(2,69)	–	–	–	–
	(144,92)	(2,69)	–	–	–	–

* Restated

The estimated tax loss available for set off against future taxable income for the group is R41 842 210 (2010: R33 636 411; 2009: R24 168 682) and R5 731 314 (2010: R5 628 712; 2009: R4 456 944) for the company.

A deferred tax asset for the company has not been recognised as there is no convincing evidence that the assessed losses will be used.



» NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in R thousands	GROUP 2011	GROUP 2010*	GROUP 2009	COMPANY 2011	COMPANY 2010	COMPANY 2009
20. AUDITORS' REMUNERATION						
Expenses	–	–	6	–	–	–
Fees	449	684	196	234	281	209
	449	684	202	234	281	209
21. OTHER COMPREHENSIVE INCOME						
Components of other comprehensive income	Gross	Tax	Net			
GROUP 2011						
Movements on revaluation						
Gains on property revaluation	3 900	(1 022)	2 878			
GROUP 2010						
Movements on revaluation						
Gain on property revaluation	680	(261)	419			
22. CASH (USED IN) GENERATED FROM OPERATIONS						
Figures in R thousands	GROUP 2011	GROUP 2010*	GROUP 2009	COMPANY 2011	COMPANY 2010	COMPANY 2009
Loss before taxation	(4 305)	(9 680)	(54 533)	(891)	(8 589)	(54 424)
Adjustments for:						
Depreciation and amortisation	777	1 905	1 846	22	57	99
(Profit) loss on sale of assets	(37)	15	(241)	–	(5)	(4)
Interest received	(1 039)	(580)	(813)	(3)	(60)	(37)
Finance costs	1 070	1 696	1 996	137	400	18
Movement in provisions	–	–	45 035	642	7 171	50 971
Other non-cash items	2	29	(468)	–	–	–
Changes in working capital:						
Inventories	1 383	3 586	(1 486)	–	–	–
Trade and other receivables	947	3 278	2 357	5	42	–
Trade and other payables	(792)	(2 709)	1 088	622	(60)	(569)
	(1 994)	(2 460)	(5 219)	534	(1 044)	(3 946)
23. TAX REFUNDED (PAID)						
Balance at beginning of the year	406	(323)	(278)	–	–	–
Balance at end of the year	141	(406)	323	–	–	–
	547	(729)	45	–	–	–

* Restated



24. DIRECTORS' EMOLUMENTS

Figures in R thousands

	Directors' fees	Emoluments	Allowances	Bonus	Total
Executive 2011					
PHA Fouche	–	370	180	–	550
N Lambie	–	132	–	–	132
	–	502	180	–	682
Executive 2010					
PHA Fouche	–	585	180	–	765
JJ Barnard (10 months)	–	361	250	–	611
MA Mantel (6 months)	–	225	65	–	290
J Graham (6 months)	–	210	–	–	210
HJ Wessels	–	200	–	–	200
	–	1 581	495	–	2 076
Non-executive 2011					
S Bean	42	–	–	–	42
MR Gahagan	88	–	–	–	88
	130	–	–	–	130
Non-executive 2010					
MC Matjila (7 months)	35	–	–	–	35
HAK Slabbert (10 months)	28	–	–	–	28
MR Gahagan (4 months)	44	–	–	–	44
S Bean (4 months)	20	–	–	–	20
N Lambie (4 months)	20	–	–	–	20
NB Gxowa (7 months)	18	–	–	–	18
	165	–	–	–	165



» NOTES TO THE ANNUAL FINANCIAL STATEMENTS

25. FINANCIAL ASSETS BY CATEGORY

The carrying amounts of cash and cash equivalents, loans to related parties and trade and other receivables as disclosed on the statement of financial position are classified as loans and receivables.

26. FINANCIAL LIABILITIES BY CATEGORY

The carrying amounts of loans from related parties, instalment sale creditors, trade and other payables and bank overdraft as disclosed on the statement of financial position are classified as financial liabilities at amortised cost.

27. RISK MANAGEMENT

Capital risk management

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

The capital structure of the group consists of debt, which includes the borrowings (excluding derivative financial liabilities) disclosed in notes 6, 7 and 13, cash and cash equivalents disclosed in note 10, and equity as disclosed in the statement of financial position.

In order to maintain or adjust the capital structure, management may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

There are no externally imposed capital requirements.

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

Figures in R thousands	GROUP 2011	GROUP 2010*	GROUP 2009	COMPANY 2011	COMPANY 2010	COMPANY 2009
Total borrowings						
Loans to related parties (note 7)	1 200	134	181	1 200	134	181
Instalment sale creditors (note 13)	1 480	2 516	3 478	1 746	1 822	2 268
	2 680	2 650	3 659	2 946	1 956	2 449
Less: cash and cash equivalents (note 10)	(2 276)	(2 016)	(3 265)	3	466	13
Net debt	4 956	4 666	6 924	2 943	1 490	2 436
Total equity	26 319	20 863	23 473	22 073	22 320	24 518
Total capital	31 274	25 529	30 397	25 016	23 810	26 954
Gearing ratio (%)	16	18	23	12	6	9

* Restated

Financial risk management

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Liquidity risk

The group's risk to liquidity is a result of the funds available to cover future commitments. The management manages liquidity risk through an ongoing review of future commitments and credit facilities.

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

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.



Figures in R thousands	Less than one year	Between one and two years	Between two and five years	Over five years
27. RISK MANAGEMENT continued				
GROUP				
At 28 February 2011				
Instalment sale creditors	923	804	642	–
Trade and other payables	9 551	–	–	–
Loans from related parties	1 200	–	–	–
Bank overdraft	2 332	–	–	–
At 28 February 2010				
Instalment sale creditors	1 118	804	594	–
Trade and other payables	10 343	–	–	–
Loans from related parties	134	–	–	–
Bank overdraft	2 526	–	–	–
At 28 February 2009				
Instalment sale creditors	1 351	1 351	775	–
Trade and other payables	13 048	–	–	–
Loans from related parties	181	–	–	–
Bank overdraft	3 333	–	–	–
COMPANY				
At 28 February 2011				
Instalment sale creditors	611	1 135	–	–
Loans from related parties	1 200	–	–	–
Trade and other payables	2 379	–	–	–
Bank overdraft	2	–	–	–
At 28 February 2010				
Instalment sale creditors	682	1 140	–	–
Loans from related parties	134	–	–	–
Trade and other payables	1 759	–	–	–
Bank overdraft	11	–	–	–
At 28 February 2009				
Instalment sale creditors	542	1 726	–	–
Loans from related parties	181	–	–	–
Trade and other payables	1 819	–	–	–
Bank overdraft	7	–	–	–

Interest rate risk

The group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk. Borrowings issued at fixed rates expose the group to fair value interest rate risk. During 2011 and 2010, the group's borrowings at variable rate were denominated in Rand.

At 28 February 2011, if interest rates on Rand-denominated borrowings had been 1% higher/lower with all other variables held constant, post-tax profit for the year would have been R14 800 (2010: R8 470; 2009: R11 994) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.



» NOTES TO THE ANNUAL FINANCIAL STATEMENTS

27. RISK MANAGEMENT continued

Credit risk

Credit risk is managed on a group basis.

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

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

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

Figures in R thousands	GROUP 2011	GROUP 2010*	GROUP 2009	COMPANY 2011	COMPANY 2010	COMPANY 2009
Financial instrument						
Finance lease receivables	1 898	–	–	1 746	1 822	2 268
Loans to related parties	8	3	76	8	3	76
Bank	55	510	69	5	477	21
Trade and other receivables	6 440	7 386	10 663	–	5	47
28. DEFERRED TAX						
Deferred tax asset						
Accelerated capital allowances for tax purposes	(1 066)	(534)	–	–	–	–
Tax losses available for set off against future taxable income	4 602	1 187	–	–	–	–
Accelerated capital allowances for tax purposes	1 680	(653)	–	–	–	–
	5 216	–	–	–	–	–
Reconciliation of deferred tax asset (liability)						
Increase (decrease) in tax losses available for set off against future taxable income recognised as deferred tax asset	6 612	1 187	–	–	–	–
Originating temporary difference on revaluation of property	(1 023)	(260)	–	–	–	–
Originating temporary difference on tangible fixed assets	(373)	(927)	–	–	–	–
	5 216	–	–	–	–	–

* Restated



Figures in R thousands	GROUP 2011	GROUP 2010*	GROUP 2009	COMPANY 2011	COMPANY 2010	COMPANY 2009
29. FINANCE LEASE RECEIVABLES						
Gross investment in the lease due						
– within one year	1 200	–	–	1 135	744	747
– in second to fifth year inclusive	1 200	–	–	611	1 253	1 997
	2 400	–	–	1 746	1 997	2 744
Less: unearned finance income	(502)	–	–	–	(175)	(476)
	1 898	–	–	1 746	1 822	2 268
Non-current assets	1 147	–	–	1 135	1 140	1 726
Current assets	751	–	–	611	682	542
	1 898	–	–	1 746	1 822	2 268

* Restated

Credit quality of finance lease receivables

The credit quality of finance lease receivables that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates.

30. RETIREMENT BENEFITS

Defined contribution plan

It is the policy of the group to provide retirement benefits to its employees. A number of defined contribution provident funds, all of which are subject to the Pension Funds Act exist for this purpose.

The group is under no obligation to cover any unfunded benefits.

Figures in R thousands	GROUP 2011	GROUP 2010*	GROUP 2009	COMPANY 2011	COMPANY 2010	COMPANY 2009
The total group contribution to such schemes	545	534	655	–	–	–

* Restated



» NOTES TO THE ANNUAL FINANCIAL STATEMENTS

Figures in R thousands	GROUP 2011	GROUP 2010*	GROUP 2009	COMPANY 2011	COMPANY 2010	COMPANY 2009
31. IMPAIRMENT OF ASSETS						
Material impairment losses recognised						
Investment in subsidiaries	–	–	–	–	–	20 867
Goodwill	–	–	21 076	–	–	–
Distribution rights	–	–	24 000	–	–	24 000
Impairment of loans	–	–	167	–	–	97
Impairment of group loans	–	–	–	642	7 171	8 480
	–	–	45 243	642	7 171	53 444

* Restated

Goodwill has been impaired based on poor performance by the Impilo Drugs (1966) (Pty) Limited and its holding company PB Tully Family Holdings (Pty) Limited. The recoverable amount of goodwill has been based on its value in use.

Distribution rights have been impaired based on the inability to generate sales. The recoverable amount of distribution rights has been based on its value in use. The cash-generating unit that holds the distribution rights is Imuniti Holdings Limited,

Investment in subsidiaries has been impaired to the extent that the subsidiaries' carrying value of its assets exceed its liabilities. The recoverable amount of the investment in subsidiaries has been based on its value in use.

Value in use

Management has projected cash flows based in financial budgets/forecasts for a period of two years.

Key assumptions used by management are based on past experience and include the following:

- Revenue will remain constant;
- Overheads will be trimmed in line with the outsourcing of management of operations as discussed in the directors' report;
- Growth of 9% on the current year's gross profit derived from the sales of the product; and
- Period use – 10 years.

The discount rate applied to the cash flow projections was 12% being the estimated cost of capital.

Figures in R thousands	GROUP 2011	GROUP 2010*	GROUP 2009	COMPANY 2011	COMPANY 2010	COMPANY 2009
32. COMMITMENTS						
Operating leases – as lessee (expense)						
Minimum lease payments due						
– within one year	149	132	76	–	–	–
– in second to fifth year inclusive	86	226	–	–	–	–
	235	358	76	–	–	–

* Restated



33. CONTINGENCIES

Banking facilities for Imuniti Holdings Limited are secured by unlimited letters of surety from Nutritional Foods (Pty) Limited; Impilo Drugs (Pty) Limited; Imuniti Health Management Services (Pty) Limited; Impilo Marketing (Pty) Limited; and PB Tully Family Holdings (Pty) Limited.

Banking facilities for Imuniti Holdings Limited are secured by a cession of the company's debtors and by a cession of Nutritional Foods (Pty) Limited's debtors.

Banking facilities for Imuniti Holdings Limited are secured over a R5 000 000 Debtors Finance Facility Agreement signed jointly by Nutritional Foods (Pty) Limited.

An invoice discounting facility of R3 000 000 and a guarantee facility of R61 600 have been granted to Nutritional Foods (Pty) Limited and are secured over a cession of book debts and a first mortgage bond of R3 000 000 over Erf 1911, Klerksdorp, North West.

Banking facilities for Impilo Marketing (Pty) Limited are secured over a suretyship limited to R300 000, cession of book debts and an unlimited suretyship by MB Tully and AM Tully.

A guarantee facility of R61 600 has been granted to Impilo Drugs (Pty) Limited and is secured over a letter of surety from Nutritional Foods (Pty) Limited for R61 600.

Subsequent to year-end, a creditor of Impilo Drugs (1966) (Pty) Limited, Warren Chem Specialities, filed a claim against Impilo Drugs (1966) (Pty) Limited for the amount of R200 563, with their attorneys. The amount relates to goods that were purchased from and delivered by Warren Chem Specialities to Impilo Drugs (1966) (Pty) Limited. Impilo Drugs (1966) (Pty) Limited has requested a 10-month instalment facility which has been granted by Warren Chem Specialities. The agreement is that Impilo Drugs (1966) (Pty) Limited will pay an amount of R20 056 per month for 10 months effective 30 April 2011, thereafter on/before the last day of every consecutive month. Should Impilo Drugs (1966) (Pty) Limited fail or neglect to make one payment as per the agreement, the full outstanding balance will immediately become due and payable.

34. RELATED PARTIES

Relationships

Subsidiaries	Refer to note 5
Shareholder with significant influence	Refer to note 7
Key management	PHA Fouche HJ van der Merwe
Companies controlled by key management	Paul Fouche Accounting (Pty) Limited T-Junction 29 (Pty) Limited

Figures in R thousands	GROUP 2011	GROUP 2010*	GROUP 2009	COMPANY 2011	COMPANY 2010	COMPANY 2009
Related party transactions						
Sales to related parties						
Impilo Drugs (1966) (Pty) Limited	–	–	–	–	8	–
Rent paid to (received from) related parties						
T-Junction 29 (Pty) Limited	–	–	–	177	192	–
Administration fees received from related parties						
Impilo Marketing (Pty) Limited	–	–	–	504	160	230
Impilo Drugs (1966) (Pty) Limited	–	–	–	–	–	400
Nutritional Foods (Pty) Limited	–	–	–	1 500	1 200	2 870
Accounting fees paid to related parties						
Paul Fouche Accounting (Pty) Limited	–	–	–	202	164	–

* Restated



» NOTES TO THE ANNUAL FINANCIAL STATEMENTS

35. PRIOR PERIOD ERRORS

Revaluation of the property in a subsidiary company was previously revalued by R680 000 and the entire revaluation was taken to a revaluation reserve, however, this was incorrect as deferred taxation should have been provided for and the net amount taken to the revaluation reserve.

In the prior period certain accruals were classified as provisions. These have been reclassified to accrued expenses as these items were not of uncertain timing or amount.

The correction of the error(s) results in adjustments as follows:

Figures in R thousands	GROUP 2011	GROUP 2010*	GROUP 2009	COMPANY 2011	COMPANY 2010	COMPANY 2009
Statement of financial position						
Revaluation reserve	260	260	–	–	–	–
Deferred tax	(260)	(260)	–	–	–	–
36. EARNINGS PER SHARE						
Weighted average shares in issue (shares)	1 120 493	947 267	863 416	–	–	–
Attributable profit/(loss)	4 812	(9 001)	(54 533)	–	–	–
Earnings per share (cents)	0,43	(0,95)	(6,32)	–	–	–
37. HEADLINE EARNINGS PER SHARE						
Weighted average shares in issue (shares)	1 120 493	947 267	863 416	–	–	–
Reconciliation of headline earnings						
Attributable profit/(loss)	4 812	(9 001)	(54 533)	–	–	–
Adjust for:						
Loss/(profit) from disposal of property, plant and equipment	(83)	20	(241)	–	–	–
Impairment of customer contracts/goodwill/distribution rights	–	–	45 076	–	–	–
Other comprehensive income	(2 878)	(420)	–	–	–	–
Headline profit/(loss)	1 851	(9 401)	(9 698)	–	–	–
Headline earnings per share (cents)	0,17	(0,99)	(1,12)	–	–	–
38. DILUTED EARNINGS PER SHARE						
Weighted average shares in issue (shares)	1 120 493	947 267	863 416	–	–	–
Diluted weighted average shares in issue	1 120 493	947 267	863 416	–	–	–
Attributable earnings	4 812	(9 001)	(54 533)	–	–	–
Diluted earnings per share (cents)	0,43	(0,95)	(6,32)	–	–	–

*Restated



39. SEGMENTAL ANALYSIS

Operating segments

Figures in R thousands	Nutritional Foods			Pharmaceuticals		
	2011	2010	2009	2011	2010	2009
Segment revenue						
Total revenue	43 327	49 614	49 970	3 381	4 156	6 750
Intersegment revenue	–	–	(257)	–	(163)	(18)
Total external revenue	43 327	49 614	49 713	3 381	3 993	6 732
Segment results						
Loss before interest and taxation	(4 050)	(3 688)	(2 949)	(728)	(3 436)	(5 157)
Consolidation eliminations	–	–	–	619	(578)	–
Intersegment expenses	–	–	–	–	216	–
Loss before interest and taxation	(4 050)	(3 688)	(2 949)	(109)	(3 798)	(5 157)
Finance costs	(652)	(726)	(1 338)	(281)	(570)	(640)
Finance income	461	497	688	575	23	88
Taxation	1 499	260	–	4 740	–	–
Other comprehensive income	2 878	419	–	–	–	–
Segment profit/(loss)	136	(3 238)	(3 599)	4 925	(4 345)	(5 709)
Segment assets	22 850	20 584	25 167	8 759	3 803	6 789
Consolidation eliminations	–	–	–	–	–	–
Intersegment assets	–	(19)	(336)	(233)	–	–
Total external assets	22 850	20 565	24 831	8 526	3 803	6 789
Segment liabilities	30 856	28 726	30 072	23 027	21 139	16 831
Consolidation eliminations	–	–	–	–	–	–
Intersegment liabilities	(21 696)	(19 859)	(19 145)	(18 979)	(19 241)	(16 737)
Total external liabilities	7 160	8 867	10 927	4 048	1 898	94
Capital and non-cash items						
Additions to property, plant and equipment	–	–	318	–	–	894
Disposals of property, plant and equipment	85	55	25	2 423	93	245
Depreciation	682	910	1 013	72	938	735
Impairment losses	–	–	–	619	(578)	–
Number of employees at period end	51	60	59	3	49	92



» NOTES TO THE ANNUAL FINANCIAL STATEMENTS

39. SEGMENTAL ANALYSIS continued

Operating segments continued

Figures in R thousands	Services			Consolidated		
	2011	2010	2009	2011	2010	2009
Segment revenue						
Total revenue	2 040	1 360	7 567	48 748	55 130	64 287
Intersegment revenue	(2 040)	(1 360)	(3 512)	(2 040)	(1 523)	(3 787)
Total external revenue	–	–	4 055	46 708	53 607	60 500
Segment results						
Loss before interest and taxation	(1 233)	(8 249)	(54 445)	(6 011)	(15 373)	(62 549)
Consolidation eliminations	1 118	7 171	9 199	1 737	6 593	9 199
Intersegment expenses	–	–	–	–	216	–
Loss before interest and taxation	(115)	(1 078)	(45 244)	(4 274)	(8 564)	(53 350)
Finance costs	(137)	(400)	(18)	(1 070)	(1 696)	(1 996)
Finance income	3	60	37	1 039	580	813
Taxation	–	–	–	6 239	260	–
Other comprehensive income	–	–	–	2 878	419	–
Segment loss	(249)	(1 418)	(45 225)	4 812	(9 001)	(54 533)
Segment assets	26 923	26 046	28 793	58 532	50 433	60 749
Consolidation eliminations	670	1 359	20	670	1 359	20
Intersegment assets	(14 297)	(13 539)	(16 597)	(14 530)	(13 558)	(16 933)
Total external assets	13 296	13 866	12 216	44 672	38 234	43 836
Segment liabilities	5 327	3 726	4 275	59 210	53 591	51 178
Consolidation eliminations	(182)	2 880	5 067	(182)	2 880	5 067
Intersegment liabilities	–	–	–	(40 675)	(39 100)	(35 882)
Total external liabilities	5 145	6 606	9 342	18 353	17 371	20 363
Capital and non-cash items						
Additions to property, plant and equipment	–	28	14	–	28	1,226
Disposals of property, plant and equipment	–	–	28	2 508	148	298
Depreciation	23	57	99	777	1 905	1 847
Impairment losses	1 118	7 171	53 444	–	–	–
Number of employees at period end	1	2	5	55	111	156



» SHAREHOLDER SPREAD

	Number of shareholders	Percentage of shareholders	Number of shares	Percentage of issued capital
SHARES				
Public	844	96,6	488 617 971	42,7
Non-public	30	3,4	655 416 876	57,3
	874	100,0	1 144 034 847	100,0
MAJOR SHAREHOLDERS HOLDING 5% OR MORE				
BBE Family Trust			178 635 298	15,7
Ellis Family Trust			174 415 591	15,2
Hans Wessels Trust			145 145 833	12,7
Sixty Three Company Limited			100 000 000	8,7
RANGE OF SHAREHOLDERS				
1 – 9 999	107	12,2	457 172	0,1
10 000 – 99 999	342	39,1	12 520 078	1,1
100 000 – 999 999	305	35,0	93 342 185	8,1
1 000 000 shares and over	120	13,7	1 037 715 412	90,7
	874	100,0	1 144 034 847	100,0



» NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of shareholders of Imuniti Holdings Limited will be held at the Durban Country Club on Friday, 24 June 2011 at 10:30 for the following purposes:

RESOLUTIONS

To consider and if deemed fit, to pass with or without modification, the following ordinary and special resolutions:

ORDINARY RESOLUTION 1

"To receive and adopt the audited financial statements of the company, including the report of the directors and the external auditors, for the year ended 28 February 2011."

ORDINARY RESOLUTION 2

"To appoint Grant Thornton as auditors of the company, with Mr J Barnett being the designated auditor, such auditors having been nominated by the company's audit committee."

ORDINARY RESOLUTION 3

"To re-appoint HJ van der Merwe, retiring as an executive director of the company in accordance with the company's articles of association, but being eligible, offers himself for re-appointment in this capacity."

Mr Henk van der Merwe as Chief Executive Officer.

Mr van der Merwe has a BCom (Hons) (Acc) (Cum Laude) degree from Pretoria University and is a Chartered Accountant. He worked as a merchant banker (corporate finance field) for 13 years in both South Africa and the United Kingdom, including four years as founder and approved executive at Exchange Sponsors (Pty) Limited. He served the last four years as Chief Operating Officer and Group Financial Director of Stratcorp Limited, a company listed on the Alternative Exchange of the JSE.

ORDINARY RESOLUTION 4

"To re-appoint JA Etchells, retiring as a non-executive director of the company in accordance with the company's articles of association, but being eligible, offers herself for re-appointment as Executive Director."

Ms Etchells has an Honours degree in Bachelor of Accounting Science obtained at UNISA. In addition, she has a Masters degree in Commerce (Aus), a Postgraduate degree in Advanced Taxation and is a Chartered Accountant. She worked in, and managed, various accounting practices, including being a director of BDO Spencer Steward (KZN) Inc. She served the last two years as Group Financial Director of Argent Industrial Limited, a company listed on the JSE.

ORDINARY RESOLUTION 5

"To re-appoint GR Wambach, retiring as a non-executive director of the company in accordance with the company's articles of association, but being eligible, offers himself for re-appointment in this capacity."

Mr Glen Wambach as an independent non-executive director.

Mr Wambach has Business Management (MDP) (USB) and Old Mutual, ILPA Health Benefit Management. He has spent his entire working career in the medical and pharmaceutical industry.

ORDINARY RESOLUTION 6

"To ratify and confirm the remuneration of the directors for the year ended 28 February 2011 as set out in the annual financial statements."

SPECIAL RESOLUTION 1

"That with effect from 1 March 2011, the executive directors be paid remuneration as determined by their respective contracts of employment, or otherwise as determined by the remuneration/nomination committee from time to time in accordance with the company's remuneration policy."



SPECIAL RESOLUTION 2

"To approve the remuneration of the non-executive directors for the period to 30 June 2012, being R12 500 per month."

REASON AND EFFECT

The 1973 Act and the 2008 Act both require that the shareholders approve the fees paid to directors for their services as directors.

Section 66(9) of the 2008 Act requires that the remuneration of directors be paid only in accordance with a special resolution approved by the shareholders within the previous two years.

In order to comply with section 66(9) of the Act, Special Resolution 1 approves the remuneration payable to the executive directors with effect from 1 January 2011 and Special Resolution 2 approves the fees payable to the non-executive directors for the period from 1 March 2011 to 30 June 2012.

ORDINARY RESOLUTION 7

"To authorise Audit Committee to fix the remuneration of the auditors for the year ended 28 February 2011."

ORDINARY RESOLUTION 8

"To elect GR Wambach and JA Etchells as independent non-executive members of the Audit Committee."

ORDINARY RESOLUTION 9

"To continue to place the unissued ordinary shares in the capital of the company reserved for the purpose of the company's share option scheme, comprising 171 559 444 ordinary shares in total, under the control of the directors, who shall be authorised to issue these shares at such times and on such terms as they may determine."

ORDINARY RESOLUTION 10

"Resolved that, the entire authorised but unissued share capital of the company be and is hereby placed under the control of the directors of the company, which directors are, subject to the Listings Requirements of the JSE Limited ("JSE") and the provisions off the Companies Act, 2008, authorised to allot and issue any such shares at such time or times, to any such person or persons, company or companies and upon such terms and conditions as they may determine, such authority to remain in force until the next annual general meeting of the company."

ORDINARY RESOLUTION 11

"Resolved that in terms of the Listings Requirements of the JSE, the mandate given to the directors of the company in terms of a general authority to issue shares for cash, as and when suitable opportunities arise be renewed subject to the following conditions:

- This general authority is valid until the company's next annual general meeting provided that it shall not extend beyond fifteen months from the date of the passing of this ordinary resolution;
- The securities issued for cash must be of a class already in issue, or where this is not the case, must be limited to such shares or rights that are convertible into a class already in issue;
- After the company has issued shares for cash which represent, on a cumulative basis within a financial year 5% or more of the number of shares of that class in issue prior to the issue, the company shall publish an announcement containing full details of the issue, (including the number of shares issued, the average discount to the weighted average traded price of the shares over 30 business days prior to the date that the issue is agreed in writing between the issuer and the party subscribing for the share, and the effect of the issue on net asset value, net tangible asset value, earnings and headline earnings per share), or any other announcement that may be required in such regard in terms of the Listings Requirements of the JSE which may be applicable from time to time;
- The number of shares issued for cash in aggregate in any one financial year shall not exceed 50% of the company's issued share capital of ordinary shares. The number of ordinary shares which may be issued shall be based on the number of ordinary shares in issue at the date of such application less any ordinary shares in issue during the current financial year, provided that any ordinary shares to be issued pursuant to a rights issue (announced, irrevocable and fully underwritten) or acquisition (concluded up to the date of application including announcement of the final terms) may be included as though they were shares in issue at the date of application;
- The maximum discount at which ordinary shares may be issued is 10% of the weighted average traded price of those shares over the 30 business days prior to the date that the price of the issue is agreed between the company and the party subscribing for the shares or any other price agreed by the JSE; and
- The allotment and issue of shares must be made to public shareholders as defined in the Listings Requirements of the JSE, and not to related parties."



» NOTICE OF ANNUAL GENERAL MEETING

VOTING

In terms of the Listings Requirements of the JSE, a 75% majority of the votes cast in favour of such resolution by all equity shareholders present or represented by proxy at the annual general meeting, excluding the designated adviser and the controlling shareholders together with their associates, must be cast in favour of Ordinary Resolution number 6 for it to be approved.

ORDINARY RESOLUTION 12

"Resolved that any director of the company be and hereby is authorised to sign any documents and to take any steps as may be necessary or expedient to give effect to Ordinary Resolutions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11 and 12 and Special Resolution 1."

SPECIAL RESOLUTION 3

"Resolved in terms of section 85 of the Companies Act, No 61 of 1973, as amended and the memorandum and articles of association of the company (or one of its wholly-owned subsidiaries) that the directors of the company be authorised, by way of a general approval, until this authority lapses at the next annual general meeting of the company provided that it shall not extend beyond fifteen months from the date of passing of this special resolution (whichever period is the shorter), to acquire the company's own shares, upon such terms and conditions and in such amounts as the directors may from time to time decide, but subject to the Listings Requirements of the JSE ("JSE") subject to the following terms and conditions:

- Any repurchase of shares must be affected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counter party;
- After the company has acquired shares which constitute, on a cumulative basis, 3% (three percent) of the initial number of shares in issue (at the time that authority from shareholders for the repurchase is granted) of the relevant class of securities and for each 3% in aggregate of the initial number of that class acquired thereafter the company shall publish an announcement containing full details of such repurchase,
- At any one point in time the company may only appoint one agent to effect any repurchase on the company's behalf;
- The repurchase of shares may not be undertaken by the company or any of its wholly owned subsidiaries during a prohibited period as defined by the JSE Listings Requirements, unless a repurchase programme is in place where the dates and quantities of shares to be traded during the relevant period are fixed and full details of the programme have been disclosed in an announcement on SENS prior to the commencement of the prohibited period;
- The number of shares which may be repurchased pursuant to this authority in any one financial year may not in aggregate, exceed 20% of the company's issued share capital as at the date of passing of this special resolution or 10% of the company's issued share capital in the case of an acquisition of shares in the company by a subsidiary of the company;
- The repurchase of shares may not be made at a price greater than 10% above the weighted average of the market value of the shares for the five business days immediately preceding the date on which the transaction is effected; and
- The company's designated advisor shall confirm the adequacy of the company's working capital for purposes of undertaking the repurchase of shares in writing to the JSE prior to entering the market to proceed with the repurchase."

REASON AND EFFECT

The reason for this special resolution is to extend the general authority given to the directors of the company or any subsidiary of the company in terms of the Act and the Listings Requirements of the JSE for the acquisition by the company or its subsidiaries of the company's shares which authority shall be used at the directors' discretion during the course of the period authorised.

The directors, after considering the effect of the maximum repurchase permitted, are of the opinion that for a period of 12 months after the date of the notice of this annual general meeting:

- The company and the group will be able to pay their debts in the ordinary course of business;
- The consolidated assets of the company and the group, fairly valued in accordance with International Financial Reporting Standards ("IFRS") will be in excess of the liabilities of the company and the group. For this purpose the assets and liabilities should be recognised and measured in accordance with the accounting policies used in the latest audited group annual financial statements;



- The share capital and reserves of the company and the group will be adequate for the ordinary business purposes; and
- The working capital of the company and the group will be adequate for ordinary business purposes.

In accordance with the Listings Requirements of the JSE Limited, the directors record that:

Although there is no immediate intention to effect a repurchase of securities of the company, the directors would utilise the general authority to repurchase securities as and when suitable opportunities present themselves, which opportunities may require expeditious and immediate action.

DISCLOSURE REQUIREMENTS IN TERMS OF THE JSE LISTINGS REQUIREMENTS

The following additional information, some of which may appear elsewhere in the annual integrated report, is provided in terms of the JSE Listings Requirements for purposes of Ordinary Resolution 6 and Special Resolution 1:

Directors and management	page 2
Major shareholders	page 59
Directors interest in shares	page 24
Share capital of the company	page 45

DIRECTORS' RESPONSIBILITY STATEMENT

The directors, whose names are given on page 2 of this annual integrated report, collectively and individually accept full responsibility for the accuracy of the information pertaining to the special resolution and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading and that all reasonable enquiries to ascertain such facts have been made and that the aforementioned special resolution contain all the information required by the JSE.

MATERIAL CHANGE

Other than the facts and developments reported on in this annual integrated report, there have been no material changes in the affairs, financial or trading position of the company or its subsidiaries since the company's financial year-end and the signature of this report.

LITIGATION STATEMENT

The directors are not aware of any legal or arbitration proceedings, including any proceedings that are pending or threatened of which the company is aware which may have or have had in the recent past, being at least the previous 12 months from date of this annual integrated report, a material effect on the financial position of the company and its subsidiaries.

PROXIES

A shareholder of the company entitled to attend, speak, and vote at the annual general meeting is entitled to appoint a proxy or proxies to attend, speak and on a poll vote in his stead. The proxy need not be a shareholder of the company. A form of proxy is attached for the convenience of any certificated shareholder and own name registered dematerialised shareholder who cannot attend the annual general meeting, but who wishes to be represented.

Additional forms of proxy may also be obtained on request from the company's registered office. The completed forms of proxy must be deposited at, posted or faxed to the registered office of the company or the transfer secretaries at the address set out on the inside of the back cover, to be received by no later than 10:00 on Wednesday, 22 June 2011. Any member who completes and lodges a form of proxy will nevertheless be entitled to attend and vote in person at the annual general meeting should the member subsequently decide to do so.

Shareholders who have dematerialised their ordinary shares through a CSDP or broker, other than own name registered dematerialised shareholders, and who wish to attend the annual general meeting must request their CSDP or broker to issue them with a Letter of Representation. Alternatively dematerialised shareholders other than own name registered dematerialised shareholders, who wish to be represented, must provide their CSDP or broker with their voting instructions in terms of the custody agreement between them and their CSDP or broker in the manner and by time-frame stipulated.



» NOTICE OF ANNUAL GENERAL MEETING

VOTING

On a show of hands, every shareholder of the company present in person or by proxy shall have 1 (one) vote only, irrespective of the number of shares he holds or represents, provided that a proxy shall, irrespective of the number of members he represents have only 1 (one) vote. On a poll, every shareholder of the company who is present in person or represented by proxy, shall have one vote for every share held in the company by such shareholder.

By order of the board

PHA Fouche

Company Secretary

Durban

26 May 2011

Registered office address

Suite E101 Hampden Court

7 Hampden Road

Durban, 4000

Transfer Secretaries

Link Market Services (Pty) Limited

11 Diagonal Street

Johannesburg, 2000



» FORM OF PROXY

IMUNITI HOLDINGS LIMITED

Incorporated in the Republic of South Africa

Registration number 2004/002282/06

JSE code: IMU ISIN: ZAE000089199

("Imuniti" or "the company")



For use by certificated and own name registered shareholders of the company ("members") at a general meeting of Imuniti to be held at 10:30 on Friday, 24 June 2011 ("the general meeting") at Durban Country Club.

I/We _____ (please print names in full)

of _____ (address)

being the holder/s of _____ ordinary shares of R0,0001 each in Imuniti, appoint (see note 1)

1. _____ or failing him/her

2. _____ or failing him/her

3. the chairperson of the annual general meeting

as my/our proxy to act for me/us and on my/our behalf at the general meeting which will be held for the purpose of considering, and if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at any adjournment thereof and to vote for and/or against the resolutions and/or abstain from voting in respect of the ordinary shares registered in my/our name/s, in accordance with the following instructions (see note 3):

	Number of votes on a poll (one vote per ordinary share)		
	In favour	Against	Abstain
Ordinary Resolution 1			
Ordinary Resolution 2			
Ordinary Resolution 3			
Ordinary Resolution 4			
Ordinary Resolution 5			
Ordinary Resolution 6			
Special Resolution 1			
Special Resolution 2			
Ordinary Resolution 7			
Ordinary Resolution 8			
Ordinary Resolution 9			
Ordinary Resolution 10			
Ordinary Resolution 11			
Ordinary Resolution 12			
Special Resolution 3			

Signed at _____ on _____ 2011

Signature _____

Assisted by _____ (where applicable)

Name _____ Capacity _____ Signature _____



» NOTES TO THE FORM OF PROXY

CERTIFICATED SHAREHOLDERS

If you are a certificated shareholder or have dematerialised your shares with own name registration and you are unable to attend the general meeting of Imuniti shareholders to be held at 10:30 on Friday, 24 June 2011 and wish to be represented thereat, you must complete and return this form of proxy in accordance with the instructions contained herein and lodge it with, or post it to, the transfer secretaries, namely Link Market Services.

DEMATERIALIZED SHAREHOLDERS OTHER THAN THOSE WITH OWN NAME REGISTRATION

If you hold dematerialised shares in Imuniti Holdings through a CSDP or broker other than with an own name registration, you must timeously advise your CSDP or broker of your intention to attend and vote at the general meeting or be represented by proxy thereat in order for your CSDP or broker to provide you with the necessary Letter of Representation to do so, or should you not wish to attend the general meeting in person, you must timeously provide your CSDP or broker with your voting instruction in order for the CSDP or broker to vote in accordance with your instruction at the general meeting.

NOTES

1. Each member is entitled to appoint one or more proxies (who need not be members of the company) to attend, speak and, on a poll, vote in place of that member at the general meeting.
2. A member may insert the name of a proxy or the names of two alternative proxies of the member's choice in the space provided, with or without deleting "the chairman of the general meeting". The person whose name stands first on the form of proxy and who is present at the general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
3. A member's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that member in the appropriate box/es provided. Failure to comply with the above will be deemed to authorise the chairperson of the general meeting, if he is the authorised proxy, to vote in favour of the resolutions at the general meeting, or any other proxy to vote or to abstain from voting at the general meeting as he deems fit, in respect of all the member's votes exercisable thereat.
4. A member or his proxy is not obliged to vote in respect of all the ordinary shares held or represented by him but the total number of votes for or against the resolutions and in respect of which any abstention is recorded may not exceed the total number of votes to which the member or his proxy is entitled.
5. Forms of proxy must be lodged with, or posted to the transfer secretaries.
6. The completion and lodging of this form of proxy will not preclude the relevant member from attending the 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. Any alterations or corrections to this form of proxy must be initialled by the signatory/ies.
8. 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 company's transfer office or waived by the chairperson of the general meeting.
9. The chairperson of the general meeting may reject or accept any proxy form which is completed and/or received other than in accordance with these instructions, provided that he is satisfied as to the manner in which a member wishes to vote.



» CORPORATE INFORMATION

Country of incorporation and domicile	South Africa
Holding company registration number	2004/002282/06
Directors	JA Etchells PHA Fouche HJ van der Merwe GR Wambach
Registered office	Suite E 101 Hampden Court 7 Hampden Road Morningside Durban 4000
Postal address	PO Box 201966 Durban North 4016
Auditors	Grant Thornton (Durban) Practice number: 905690 2nd Floor 4 Pencarrow Crescent Pencarrow Park La Lucia Ridge Office Estate La Lucia 4019
Telephone	031 312 4141
Facsimile	031 312 4596



