Audited financial statements of Aplitec and the Aplitec Group for the year ended 30 June 2003, incorporating comparative figures for 2002

CORPORATE GOVERNANCE STATEMENT

Corporate Governance is the foundation of Aplitec's business philosophy. The directors endorse the objectives of conducting the affairs of the Group with integrity and in accordance with the highest standards of corporate practice. The board subscribes to, and in all material aspects complies with the Code of Corporate Practices and Conduct as set out in the King Report on Corporate Governance, as well as with the additional requirements for corporate governance set out in the Listings Requirements of the JSE Securities Exchange South Africa.

The Board has taken cognisance of the recommendations set out in the draft King Report on Corporate Governance 2001 (King II) released for public comment last year. The directors accept their duty and responsibility to ensure that the principles set out in the King II Report are adhered to. As a result, a number of steps have already been taken to ensure compliance and others are in the process of being implemented.

CORPORATE GOVERNANCE PRINCIPLES

The principles applied by the Board to ensure good governance are best described in the charter of Global Corporate Governance Forum under the following headings:

PRINCIPLE 1: LEADERSHIP

Exercise leadership, enterprise, integrity and judgement in directing the corporation so as to achieve continuing prosperity and act in the best interests of the business enterprise in a manner based on transparency, accountability and responsibility;

PRINCIPLE 2: BOARD APPOINTMENTS

Ensure that through a managed and effective process, Board appointments are made that provide a mix of proficient directors, each of whom is able to add value and to bring independent judgement to bear in the decision-making process;

PRINCIPLE 3: STRATEGY AND VALUES

Determine the corporation's purpose and values, determine the strategy to achieve its purpose and implement its values in order to ensure that the corporation survives and thrives, and ensure that procedures and practices are in place that protect the corporation's assets and reputation;

PRINCIPLE 4: COMPANY PERFORMANCE

Monitor and evaluate the implementation of strategies, policies, management performance criteria and business plans;

PRINCIPLE 5: COMPLIANCE

Ensure that the corporation complies with all relevant laws, regulations and codes of best business practice;

PRINCIPLE 6: COMMUNICATION

Ensure that the corporation communicates with shareholders and other stakeholders effectively;

PRINCIPLE 7: ACCOUNTABILITY TO SHAREHOLDERS

Serve the legitimate interests of the shareholders of the corporation and account to them effectively;

PRINCIPLE 8: RELATIONSHIPS WITH STAKEHOLDERS

Identify the corporation's internal and external stakeholders and agree a policy, or policies, determining how the corporation should relate to them;

PRINCIPLE 9: BALANCE OF POWER

Ensure that no person or block of persons has unfettered power and that there is an appropriate balance of power and authority on the Board which is achieved by having a balance between executive and non-executive directors;

PRINCIPLE 10: INTERNAL PROCEDURES

Regularly review processes and procedures to ensure the effectiveness of internal systems of control, so that decision-making capability is enhanced and the accuracy of reporting and financial results are maintained at a high level at all times;

PRINCIPLE 11: BOARD PERFORMANCE ASSESSMENT

Regularly assess the performance and effectiveness of the board as a whole, and that of the individual directors, including the chief executive officer;

PRINCIPLE 12: MANAGEMENT APPOINTMENTS AND DEVELOPMENT

Appoint the chief executive officer and at least participate in the appointment of senior management, ensure the motivation and protection of intellectual capital intrinsic to the corporation, ensure that there is adequate training in the corporation for management and employees and a succession plan for senior management;

PRINCIPLE 13: TECHNOLOGY

Ensure that all technology and systems used in the corporation are adequate to properly run the business and for it to remain a meaningful competitor;

PRINCIPLE 14: RISK MANAGEMENT

Identify the key risk areas and key performance indicators of the business enterprise and monitor these factors;

PRINCIPLE 15: ANNUAL REVIEW OF FUTURE SOLVENCY

Ensure annually that the corporation will continue as a going concern for its next fiscal year.

CODE OF ETHICS

The Board actively promotes a Code of Ethics for the group, and is committed to a policy of fair dealing and integrity in the conduct of the Group's business. This commitment is based on a fundamental belief that business should be conducted honestly, fairly and legally. Aplitec expects all employees to share its commitment to high moral, ethical and legal standards. All employees are expected to perform their duties diligently, effectively and efficiently and, in particular:

(a) support and assist Aplitec to fulfil its commercial and ethical obligations and objectives as set out in the Code of Ethics;

(b) avoid any waste of resources, including time;

(c) be committed to improve productivity, achieve the maximum quality standards, reduce ineffectiveness and avoid unreasonable disruption of activities at work;

(d) commit to honouring their agreed terms and conditions of employment;

(e) not act in any way that may jeopardise the shareholders' rights to a reasonable return on investment;

(f) act honestly and in good faith at all times and report any harmful activity they observe in the workplace;

(g) recognise fellow employees' rights to freedom of association and not intimidate fellow employees;

(h) pay due regard to environmental, public health and safety conditions in and around the workplace; and

(i) act within their powers and not carry on the business of Aplitec recklessly.

BOARD OF DIRECTORS

The Board comprises three non-executive and two executive directors.

Non-executive directors are chosen for their independence, business acumen and skills pertinent to the business, bringing a broad range of views and experience to Board deliberations. The executive directors are responsible for the implementation of strategies and operational decisions which are necessary to conduct the Group's business.

The Board as a whole has been mandated by its shareholders to deal with the selection and appointment of non-executive directors. New directors may hold office until the next annual general meeting, at which they are required to retire and stand for re-election, while all directors, other than the chief executive officer, are subject to retirement by rotation and re-election by shareholders. Directors are not given a fixed term of appointment and executive directors are subject to short-term notice periods.

The Board has considered the merits of separating the roles of chairman of the Board and chief executive officer. When a suitable candidate for the position of non-executive chairman is found, the roles will be separated.

The Board and its committees are provided with full information which enables them to discharge their responsibilities.

The Group has a formal policy which prohibits directors, officers and selected employees from dealing in its shares for a designated period preceding the announcement of its financial results or any other period which is considered sensitive.

Board meetings are held on a quarterly basis. During the 2003 financial year, the attendance at the four board meetings was as follows:

Dr S C P Belamant	4
H G Kotzé	4
B J S Hore	3
J C Livingstone	4
D G S Muller	4

Directors' emoluments are disclosed in the Directors' report and notes to the financial statements.

COMPANY SECRETARY AND PROFESSIONAL ADVICE

The Company Secretary is responsible to the Board for ensuring that Board procedures are followed. Board members have access to the Company Secretary for any information they require.

All directors receive regular information about the Company. Independent professional advice is available to directors in appropriate circumstances, at the Company's expense.

BOARD COMMITTEES

The Board has formally discharged specific responsibilities to Board Committees with defined terms of reference and scope of authority. The Board is served by two principal committees, namely the Audit and Risk Committee and the Remuneration Committee. These committees comprise individuals with the skills and experience required for each committee's objectives and scope of activity.

AUDIT AND RISK COMMITTEE

The Audit Committee comprises two non-executive directors (one of whom chairs the committee) and one executive director. The external auditors are invited to attend all meetings. The Audit Committee serves in an advisory capacity to the Board and assists the directors to discharge their duties relating to the safeguarding of assets, the operation of adequate systems and controls and reviewing of financial information and preparation of annual financial statements to be provided to shareholders and others. The deliberations of the Audit Committee do not reduce the individual and collective responsibilities of Board members in regard to their fiduciary duties and responsibilities and they are required to continue to exercise due care and judgement in accordance with their statutory obligations.

The Audit Committee does not assume the functions of management, which remain the responsibility of the executive directors and other members of senior management. The Audit Committee plays an independent role, operating as an overseer to make recommendations to the Board for approval.

The major and most prominent objectives of the Audit Committee include:

– Promoting the overall effectiveness of corporate governance within Aplitec in accordance with the recommendations of the King II Report and other principles of good corporate practice.
– Acting as an effective means of communication between the Board on the one hand and the external auditors and internal audit on the other.
– Satisfying the Board that adequate internal, operating and financial controls are in place and that material corporate risks have been identified and are being contained and monitored.
– Providing the Board with an assessment of the effectiveness of the external auditors and the internal audit function.
– Enhancing the quality, effectiveness, relevance and communication value of the published financial statements and other financial communications issued by Aplitec which have been referred to the Audit Committee for its review and comments.
– Assessing the impact of the general control environment on the annual statutory audit by conducting a review within the Information Technology environment to ensure that controls exist that support reliable and continuous processing of computerised accounting information and to report to management any areas of perceived control weakness.

– Ascertaining whether management addresses and focuses on the following risks: operational, organisational, programme change, logical access and disaster contingency planning.
– Providing the Board with an independent point of reference in seeking a resolution of interpretative and controversial issues as well as any other matter referred to it which may impact on the published financial statements and other financial communications issued by Aplitec.

The Audit Committee meets on a quarterly basis. During the 2003 financial year, the four meetings were attended by all the members.

REMUNERATION COMMITTEE

The Remuneration Committee comprises two non-executive directors (one of whom chairs the committee) and an executive director. The committee meets at least once per year and is responsible for reviewing and approving the remuneration and terms of employment of all executive directors and senior management. The executive director who is a member of the Remuneration Committee is excluded from the review of his own remuneration.

The terms of reference of the Remuneration Committee are to:
– Determine on behalf of the Board the broad policy for executive remuneration, and to approve the individual remuneration packages for each of the executive directors and other executive managers.
– Encourage enhanced Company performance through both long-term and short-term incentive plans.
– Ensure fair reward for individual contribution and contribution to the achievement of corporate goals.
– Report and account directly to the Board, for their decision.
– Provide a mechanism for assurance to all stakeholders in the organisation that all aspects of executive remuneration are decided upon by the Remuneration Committee, in the interests of the Company.

INTERNAL CONTROL SYSTEMS

The directors are responsible for the group's internal control systems, which are designed to provide reasonable, but not absolute assurance as to the integrity and reliability of the financial statements and to adequately safeguard and maintain accountability of assets.

The key procedures that the directors have established to provide effective internal controls are as follows:
– Corporate objectives and the Group's Code of Ethics are communicated to all staff.
– A clear organisational structure exists, detailing lines of authority and responsibilities.
– The Group takes significant care in the selection of its employees, who are then provided with the opportunity of appropriate training to ensure their future development.
– A management accounting system is in place providing both key financial and operational performance indicators to executive management.
– Business controls are reviewed on an ongoing basis by the executive management. Action is taken to address control deficiencies and other opportunities for improving systems as they are identified.

The Board has reviewed the effectiveness of the Group's internal control systems considering the processes as set out above. Nothing has come to the attention of the directors, the external auditors or internal auditors to indicate any material breakdown in the functioning of these controls and systems.

INTERNAL AUDIT

During the 2003 financial year, the management of the Group's internal audit function was outsourced to Fisher Hoffman PKF for a period of one year. The Audit Committee considered all aspects of outsourcing the internal audit management function to Fisher Hoffman PKF, who also perform the Group's external audit function. After considering all the pertinent issues and obtaining an expert opinion pertaining to possible conflicts of interest and independence, the Audit Committee was satisfied that the appointment of Fisher Hoffman PKF to manage the Group's internal audit function would best serve Aplitec's current requirements.

WORKER PARTICIPATION

The Group has 2 044 (2002: 1 884) employees. The Group employs a variety of participating structures on issues which affect employees directly and materially, and which are designed to achieve good employer/employee relations through effective sharing of relevant information, consultation and the identification and resolution of conflicts. These structures embrace goals relating to productivity, career security, legitimacy and identification with the Group. An affirmative action programme forms part of the Group's training programme and business plan and the Group is committed to providing equal opportunities for its employees, regardless of their ethnic origin or gender.

INSURANCE AND RISK MANAGEMENT

The Group assesses annually, with its insurance brokers, the risk exposure relating to the assets of, and possible liabilities from, its operations. At the end of the financial year under review all risks were adequately covered, except where the cost of cover was considered excessive in relation to the probability and extent of loss. All insured assets are insured at current replacement values.

Group value-added statement

	2003 R'000	%	2002 R'000	%
WEALTH CREATED				
Group revenue	691 484		525 585	
Cost of materials and services	339 933		233 739	
Value-added	351 551		291 846	
Interest received	73 086		33 086	
Total value-added	424 637		324 932	
WEALTH DISTRIBUTED				
Employees				
Salaries, wages and related benefits	138 287	33	129 315	40
Providers of capital	79 316	19	20 767	6
Finance cost	49 540		19 072	
Dividends to shareholders	25 681		–	
Minority interests	4 095		1 695	
Government				
Tax paid (note 1)	70 590	17	44 427	14
Re-invested in the Group	136 444	31	130 423	40
Depreciation and amortisation	35 939		26 390	
Accumulated profit	100 505		104 033	
	424 637	100	324 932	100

Note to the Group value-added statement

1. Tax paid to central and local government

	2003 R'000	2002 R'000
Normal South African company tax	65 922	43 286
Secondary Tax on Companies	3 210	–
Regional Service Council levies	1 458	1 141
	70 590	44 427

Segmental analysis

	Revenue		**Profit before tax**		**Margin %**	
	2003 R'000	2002 R'000	2003 R'000	2002 R'000	2003 R'000	2002 R'000
FTS/UEPS Licence fees	12 078	8 334	10 323	6 580	85	79
UEPS Software sales	10 859	19 961	6 516	14 971	60	75
UEPS Hardware sales	61 400	43 121	16 578	11 643	27	27
UEPS Processing fees	142 032	105 934	64 560	35 504	45	34
Management services	40 178	27 494	16 071	10 997	40	40
Financial services	121 426	106 196	25 886	12 154	21	11
Social Security: Operational fees	286 556	203 325	51 345	38 120	18	19
Social Security: Pre-funding	16 955	11 220	2 649	1 650	16	15
Net interest earned	–	–	23 546	14 014		
Unallocated corporate items	–	–	(18 060)	3 381		
	691 484	525 585	199 414	149 014	29	28

Statement of responsibility by the board of directors

The directors are responsible for the preparation, integrity and fair presentation of the financial statements and other financial information included in this report.

The financial statements, presented on pages 53 to 72, have been prepared in accordance with Generally Accepted Accounting Practice, and include amounts based on judgements and estimates made by management.

The going concern basis has been adopted in preparing the financial statements. The directors have no reason to believe that either the Company or the Group will not be going concerns in the foreseeable future based on forecasts and available cash resources. The financial statements support the viability of the Company and the Group.

The financial statements have been audited by the independent accounting firm, Fisher Hoffman PKF (JHB) Inc., which was given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the Board of directors and committees of the board. The directors believe that all representations made to the independent auditors during the audit were valid and appropriate. Fisher Hoffman PKF's audit report is presented on page 52.

The financial statements were approved by the Board on 15 August 2003 and signed on its behalf by:

Dr S C P Belamant
Chief Executive Officer

H G Kotzé
Chief Financial Officer

Certificate from the Company Secretary

In terms of section 268G(d) of the Companies Act, 1973, as amended, we certify that, to the best of our knowledge and belief, the Company has lodged with the Registrar of Companies for the financial year ended 30 June 2003 all such returns as are required of a public company in terms of the Companies Act, and that all such returns are true, correct and up to date.

Light & Livingstone Financial Services CC
Company Secretary

15 August 2003

Report of the Independent Auditors

To the members of Net1 Applied Technology Holdings Limited

We have audited the annual financial statements and Group annual financial statements of Net1 Applied Technology Holdings Limited set out on pages 53 to 72 for the year ended 30 June 2003. These financial statements are the responsibility of the companies' directors. Our responsibility is to express our opinion on these financial statements based on our audit.

SCOPE

We conducted our audit in accordance with Statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

– examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;

– assessing the accounting principles used and significant estimates made by management; and

– evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

AUDIT OPINION

In our opinion, the financial statements fairly present, in all material respects, the financial position of the Company and the Group at 30 June 2003 and the results of their operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the Companies Act.

FISHER HOFFMAN PKF (JHB) INC.
Chartered Accountants (SA)
Registered Accountants and Auditors

Johannesburg
15 August 2003

Directors' report

The directors have pleasure in submitting the annual financial statements and group annual financial statements for the year ended 30 June 2003.

NATURE OF BUSINESS

Net1 Applied Technology Holdings Limited ("Aplitec") is an investment holding company whose subsidiaries employ specialised smart card technologies to add efficiency to a myriad of commercial activities requiring money transfers, payment systems and other electronic data applications.

Aplitec's wholly-owned subsidiary, Net1 Support Services (Proprietary) Limited, provides technical, operational and general management services to group companies.

Net1 Southern Africa (Proprietary) Limited, a wholly-owned subsidiary, was dormant for the year under review.

Net1 Finance Holdings (Proprietary) Limited, a wholly-owned subsidiary, is an investment holding company. The company holds a 100% interest in Moneyline Financial Services (Proprietary) Limited and in New World Finance (Proprietary) Limited, both high-street micro-lending businesses, operating more than 100 branches nationally. Net1 Finance Holdings (Proprietary) Limited holds 100% interests in both Milpay Pay System (Proprietary) Limited and Friedland 020 (Proprietary) Limited, which develop, market and licence administrative and payment solutions for the micro-finance industry. Friedland 035 Investments (Proprietary) Limited, trading as Age Secure, in which Net1 Finance Holdings (Proprietary) Limited hold 100% interest, which provides financial services to pensioners through Aplitec's proprietary smart card platform.

Cash Paymaster Services (Proprietary) Limited, a wholly-owned subsidiary, is involved in the administration, management and payment of social welfare grants and handles the payment of pensions on behalf of the Government in five of the nine provinces.

Net1 Investment Holdings (Proprietary) Limited, a wholly-owned subsidiary, is the holder of the Funds Transfer System ("FTS") patents for South Africa and its surrounding territories. The company also provides integrated software and hardware services to international customers, through an outsourcing agreement with NUEP Inc., which holds the exclusive licence to exploit the FTS patents world-wide, excluding South Africa and its surrounding territories.

FINANCIAL RESULTS

The financial results of the Company and Group are set out in the attached annual financial statements.

The estimated proportions of consolidated revenue and profit before tax attributable to the various classes of business for the year ended 30 June 2003, were as follows:

	Revenue		**Profit before tax**		**Margin**	
	2003	2002	2003	2002	2003	2002
	R'000	R'000	R'000	R'000	%	%
FTS/UEPS Licence fees	12 078	8 334	10 323	6 580	85	79
UEPS Software sales	10 859	19 961	6 516	14 971	60	75
UEPS Hardware sales	61 400	43 121	16 578	11 643	27	27
UEPS Processing fees	142 032	105 934	64 560	35 504	45	34
Management services	40 178	27 494	16 071	10 997	40	40
Financial services	121 426	106 196	25 886	12 154	21	11
Social Security: Operational fees	286 556	203 325	51 345	38 120	18	19
Social Security: Pre-funding	16 955	11 220	2 649	1 650	16	15
Net interest earned	–	–	23 546	14 014		
Unallocated corporate items	–	–	(18 060)	3 381		
	691 484	525 585	199 414	149 014	29	28

REVIEW OF ACTIVITIES

Profit from operations increased by 30% from R135 million to R176 million. Net profit increased by 21% from R104 million to R126 million. Earnings per share increased by 18% to 53,25 cents and headline earnings per share rose by 31% to 58,57 cents.

The Group's balance sheet is very sound with no interest-bearing debt and cash resources of R429 million, an increase of R106,7 million. Healthy liquidity is substantiated by a current ratio of 3,70: 1 and an acid test ratio of 3,66:1.

Cash generated by operating activities amounted to R231 million and cash equivalent earnings per share increased by 18,4% to 65 cents per share.

The return on equity for the year is 26,8%, while the return on assets amounted to 33%.

During the year under review, the Company incurred capital expenditure of R3,8 million (2002: R16,7 million) on additions and improvements to its kernel UEPS hardware and software.

SHARE CAPITAL

Details of the authorised and issued share capital are contained in note 7 to the annual financial statements.

The following change in the issued ordinary share capital occurred during the year under review:

Date	Number of shares issued	Issue price per share	Particulars
28 May 2003	3 513 341	R1,475	Shares issued in terms of the Aplitec Staff Share Incentive Scheme

DIVIDENDS

The Board has resolved to declare a dividend of 15 cents per share in respect of the year ended 30 June 2003. Trading in the STRATE environment requires settlement within five business days. In accordance with the settlement procedures of STRATE, Aplitec determined the last day for trading to participate in the dividend to be Friday, 5 September 2003. The shares will commence trading ex-dividend on Monday, 8 September 2003 and the record date will be Friday, 12 September 2003. Payment will be made on Monday, 15 September 2003. Certificated shareholders may not dematerialise their shares between Monday, 8 September 2003 and Friday 12 September 2003, both days inclusive.

SUBSIDIARIES

Information regarding Aplitec's subsidiaries is set out on pages 70 and 71.

The interest of the Company in the aggregate profits and losses of its subsidiaries after tax, amounts to R143 921 561 (2002: R105 930 755) and R10 579 015 (2002: R548 349), respectively.

DIRECTORS' INTERESTS

At 30 June 2003 the interest of the directors in aggregate in the issued share capital of Aplitec amounted to 17 337 841 (2002: 18 534 509) shares, comprising:

		Number of shares 2003	2002
Non-executive directors:			
J C Livingstone	– Direct shareholding	600 000	600 000
	– Beneficial shareholding	2 500 000	2 500 000
Executive directors:			
S C P Belamant		14 237 841	14 834 509
H G Kotzé		–	600 000
		17 337 841	18 534 509

EVENTS SUBSEQUENT TO BALANCE SHEET DATE

No material events have occurred subsequent to the balance sheet date and in the period preceding the publication of the annual report.

CHANGES TO THE BOARD

On 15 January 2003, Mr Dave Donald resigned from the Aplitec board due to other business commitments. The Aplitec board would like to thank Dave for his invaluable contribution during the last five years and wish him well for his future endeavours.

DIRECTORS AND SECRETARY

Directors	*Position*
Dr S C P Belamant*	Chairman and Chief Executive Officer
H G Kotzé	Chief Financial Officer
J C Livingstone	Non-executive director
B J S Hore	Non-executive director
D G S Muller	Non-executive director
D A J Donald (Resigned 31 January 2003)	Non-executive director

*French

SECRETARY

Light & Livingstone Financial Services CC
3rd Floor, Palm Grove
196 Louis Botha Avenue
Houghton Estate
PO Box 46079, Orange Grove, 2119

Balance sheets at 30 June 2003

		Group		Company	
	Notes	**2003** **R'000**	**2002** **R'000**	**2003** **R'000**	**2002** **R'000**
ASSETS					
Non-current assets		96 050	62 512	98 115	125 919
Property, plant and equipment	2	65 075	33 192	–	–
Intangible assets	3	12 043	18 284	–	–
Deferred tax	4	18 932	11 036	16	17
Investment in subsidiaries	5	–	–	98 099	125 902
Current assets		586 478	448 205	8 295	7 296
Inventory	6	6 437	15 521	–	–
Trade and other receivables		151 492	110 870	120	1 385
Cash and cash equivalents		428 549	321 814	8 175	5 911
Total assets		682 528	510 717	106 410	133 215
EQUITY AND LIABILITIES					
Capital and reserves		524 120	418 455	104 377	131 516
Share capital	7	237	233	237	233
Share premium		134 497	129 342	134 497	129 342
Accumulated profit		389 386	288 880	(30 357)	1 941
Minority interests		–	3 275	–	–
Current liabilities		158 408	88 987	2 033	1 699
Trade and other payables	8	107 474	58 591	1 294	247
Tax		50 934	30 396	739	1 452
Total equity and liabilities		682 528	510 717	106 410	133 215
Net asset value per share (cents)	14	221,17	179,24		

Income statements for the year ended 30 June 2003

	Notes	Group 2003 R'000	Group 2002 R'000	Company 2003 R'000	Company 2002 R'000
Revenue	9	691 484	525 585	–	–
Cost of sales		234 885	143 795	–	–
Gross profit		456 599	381 790	–	–
Other operating income		3 743	1 872	–	–
Operating expenses		284 474	248 662	7 249	949
Distribution costs		6 155	2 797	–	–
Administration expenses		70 895	57 551	478	526
Other operating expenses		207 424	188 314	6 771	423
Profit/(Loss) from operations	10	175 868	135 000	(7 249)	(949)
Interest received		73 086	33 086	6 665	1 293
Finance cost		(49 540)	(19 072)	(1 759)	–
Income from subsidiaries	12	–	–	240	240
Profit/(Loss) before tax		199 414	149 014	(2 103)	584
Income tax expense	13	69 132	43 286	4 514	178
Profit/(Loss) after tax		130 282	105 728	(6 617)	406
Minority interests		4 095	1 695	–	–
Net profit/(Loss) for year		126 187	104 033	(6 617)	406
Headline earnings per share (cents)	14	58,57	44,61		
Earnings per share (cents)	14	53,25	45,23		

Statements of changes in equity

	Share capital R'000	Share premium R'000	Accumulated profit R'000	Total R'000
Group				
Balance at 30 June 2001	230	123 998	184 847	309 075
Issue of share capital	3	5 380	–	5 383
Share issue cost written-off against share premium	–	(36)	–	(36)
Net profit for year	–	–	104 033	104 033
Balance at 30 June 2002	233	129 342	288 880	418 455
Issue of share capital	4	5 179	–	5 183
Share issue cost written-off against share premium	–	(24)	–	(24)
Net profit for year	–	–	126 187	126 187
Dividends paid to shareholders	–	–	(25 681)	(25 681)
Balance at 30 June 2003	237	134 497	389 386	524 120
Company				
Balance at 30 June 2001	230	123 998	1 535	125 763
Issue of share capital	3	5 380	–	5 383
Share issue cost written-off against share premium	–	(36)	–	(36)
Net profit for year	–	–	406	406
Balance at 30 June 2002	233	129 342	1 941	131 516
Issue of share capital	4	5 179	–	5 183
Share issue cost written-off against share premium	–	(24)	–	(24)
Net loss for year	–	–	(6 617)	(6 617)
Dividends paid to shareholders	–	–	(25 681)	(25 681)
Balance at 30 June 2003	237	134 497	(30 357)	104 377

Cash flow statements for the year ended 30 June 2003

		Group		Company	
	Notes	**2003**	**2002**	**2003**	**2002**
		R'000	**R'000**	**R'000**	**R'000**
Cash flows from operating activities		171 958	124 512	(30 698)	1 820
Cash receipts from customers		665 211	503 476	–	–
Cash paid to suppliers and employees		(434 627)	(350 497)	(4 698)	(350)
Cash generated from/(utilised by) operations	19	230 584	152 979	(4 698)	(350)
Interest received		73 086	33 086	6 665	1 293
Finance cost		(49 540)	(19 072)	(1 759)	–
Tax paid	20	(56 491)	(42 481)	(5 225)	877
Dividends paid		(25 681)	–	(25 681)	–
Cash flows from investing activities		(70 382)	(8 926)	–	–
Additions to property, plant and equipment		(60 791)	(19 472)	–	–
Proceeds from disposal of property, plant and equipment		2 841	6 335	–	–
Cash inflow from disposal of business	21	–	4 211	–	–
Acquisition of minority interests	22	(12 432)	–	–	–
Cash flows from financing activities		5 159	5 347	32 962	(146)
Proceeds from issue of share capital		5 159	5 347	5 159	5 347
Receipts from/(repayment of) loans to subsidiaries		–	–	27 803	(5 493)
Net increase in cash and cash equivalents		106 735	120 933	2 264	1 674
Cash and cash equivalents at beginning of year		321 814	200 881	5 911	4 237
Cash and cash equivalents at end of year	23	428 549	321 814	8 175	5 911
Cash equivalent earnings per share (cents)	24	65,00	54,88		

NOTES TO THE 2003 FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The principal policies are set out below and are consistent in all material respects with those which were applied in the previous year:

1.1 Basis of presentation

The financial statements of the Group are prepared in conformity with South African Statements of Generally Accepted Accounting Practice on the historical cost basis, except where otherwise stated.

1.2 Basis of consolidation and goodwill

The consolidated financial statements include those of the holding company and its subsidiaries. The results of subsidiaries are included from the effective dates of their acquisition until the effective dates of their disposal. Goodwill represents the excess of cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary at the date of acquisition. Goodwill is capitalised as an intangible asset and amortised on the straight-line basis over the period of the expected benefit, which is estimated at 10 years. Inter-company transactions and balances are eliminated on consolidation. Separate disclosure is made of minority interests.

1.3 Property, plant and equipment

Property, plant and equipment are shown at cost less accumulated depreciation. Property, plant and equipment are depreciated on the straight-line basis at rates which are estimated to amortise the assets to their anticipated residual values over their useful lives. Within the following asset classifications, the expected economic lives are approximately:

Computer equipment	3 years
Office equipment	3 years
Vehicles	4 to 5 years
Furniture and fittings	5 to 10 years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

1.4 Leasehold improvement costs

Costs incurred in the adaptation of leased properties to serve the requirements of the Company are capitalised and amortised over the shorter of the term of the lease and the contract for which the lease has been entered into. Where the Company is required to restore a property to its original condition upon termination of a lease, the related costs are expensed as incurred.

1.5 Intangible assets

Intangible assets are shown at cost less accumulated amortisation and are amortised over their useful lives, which is estimated at five years.

1.6 Deferred tax

Deferred tax is provided at current rates on the comprehensive allocation basis, using the liability method. Deferred tax assets are raised to the extent that it is probable that taxable income will be available against which deductible temporary differences and accumulated tax losses can be utilised.

1.7 Inventory

Inventory is valued at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis and includes transport and handling costs.

1.8 Financial instruments

Initial recognition and measurement

Financial instruments are recognised when the Group becomes a party to the transaction. Initial measurements are at cost, which includes transaction costs subsequent to initial recognition. These instruments are measured as set out below:

1.8.1 Trade and other receivables:

Trade and other receivables originated by the Group are stated at cost less provision for doubtful debts.

1.8.2 Cash and cash equivalents:

Cash and cash equivalents are stated at the bank statement balances.

1.8.3 Trade and other payables:

Trade and other payables are carried at their estimated fair value.

1.9 Foreign exchange transactions

Foreign exchange transactions are translated at the spot rate ruling at the date of the transaction. Monetary items are translated at the closing spot rate at the balance sheet date. Exchange differences occurring on the settlement of monetary items or on the reporting of outstanding monetary items, are brought into account as income for the period. Non-monetary items are translated at the spot rate at the date of the transaction or the spot rate on the valuation date if carried at fair value.

1.10 Revenue recognition

Fees and commissions

The Company provides a State pension and welfare benefit distribution service to provincial governments in South Africa. Fees are computed based on the number of beneficiaries included in the Government payfile. Fee income received for these services is recognised in the income statement when distributions have been made.

The Company provides an automated payment collection service to third parties, for which it charges monthly fees. These fees are recognised in the income statement as the collections are made.

Interest income

Interest income earned from micro-lending activities is recognised in the income statement as it falls due, using the effective interest rate method by reference to the constant interest rate stated in each loan agreement. Interest receivable over the term of a loan is recognised as a receivable on inception of the loan and a corresponding amount recorded as deferred income.

For loans in arrears where recovery is determined to be doubtful, an expense is recorded for amounts of interest previously recognised in the income statement that have not been collected. An expense is also charged for future interest recorded as a receivable on the balance sheet. Subsequently, interest income is recorded in the income statement as it falls due under the original terms of the loan agreement.

Systems implementation projects

The Company undertakes smart card system implementation projects. The hardware and software installed in these projects are in the form of customised systems, which ordinarily involve modification to meet the customer's specifications. Software delivered under such arrangements is available to the customer permanently, subject to the payment of annual license fees. Revenue for such arrangements is recognised under the completed contract method, no income and profit being recognised until the contract is completed, save for annual license fees, which are recognised in the period to which they relate. Up-front and interim payments received are recorded as client deposits until customer acceptance.

Other income

Revenue from service and maintenance activities is charged to customers on a time-and-materials basis and is recognised in the income statement as services are delivered to customers.

1.11 Research and development expenditure

Research expenditure is written-off in the period in which it is incurred. Development expenditure is capitalised until the operation to which it relates commences trading. The expenditure is then written-off on the straight-line basis over the life of the product, which is estimated at no longer than four years. Where the project is terminated, the related development expenditure is written-off immediately.

1.12 Provisions

Provisions are recognised when the Group has a present obligation as a result of a part event and it is probable that this will result in an outflow of economic benefits that can be reliably estimated.

1.13 Cost deferrals

The cost of purchasing and initialising smart cards is capitalised and amortised over the term of the benefits distribution contract, subject to a limit of there being probable future revenues to match the costs deferred.

1.14 Loan provisions

A specific provision is established for all loans where it is considered likely that some of the capital will not be repaid by the borrower. Where the loan capital is insured, the amount due to be recovered from the insurer is recorded as a receivable. Default is taken to be likely after a specified period of repayment default, which is generally taken to be not more than 150 days. This assessment is made based on previous experience and on management judgement of economic conditions.

	Group 2003 R'000	Group 2002 R'000	Company 2003 R'000	Company 2002 R'000
2. PROPERTY, PLANT AND EQUIPMENT				
Cost				
Computer equipment	85 482	54 075	–	–
Furniture and office equipment	17 983	20 715	–	–
Motor vehicles	59 606	35 236	–	–
	163 071	110 026	–	–
Accumulated depreciation				
Computer equipment	59 535	38 095	–	–
Furniture and office equipment	9 229	13 743	–	–
Motor vehicles	29 232	24 996	–	–
	97 996	76 834	–	–
Carrying amount				
Computer equipment	25 947	15 980	–	–
Furniture and office equipment	8 754	6 972	–	–
Motor vehicles	30 374	10 240	–	–
	65 075	33 192	–	–
The carrying amount of property, plant and equipment can be reconciled as follows:				
Carrying amount at beginning of year	33 192	39 751	–	–
Additions	60 791	19 472	–	–
Disposals	(2 642)	(5 656)	–	–
Depreciation	(26 266)	(20 375)	–	–
Carrying amount at end of year	65 075	33 192	–	–
3. INTANGIBLE ASSETS				
Cost				
Capitalised development costs	15 076	15 076	–	–
Trademarks	–	2 718	–	–
Goodwill	23 093	18 031	–	–
	38 169	35 825	–	–
Accumulated amortisation				
Capitalised development costs	15 076	12 797	–	–
Trademarks	–	1 088	–	–
Goodwill	11 050	3 656	–	–
	26 126	17 541	–	–
Carrying amount				
Capitalised development costs	–	2 279	–	–
Trademarks	–	1 630	–	–
Goodwill	12 043	14 375	–	–
	12 043	18 284	–	–

	Group 2003 R'000	Group 2002 R'000	Company 2003 R'000	Company 2002 R'000
The carrying amount of tangible assets can be reconciled as follows:				
Carrying amount at beginning of year	18 284	24 299	–	–
Acquisition of minority interests	5 062	–	–	–
Disposal of trademark	(1 630)	–	–	–
Amortisation	(9 673)	(6 015)	–	–
Carrying amount at end of year	12 043	18 284	–	–

4. DEFERRED TAX

	Group 2003 R'000	Group 2002 R'000	Company 2003 R'000	Company 2002 R'000
Balance at the beginning of year	11 036	10 240	17	–
Movement during year attributable to temporary differences	7 896	796	(1)	17
Balance at the end of year	18 932	11 036	16	17
Deferred tax on temporary differences arising from:				
Assessed losses	8 496	8 468	–	–
Capitalised development costs	990	990	–	–
Provisions and accruals	16 764	4 048	–	–
Pre-paid expenses	(8 099)	(3 251)	16	17
Property, plant and equipment	582	582	–	–
Other	199	199	–	–
	18 932	11 036	16	17

5. INVESTMENT IN SUBSIDIARIES

	Group 2003 R'000	Group 2002 R'000	Company 2003 R'000	Company 2002 R'000
Shares, at cost	–	–	100 826	100 826
Loans to subsidiaries	–	–	118 315	146 118
	–	–	219 141	246 944
Impairment of investments	–	–	(121 042)	(121 042)
	–	–	98 099	125 902

The loans bear interest at various rates, are unsecured and not subject to any fixed terms of repayment.

Details of subsidiary companies are set out in Annexure A.

6. INVENTORY

	Group 2003 R'000	Group 2002 R'000	Company 2003 R'000	Company 2002 R'000
Merchandise	6 437	15 521	–	–
	6 437	15 521	–	–

7. SHARE CAPITAL

	Group 2003 R'000	Group 2002 R'000	Company 2003 R'000	Company 2002 R'000
Authorised:				
500 000 000 ordinary shares of 0,1 cent each	500	500	500	500
500 000 000 "N" ordinary shares of 0,001 cent each	5	5	5	5
Issued:				
236 977 187 (2002: 233 463 846) ordinary shares of 0,1 cent each	237	233	237	233

Share options

	Options 2003 '000	Options 2002 '000
Unexercised at beginning of year	3 550	7 250
Cancelled during year	(37)	(50)
Exercised during year	(3 513)	(3 650)
Unexercised at end of year	–	3 550

	Group 2003 R'000	Group 2002 R'000	Company 2003 R'000	Company 2002 R'000
8. TRADE AND OTHER PAYABLES				
Trade payables	47 233	23 403	915	179
Accruals	32 897	18 657	337	50
Value-added tax payable	4 938	3 632	–	–
Other payables	3 160	2 444	42	18
Provisions	19 246	10 455	–	–
Balance at beginning of year	10 455	14 579	–	–
Additional provisions charged to the income statement	12 040	6 171	–	–
Unused amounts credited to the income statement	(882)	(2 338)	–	–
Utilised in year	(2 367)	(7 957)	–	–
	107 474	58 591	1 294	247

Provisions consist of the following:

Group	**Bonus R'000**	**Leave pay R'000**	**Other R'000**	**Total R'000**
Balance at beginning of year	564	6 514	3 377	10 455
Additional provisions charged to the income statement	6 926	3 738	1 376	12 040
Unused amounts credited to the income statement	(32)	(850)	–	(882)
Utilised in year	(988)	(1 379)	–	(2 367)
	6 470	8 023	4 753	19 246

	Group 2003 R'000	Group 2002 R'000	Company 2003 R'000	Company 2002 R'000
9. REVENUE				
Sale of goods	72 259	63 082	–	–
Services rendered	619 225	462 503	–	–
	691 484	525 585	–	–
10. PROFIT/(LOSS) FROM OPERATIONS				
Profit/(Loss) from operations is stated after:				
Auditor's remuneration	991	930	97	56
Audit fees	603	615	64	56
Other services	388	315	33	–
Depreciation and amortisation	35 939	26 390	–	–
Amortisation – capitalised development costs	2 279	3 716	–	–
Amortisation – trademarks	–	545	–	–
Amortisation – goodwill	7 394	1 754	–	–
Depreciation – computer equipment	15 569	10 487	–	–
Depreciation – furniture and office equipment	2 833	3 298	–	–
Depreciation – motor vehicles	7 864	6 590	–	–
Directors' emoluments	2 949	2 023	–	100
For services as directors	75	100	–	100
For managerial and other services	2 874	1 923	–	–
Employee costs	138 287	129 315	–	–
Operating lease rentals – leased premises	20 315	19 627	–	–
Profit on disposal of property, plant and equipment	200	679	–	–
Profit on disposal of business	1 086	2 713	–	
Other costs	10 224	–	6 435	–
Settlement of share options	5 349	–	6 435	–
Provision for loss on loan	4 875	–	–	–

11. DIRECTORS' EMOLUMENTS

Fees and salaries

(R'000)	2003 Basic salaries	2003 Bonus	2003 Total	2002 Basic salaries	2002 Bonus	2002 Total
Paid to executive directors	2 294	580	2 874	1 873	50	1 923
S C P Belamant	1 431	400	1 831	1 200	–	1 200
H G Kotzé	863	180	1 043	673	50	723
Fees paid to non-executive directors:						
J C Livingstone			75			75
D A J Donald			–			25
B J S Hore			–			–
D G S Muller			–			–

Share options

	’000 shares					
	Opening balance	**Exercised during year**	**Sold during year**	**Closing balance**	**Exercise price per share**	**Average sale price per share**
Executive directors						
– S C P Belamant	600	600	1 200	–	R1,475	R3,51
– H G Kotzé	600	600	1 200	–	R1,475	R3,51
Non-executive directors						
– J C Livingstone	600	600	600	600	R1,475	R2,98
– D A J Donald	–	–	–	–	–	–
– D G S Muller	–	–	–	–	–	–
– B J S Hore	–	–	–	–	–	–

	Group		**Company**	
	2003 R’000	**2002 R’000**	**2003 R’000**	**2002 R’000**
12. INCOME FROM SUBSIDIARIES				
Dividends	–	–	–	–
Administration fees	–	–	240	240
	–	–	240	240
13. INCOME TAX EXPENSE				
South African normal tax				
Current year	73 818	44 082	1 303	195
Deferred tax	(7 896)	(796)	1	(17)
Secondary Tax on Companies	3 210	–	3 210	–
	69 132	43 286	4 514	178
	%	**%**	**%**	**%**
Reconciliation of rate of tax:				
South African normal tax rate	30,0	30,0	30,0	30,0
Permanent differences	3,1	(1,1)	(92,0)	0,5
Secondary Tax on Companies	1,6	–	(152,6)	–
Deferred tax not provided on tax losses	–	0,1	–	–
Effective rate of tax	34,7	29,0	(214,6)	30,5
	R’000	**R’000**	**R’000**	**R’000**
Gross estimated tax losses of certain subsidiaries available for utilisation against future taxable income	46 040	32 337	–	–
Applied to increase deferred tax asset	(28 320)	(28 227)	–	–
	17 720	4 110	–	–

		Group 2003 R'000	Group 2002 R'000
14.	**NET ASSET VALUE PER SHARE AND EARNINGS PER SHARE**		
14.1	Net asset value per share (cents)	221,17	179,24
	Number of shares in issue at end of year ('000)	236 977	233 464
14.2	*Earnings per share (cents)*	53,25	45,23
	The calculation of earnings per share is based on consolidated net profit attributable to ordinary shareholders of R126,187 million (2002: R104,033 million) and the weighted average number of shares.		
	Weighted average number of issued shares ('000)	236 977	230 001
	Headline earnings per share (cents)	58,57	44,61
	Reconciliation between earnings and headline earnings:		
	Profit attributable to ordinary shareholders per financial statements	126 187	104 033
	Amortisation of goodwill	7 394	1 754
	Profit on disposal of property, plant and equipment, after tax	(140)	(475)
	Profit on disposal of business	–	(2 713)
	Settlement of share options	5 349	–
	Headline earnings	138 790	102 599

Aplitec has no other equity instruments outstanding at the balance sheet date.

15. OPERATING LEASE COMMITMENTS

The Group leases certain premises under operating leases. The minimum future commitments of the Group for leased premises are:

Due:	**Within 1 year R'000**	Within 2 – 5 years R'000	After 5 years R'000	Total R'000
2003	7 967	5 586	81	13 634
2002	8 062	3 551	–	11 613

	Group 2003 R'000	**Group 2002 R'000**	**Company 2003 R'000**	**Company 2002 R'000**
16. CAPITAL COMMITMENTS				
The Group's outstanding capital commitments at the year-end, which have been approved by the directors and contracted for amounted to:	–	12 643	–	–

These commitments will be funded from cash generated from operations.

17. RETIREMENT BENEFITS

The Group Provident Fund was a defined contribution fund, registered in terms of the Pension Funds Act (1965), of which membership was optional. The fund was discontinued and currently the Group provides no retirement benefits.

18. RELATED PARTY TRANSACTIONS

Light & Livingstone Financial Services CC, in which Mr J C Livingstone (a non-executive director) is a member, performs the Company Secretarial function for the Group.

	Group 2003 R'000	Group 2002 R'000	Company 2003 R'000	Company 2002 R'000
19. CASH GENERATED FROM/(UTILISED BY) OPERATIONS				
Profit/(Loss) before interest and tax	175 868	135 000	(7 249)	(949)
Depreciation and amortisation	35 939	26 390	–	–
Income from subsidiaries	–	–	240	240
Profit on disposal of property, plant and equipment	(200)	(679)	–	–
Profit on disposal of business	(1 086)	(2 713)	–	–
Profit/(Loss) from operations before working capital changes	210 521	157 998	(7 009)	(709)
Working capital changes	20 063	(5 019)	2 311	359
Inventory	9 084	1 078	–	–
Trade and other receivables	(42 906)	(12 019)	1 265	383
Trade and other payables	53 885	5 922	1 046	(24)
	230 584	152 979	(4 698)	(350)
20. TAX PAID				
Unpaid at beginning of year	(30 396)	(28 795)	(1 452)	(380)
Current tax and secondary tax charged to the income statement	(77 029)	(44 082)	(4 512)	(195)
Unpaid at end of year	50 934	30 396	739	1 452
	(56 491)	(42 481)	(5 225)	877
21. DISPOSAL OF BUSINESS				
Goodwill	1 630	–	–	–
Inventory	–	11	–	–
Trade and other receivables	2 284	1 623	–	–
Cash and cash equivalents	–	702	–	–
Trade and other payables	(5 000)	(136)	–	–
Profit on disposal of business	1 086	2 713	–	–
Cash and cash equivalents received	–	4 913	–	–
Cash and cash equivalents paid	–	(702)	–	–
Net cash inflow	–	4 211	–	–
22. PURCHASE OF MINORITY INTERESTS				
Goodwill	(12 432)	–	–	–
Net cash outflow	(12 432)	–	–	–
23. CASH AND CASH EQUIVALENTS				
Bank balances and cash	428 549	321 814	8 175	5 911

	Group 2003 R'000	Group 2002 R'000
24. CASH EQUIVALENT EARNINGS PER SHARE		
Cash equivalent earnings per share (cents)	65,00	54,88
The calculation of cash equivalent earnings per share is based on consolidated cash equivalent earnings attributable to ordinary shareholders of R154,030 million (2002: R126,235 million) and the weighted average number of shares in issue.		
Calculation of cash equivalent earnings:		
Attributable earnings	126 187	104 033
Non-cash items:	35 739	22 998
Depreciation and amortisation	35 939	26 390
Profit on disposal of property, plant and equipment	(200)	(679)
Profit on disposal of business	–	(2 713)
Deferred tax charge for year	(7 896)	(796)
Cash equivalent earnings	154 030	126 235
Weighted average number of issued shares ('000)	236 977	230 001

ANNEXURE A:

Details of subsidiaries at 30 June 2003

Name and nature of business	Issued capital R	Percentage held	Cost of investment less goodwill written-off R	Amounts owing R
Directly owned subsidiaries				
Net1 Support Services (Proprietary) Limited Support service, software development and maintenance and deployment of smart card technology	1	100	1	88 166 561
Net 1 Southern Africa (Proprietary) Limited Dormant	200	100	2 311 240	2 749 920
Net1 Finance Holdings (Proprietary) Limited Holding company of micro-finance interests	100	100	100	4 155 715
Net1 Investment Holdings (Proprietary) Limited Patent holder and African operations, distribution of smart cards, electronic credit card and smart card recognition devices	200	100	19 567 645	(25 651 823)
Cash Paymaster Services (Proprietary) Limited Distribution of social welfare grants	4 000	100	13 639 093	(6 833 147)
Indirectly owned subsidiaries				
Commutercard (Proprietary) Limited Dormant	100	100	–	–
Net1 Loyalty (Proprietary) Limited Dormant	100	100	–	–
Net1 Payroll (Proprietary) Limited Dormant	1	100	–	–
Moneyline Financial Services (Proprietary) Limited Micro-finance: short term	1 000	100	–	–
New World Finance (Proprietary) Limited Micro-finance: short and medium term	1 000	100	–	–
Milpay Pay System (Proprietary) Limited Development and implementation of micro-finance technological solutions	400	100	–	–
Friedland 020 Investments (Proprietary) Limited Franchising of micro-finance solutions	100	100	–	–
Net1 Solutions (Proprietary) Limited Dormant	100	100	–	(6 268)
Country on a Card (Proprietary) Limited Development of loyalty programmes	100	100	–	–
Cash Paymaster Services Namibia (Proprietary) Limited Dormant	1	100	–	–
Cash Paymaster Services Gauteng (Proprietary) Limited Dormant	100	100	–	–

Name and nature of business	**Issued capital** R	**Percentage held**	**Cost of investment less goodwill written-off** R	**Amounts owing** R
Cash Paymaster Services Northern (Proprietary) Limited	100	100	–	–
Distribution of social welfare grants in Northern Province				
Cash Paymaster Services Northwest (Proprietary) Limited	100	70	–	–
Distribution of social welfare grants in Northwest Province				
Cash Paymaster Services Mpumalanga (Proprietary) Limited Dormant	100	100	–	–
Cash Paymaster Services Northern Cape (Proprietary) Limited	100	100	–	–
Distribution of social welfare grants in Northern Cape				
Cash Paymaster Services KwaZulu-Natal (Proprietary) Limited	100	100	–	–
Distribution of social welfare grants in KwaZulu-Natal				
Cash Paymaster Services Western Cape (Proprietary) Limited Dormant	100	100	–	–
Cash Paymaster Services Eastern Cape (Proprietary) Limited	100	100	–	–
Distribution of social welfare grants in Eastern Cape				
Siyeza Security Services (Proprietary) Limited	100	100	–	–
Holding company of security interests				
Friedland 033 Investments (Proprietary) Limited	333	100	–	–
Provision of security services in Gauteng				
Sinqobile Security Services Northwest (Proprietary) Limited	100	100	–	–
Provision of pension and other security services in Northwest Province				
Siyeza Security Services Northern Cape (Proprietary) Limited	100	100	–	–
Provision of pension and other security services in Northern Cape				
Friedland 035 Investments (Proprietary) Limited, trading as Age Secure	100	100	–	–
Provision of financial services to pensioners				
			35 518 079	62 580 958

Analysis of shareholders at 30 June 2003

	Number of shareholders	Percentage of total	Number of shares	Percentage of total
Size of holding				
1 – 10 000	230	84,6	638 424	0,3
10 001 – 50 000	29	10,7	587 164	0,3
50 001 – 100 000	4	1,5	323 554	0,1
100 001 – 1 000 000	8	2,9	1 758 587	0,7
Over 1 000 000 shares	1	0,3	233 669 458	98,6
	272	100,0	236 977 187	100,0
Classification of holdings				
Insurance companies, corporate bodies and deceased estates	24	8,8	852 352	0,4
Nominee companies	15	5,5	234 007 569	98,7
Individuals	233	85,7	2 117 266	0,9
	272	100,0	236 977 187	100,0
Major shareholders				
Nedcor Bank			60 073 402	25,7
Belamant Serge Christiaan Pierre			14 237 841	6,1
RMB Asset Management: Momentum Life			9 642 888	4,1
African Harvest Equity Fund			7 930 000	3,4
Franklin Templeton Select Fund			6 273 100	2,7
Allan Gray Balanced Fund			4 594 538	2,0
Investec Unit Trusts			4 542 900	1,9
Allan Gray Investment Solutions			4 445 470	1,9
UT – Allan Gray			3 825 800	1,6
FirstRand Bank Limited			3 758 160	1,6”