PETZETAKIS AFRICA AND ITS SUBSIDIARIES
(REGISTRATION NUMBER 2000/020895/07)
GROUP FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

GENERAL INFORMATION

COUNTRY OF INCORPORATION AND DOMICILE	South Africa
NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	The company's major activities are the manufacturing and distribution of plastic pipe systems, fittings and flexible hoses to the civil engineering, building, mining, industrial and agricultural markets
DIRECTORS	George Petzetakis
REGISTERED OFFICE	7 West Street Houghton Johannesburg South Africa 2198
BUSINESS ADDRESS	1 Piet Pretorius Street Rosslyn Tshwane South Africa 0200
POSTAL ADDRESS	P.O. Box 911-1726 Rosslyn Tshwane South Africa 0020
HOLDING COMPANY	AG Petzetakis International Holdings Limited incorporated in Cyprus
ULTIMATE HOLDING COMPANY	Aristovoulos G. Petzetakis S.A. incorporated in Greece
AUDITORS	BDO South Africa Incorporated Chartered Accountants (S.A.) Registered Auditors
COMPANY REGISTRATION NUMBER	2000/020895/07
TAX REFERENCE NUMBER	9522/087/14/8

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The reports and statements set out below comprise the group financial statements presented to the shareholder:

PRACTICE LOGO

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER OF PETZETAKIS AFRICA AND ITS SUBSIDIARIES

We have audited the group financial statements of PETZETAKIS AFRICA AND ITS SUBSIDIARIES, which comprise the statement of financial position as at 31 December 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 5 to 44.

Directors' Responsibility for the Group Financial Statements

The group's directors are responsible for the preparation and fair presentation of these group 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 group financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these group 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 group financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the group financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the group 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 group financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the group 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 group financial statements present fairly, in all material respects, the financial position of PETZETAKIS AFRICA AND ITS SUBSIDIARIES as at 31 December 2010, and its financial performance and its 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.

Without qualifying our opinion, we draw attention to the fact that supplementary information set out on page 45 does not form part of the group financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

BDO South Africa Incorporated
Registered Auditors

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required in terms of the Companies Act of South Africa to maintain adequate accounting records and are responsible for the content and integrity of the group financial statements and related financial information included in this report. It is their responsibility to ensure that the group 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 review opinion on the group financial statements.

The group 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 judgments 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 group financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The company is technically insolvent. The directors have been awaiting recapitalization from the shareholders of the holding company for the last 15 months. The future of Petzetakis Africa (Proprietary) Limited is dependant on this investment being completed. The directors of Petzetakis Africa (Proprietary) Limited have initiated various initiatives in the interim to preserve the ongoing business during the delays of the groups recapitalization.

The external auditors are responsible for independently reviewing and reporting on the group's group financial statements. The group financial statements have been examined by the group's external auditors and their report is presented on page 3.

The group financial statements set out on pages 5 to 45, which have been prepared on the going concern basis, were approved by the South African based directors on 30 March 2011 and were signed on its behalf by:

George Petzetakis

Pretoria

30 March 2011

DIRECTORS' REPORT

The directors submit their report for the year ended 31 December 2010.

1. REVIEW OF ACTIVITIES

Main business and operations

The group is engaged in the company's major activities which are the manufacturing and distribution of plastic pipe systems, fittings and flexible hoses to the civil engineering, building, mining, industrial and agricultural markets.

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

Net loss of the group was R (76,891) (2009: R (49,141) loss ; 2008: R (47,859) loss), after taxation of R 1,704 (2009: R (9,036) ; 2008: R 989).

2. GOING CONCERN

We draw attention to the fact that at 31 December 2010, the group had incurred a nett loss after tax of R (76,891) and had a accumulated loss of R (171,170).

The group financial statements have been prepared on the basis of accounting policies applicable to a going concern, however, it should be noted that the company is technically insolvent. The directors have been awaiting recapitalization from the shareholders of the holding company for the last 15 months.The future of Petzetakis Africa (Proprietary) Limited is dependant on this investment being completed. The directors of Petzetakis Africa (Proprietary) Limited have initiated various initiatives in the interim to preserve the ongoing business during the delays of the groups recapitalization.

The ability of the group to continue as a going concern is dependent on a number of factors. The most significant of these factors are:

- The shareholder's ability to recapitalize the business, including the roll-forward of the group's current funding.
- The directors' ability to convert the group's operations into profits.
- The directors' ability to conclude the Competition Commission Tribunal process.
- As an update to its announcement of 1st of April, AG Petzetakis informs that negotiations for an agreement between A.G. Petzetakis International Holdings Limited, its bondholders and the investor are in progress, and that the agreement shall include:
    1. Restructuring of its debt: it mainly involves the purchase of outstanding bonds by the investor and rescheduling them on a long-term frame.
    2. Increase of Equity: the Board of directors of the company has convened in a General Assembly of shareholders to decide the Increase of the Capital of the company. The strengthening of the Owners Equity will be such in order to sustain, on a long-term framework, a full deployment of the company's global production and commercial capacity.

3. EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any matter or circumstance arising since the end of the year under review.

4. AUTHORISED AND ISSUED SHARE CAPITAL

There were no changes in the authorised or issued share capital of the company during the year under review.

5. NON-CURRENT ASSETS

There were no changes to the authorised or issued share capital of the company during the year.

6. DIVIDENDS

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

Directors' Report

7. DIRECTORS

The directors of the group during the year and to the date of this report are as follows:

Name	Nationality	Changes
George Petzetakis	Greek	
Edwin Hewitt	South African	Resigned 11 October 2010
Cindy Dixon	South African	Resigned 11 October 2010
Elda Lopes	South African	Appointed 01 July 2010, resigned 11 October 2010

8. SECRETARY

The group had no secretary during the year.

9. HOLDING COMPANY

The company's holding company is AG Petzetakis International Holdings Limited incorporated in Cyprus.

10. ULTIMATE HOLDING COMPANY

The company's ultimate holding company is Aristovoulos G. Petzetakis S.A. incorporated in Greece.

11. INTEREST IN SUBSIDIARIES

Shares held by Petzetakis Africa (Proprietary) Limited	31 December 2010	31 December 2009
Sekunjalo Piping Systems (Proprietary) Limited	100%	100%
Petzetakis Africa (Namibia) (Proprietary) Limited	100%	100%
Sektel Communications (Proprietary) Limited	100%	100%
Sekunjalo Utilities (Proprietary) Limited	100%	100%
Sekunjalo Outsourcing (Proprietary) Limited	100%	100%

During the period under review Sekunjalo Piping Systems (Pty) Ltd, Sekunjalo Utilities (Pty) Ltd, Sekunjalo Outsourcing (Pty) Ltd and Sektel Communications (Pty) Ltd were dormant. These companies have been de-registered.

12. AUDITORS

BDO South Africa Incorporated will continue in office in accordance with section 270(2) of the Companies Act.

13. PENALTY OBLIGATION

The Competition Tribunal hearing was held from 13 to 23 September 2010 but was not concluded. The matter will proceed in April 2011. Although Petzetakis Africa (Proprietary) Limited has not managed to settle the matter with the Competition Commission, efforts to settle the matter are ongoing. From the testimony of witnesses who testified during the Competition Tribunal hearing on behalf of the Competition Commission, Petzetakis Africa and other parties involved in the matter, Petzetakis Africa's board of directors anticipates that a penalty equal to 7% of Petzetakis Africa’s "affected turnover” for 2007 will be levied by the Competition Tribunal. At this rate a penalty of R 36,022,124 is expected to be levied. "Affected turnover" is the revenue generated from the sale of PVC and HDPE products and excludes the revenue generated from the sale of Hose products. Provision of R 36,022,124 has been made for the Competition Commission penalty as this represents the board of directors' best estimate of the amount of the expected cash outflows associated with the Competition matter (probable losses).

Petzetakis Africa's legal counsel dealing with the matter expects that a penalty of between 5.3% and 7% of Petzetakis Africa's "affected turnover" for 2007 will be levied by the Competition Tribunal. This amounts to a penalty of between R 27,273,894 and R 36,022,124 and represents the possible losses associated with the Competition matter.

PETZETAKIS AFRICA AND ITS SUBSIDIARIES

(Registration number 2000/020895/07)
Group Financial Statements for the year ended 31 December 2010

STATEMENT OF FINANCIAL POSITION

		Group			Company		
Figures in Rand thousand	Note(s)	2010	2009 Restated	2008 Restated	2010	2009 Restated	2008 Restated
ASSETS							
NON-CURRENT ASSETS							
Property, plant and equipment	2	156,539	174,876	163,531	156,497	174,829	162,951
Investments in subsidiaries	3	-	-	-	3,085	3,085	19,073
Other financial assets	5	-	-	45	-	-	45
Deferred tax	7	-	23	14	-	-	-
		156,539	**174,899**	**163,590**	**159,582**	**177,914**	**182,069**
CURRENT ASSETS							
Inventories	8	23,758	53,272	94,150	23,428	52,631	83,495
Current tax receivable		239	1,150	430	-	812	430
Trade and other receivables	9	32,096	68,506	112,569	29,548	65,941	116,023
Cash and cash equivalents	10	18,831	5,102	15,425	17,597	4,512	3,571
		74,924	**128,030**	**222,574**	**70,573**	**123,896**	**203,519**
Non-Current Assets		156,539	174,899	163,590	159,582	177,914	182,069
Current Assets		74,924	128,030	222,574	70,573	123,896	203,519
Non-current assets held for sale (and) (assets of disposal groups)		-	-	-	-	-	-
Total Assets		**231,463**	**302,929**	**386,164**	**230,155**	**301,810**	**385,588**
EQUITY AND LIABILITIES							
EQUITY							
Share capital	11	52,600	52,600	52,600	52,600	52,600	52,600
Reserves	12	114,617	114,617	93,095	114,617	114,617	93,095
Accumulated loss		(171,170)	(94,279)	(23,616)	(184,001)	(105,771)	(48,801)
		(3,953)	72,938	122,079	(16,784)	61,446	96,894
Non-controlling interest		-	-	153	-	-	-
		(3,953)	**72,938**	**122,232**	**(16,784)**	**61,446**	**96,894**
LIABILITIES							
NON-CURRENT LIABILITIES							
Other financial liabilities	13	5,913	7,501	9,086	5,913	7,501	9,086
Finance lease obligation	14	8,394	17,743	22,662	8,394	17,743	22,416
Deferred tax liability	7	23,000	25,387	14,838	22,999	25,387	15,555
		37,307	**50,631**	**46,586**	**37,306**	**50,631**	**47,057**
CURRENT LIABILITIES							
Loans from shareholders	4	-	4,913	1,025	-	4,913	1,025
Other financial liabilities	13	1,768	1,585	8,660	1,768	1,585	8,660
Current tax payable		849	1,690	2,825	849	1,690	-
Finance lease obligation	14	8,691	10,522	9,489	8,691	10,522	9,384
Trade and other payables	16	150,779	101,959	131,366	162,303	112,332	159,143
Provisions	15	36,022	27,274	30,602	36,022	27,274	30,602
Bank overdraft	10	-	31,417	33,379	-	31,417	32,823
		198,109	**179,360**	**217,346**	**209,633**	**189,733**	**241,637**
Non-Current Liabilities		37,307	50,631	46,586	37,306	50,631	47,057
Current Liabilities		198,109	179,360	217,346	209,633	189,733	241,637
Liabilities of disposal groups		-	-	-	-	-	-
Total Liabilities		**235,416**	**229,991**	**263,932**	**246,939**	**240,364**	**288,694**
Equities		(3,953)	72,938	122,232	(16,784)	61,446	96,894
Liabilities		235,416	229,991	263,932	246,939	240,364	288,694
Total Equity and Liabilities		**231,463**	**302,929**	**386,164**	**230,155**	**301,810**	**385,588**

STATEMENT OF COMPREHENSIVE INCOME

		Group			Company		
Figures in Rand thousand	Note(s)	2010	2009 Restated	2008 Restated	2010	2009 Restated	2008 Restated
Revenue		497,563	602,360	858,769	486,546	559,172	763,533
Cost of sales		(422,410)	(496,910)	(715,761)	(415,672)	(469,969)	(677,860)
Revenue		497,563	602,360	858,769	486,546	559,172	763,533
Cost of sales		(422,410)	(496,910)	(715,761)	(415,672)	(469,969)	(677,860)
Gross profit		**75,153**	**105,450**	**143,008**	**70,874**	**89,203**	**85,673**
Other income		2,892	5,137	5,125	2,779	3,909	2,376
Operating expenses	36	(148,622)	(159,853)	(184,091)	(146,624)	(164,807)	(139,880)
		75,153	105,450	143,008	70,874	89,203	85,673
		(145,730)	(154,716)	(178,966)	(143,845)	(160,898)	(137,504)
Operating loss	18	**(70,577)**	**(49,266)**	**(35,958)**	**(72,971)**	**(71,695)**	**(51,831)**
Investment revenue	19	107	85	252	478	33,299	4,088
Finance costs	20	(8,125)	(12,446)	(13,142)	(8,125)	(13,074)	(13,081)
Operating profit		(70,577)	(49,266)	(35,958)	(72,971)	(71,695)	(51,831)
Non-operating expense (NET)		(8,018)	(12,361)	(12,890)	(7,647)	20,225	(8,993)
Loss before taxation		**(78,595)**	**(61,627)**	**(48,848)**	**(80,618)**	**(51,470)**	**(60,824)**
Taxation	21	1,704	(9,036)	989	2,388	(5,500)	7,159
Profit (loss) for the year from continuing operations		(76,891)	(70,663)	(47,859)	(78,230)	(56,970)	(53,665)
Profit (loss) for the year from discontinued operations		-	-	-	-	-	-
Loss for the year		**(76,891)**	**(70,663)**	**(47,859)**	**(78,230)**	**(56,970)**	**(53,665)**
OTHER COMPREHENSIVE INCOME:							
Adjustments to revaluation reserve		-	-	1,437	-	-	1,437
Gains and losses on property revaluation		-	21,522	-	-	21,522	-
Other comprehensive income for the year net of taxation		**-**	**21,522**	**1,437**	**-**	**21,522**	**1,437**
Total comprehensive loss		**(76,891)**	**(49,141)**	**(46,422)**	**(78,230)**	**(35,448)**	**(52,228)**
TOTAL COMPREHENSIVE LOSS ATTRIBUTABLE TO:							
Owners of the parent		(76,891)	(49,141)	(48,375)	(78,230)	(35,448)	(52,228)
Non-controlling interest		-	-	1,953	-	-	-
		(76,891)	**(49,141)**	**(46,422)**	**(78,230)**	**(35,448)**	**(52,228)**

STATEMENT OF CHANGES IN EQUITY

Figures in Rand thousand	Share capital	Share premium	Revaluation reserve	Accumulated loss	Total attributable to equity holders of the group / company	Non-controlling interest	Total equity
Group							
Opening balance as previously reported	-	52,600	91,658	(22,642)	121,616	153	121,769
Adjustments							
Prior period error	-	-	1,437	(974)	463	-	463
Balance at 01 January 2009 as restated	**-**	**52,600**	**93,095**	**(23,616)**	**122,079**	**153**	**122,232**
Changes in equity							
Total comprehensive loss	-	-	21,522	(70,663)	(49,141)	-	(49,141)
Purchase of non-controlling interest	-	-	-	-	-	(153)	(153)
Total changes	-	-	21,522	(70,663)	(49,141)	(153)	(49,294)
Balance at 01 January 2010 as restated	**-**	**52,600**	**114,617**	**(94,279)**	**72,938**	**-**	**72,938**
Changes in equity							
Total comprehensive loss for the year	-	-	-	(76,891)	(76,891)	-	(76,891)
Total changes	-	-	-	(76,891)	(76,891)	-	(76,891)
Balance at 31 December 2010	**-**	**52,600**	**114,617**	**(171,170)**	**(3,953)**	**-**	**(3,953)**
Company							
Opening balance as previously reported	-	52,600	91,658	(47,827)	96,431	-	96,431
Adjustments							
Prior period error	-	-	1,437	(974)	463	-	463
Balance at 01 January 2009 as restated	**-**	**52,600**	**93,095**	**(48,801)**	**96,894**	**-**	**96,894**
Changes in equity							
Total comprehensive loss	-	-	21,522	(56,970)	(35,448)	-	(35,448)
Total changes	-	-	21,522	(56,970)	(35,448)	-	(35,448)
Balance at 01 January 2010 as restated	**-**	**52,600**	**114,617**	**(105,771)**	**61,446**	**-**	**61,446**
Changes in equity							
Total comprehensive loss for the year	-	-	-	(78,230)	(78,230)	-	(78,230)
Total changes	-	-	-	(78,230)	(78,230)	-	(78,230)
Balance at 31 December 2010	**-**	**52,600**	**114,617**	**(184,001)**	**(16,784)**	**-**	**(16,784)**

STATEMENT OF CASH FLOWS

		Group			Company		
Figures in Rand thousand	Note(s)	2010	2009	2008	2010	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES							
Cash generated from operations	23	73,373	24,422	19,023	71,787	(3,797)	14,955
Interest income		107	85	252	478	578	4,088
Dividends received		-	-	-	-	32,721	-
Finance costs		(8,125)	(12,446)	(13,142)	(8,125)	(13,074)	(13,081)
Tax paid	24	(590)	(4,683)	(2,457)	(29)	1,308	(479)
Net cash from operating activities		**64,765**	**7,378**	**3,676**	**64,111**	**17,736**	**5,483**
CASH FLOWS FROM INVESTING ACTIVITIES							
Purchase of property, plant and equipment	2	(2,655)	(7,703)	(32,429)	(2,643)	(7,685)	(31,618)
Sale of property, plant and equipment	2	533	577	16,290	533	558	15,422
Sale of financial assets		-	45	(45)	-	45	226
Investment in subsidiaries		-	-	-	-	-	(10,500)
Net cash from investing activities		**(2,122)**	**(7,081)**	**(16,184)**	**(2,110)**	**(7,082)**	**(26,470)**
CASH FLOWS FROM FINANCING ACTIVITIES							
Proceeds from other financial liabilities		-	-	5,705	-	-	5,705
Repayment of other financial liabilities		(1,405)	(8,660)	-	(1,405)	(8,660)	-
Repayment of shareholders loan		(4,913)	3,888	(11,536)	(4,913)	3,888	(11,536)
Finance lease payments		(11,179)	(3,886)	7,506	(11,181)	(3,535)	9,871
Dividends paid		-	-	(10,000)	-	-	(10,000)
Net cash from financing activities		**(17,497)**	**(8,658)**	**(8,325)**	**(17,499)**	**(8,307)**	**(5,960)**
Total cash movement for the year		**45,146**	**(8,361)**	**(20,833)**	**44,502**	**2,347**	**(26,947)**
Cash at the beginning of the year		(26,315)	(17,954)	2,879	(26,905)	(29,252)	(2,305)
Total cash at end of the year	10	**18,831**	**(26,315)**	**(17,954)**	**17,597**	**(26,905)**	**(29,252)**

ACCOUNTING POLICIES

1. Presentation of Group Financial Statements

The group financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act of South Africa. The group financial statements have been prepared on the historical cost basis as modified by the revaluation of land and buildings, plant and machinery, available-for-sale financial assets/liabilities and asset/liabilities held 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.

1.1 CONSOLIDATION

Basis of consolidation

The consolidated financial statements incorporate the financial statements of all subsidiaries and all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the group.

The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Acquisition related costs are recognised in the statement of comprehensive income as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the statement of comprehensive income.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Transactions and minority interests

The group applies a policy of treating transactions with non-controlling shareholders as transactions with parties external to the group. Disposals to minority interests result in gains and losses for the group that are recorded in the statement of comprehensive income. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

1.2 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

In preparing the group financial statements, management is required to make estimates and assumptions that affect the amounts represented in the group 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 group financial statements. Significant judgements include:

Trade receivables and Loans and receivables

The group assesses its trade receivables and 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.

Available-for-sale financial assets

The group follows the guidance of IAS 39 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgment. In making this judgment, the group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock 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.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price.

Accounting Policies

1.2 SIGNIFICANT JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY (continued)

The fair value of financial instruments that are not traded in an active market (for example, over the counter derivatives) is determined by using valuation techniques. The group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at theend of the reporting period.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to thegroup for similar financial instruments.

Impairment testing

The recoverable amounts of cash-generating units and 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. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of goodwill and tangible assets.

The group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including i.e. production estimates, supply demand], together with economic factors such as inflation and movements in the prime interest rate.

Provisions

Provisions were raised and management determined an estimate based on the information available. The amount of the provision represents management's best possible estimate of the expected cash outflow associated with the provision. Additional disclosure of these estimates of provisions are included in note 15 - Provisions.

Expected manner of realisation for deferred tax

Deferred tax is provided for temporary differences based on the expected manner of recovery, i.e. sale or use. This manner of recovery affects the rate used to determine the deferred tax liability. Refer note 7 – Deferred tax.

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.

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.

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 group; and
- the cost of the item can be measured reliably.

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.

Accounting Policies

1.3 PROPERTY, PLANT AND EQUIPMENT (continued)

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Land and buildings is carried at revalued amounts, being the fair value on the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment done. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially to those that would be determined using fair values at the end of the reporting period. Any revaluation increase arising on the revaluation of such land and buildings and plant and machinery is recognised in the comprehensive income, except to the extent it reverses a revaluation decrease for the same asset previously recognised in profit and loss, in which case the increase is reduced to profit or loss to the extent of the decrease previously expensed.

Land is not depreciated while buildings are written off to their residual values on a straight-line basis over their estimated useful lives.

Plant, equipment and motor vehicles are depreciated to their residual values on a straight-line basis over their estimated useful lives.

Depreciation on revalued land and buildings and plant and machinery is recognised in profit or loss.

The useful lives of items of property, plant and equipment have been assessed as follows

Item	Average useful life
Land	indefinite
Buildings	50 years
Plant and machinery	2 - 30 years
Furniture and fixtures	3 - 10 years
Motor vehicles	3 - 5 years
IT equipment	3 - 5 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each financial year-end.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately

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 INVESTMENTS IN SUBSIDIARIES

Group financial statements

The group financial statements include those of the holding company and its subsidiaries. The results of the subsidiaries are included from the effective date of acquisition.

On acquisition the group recognises the subsidiary's identifiable assets, liabilities and contingent liabilities at fair value, except for assets classified as held-for-sale, which are recognised at fair value less costs to sell.

Company financial statements

In the company's separate 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 group; plus
- any costs directly attributable to the purchase of the subsidiary. Costs are now allocated to the statement of comprehensive income.

1.5 FINANCIAL INSTRUMENTS

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.

Accounting Policies

1.5 FINANCIAL INSTRUMENTS (continued)

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Financial instruments designated as available-for-sale

These financial assets are non-derivatives that are either designated in this category or not classified elsewhere.

These assets are measured initially and subsequently at fair value. Gains and losses arising from changes in fair value are recognised directly in equity until the asset is disposed of or is determined to be impaired.

The company assesses at the end of each financial reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment losses recognised in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of other income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of other income when the company's right to receive payments is established

Equity investments for which a fair value is not determinable are held at cost. Impairments on such investments are not reversed.

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.

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.

Loans and payables

Loans and payables are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. They are included in current liabilities, except for maturities greater than 12 months after the statement of financial position date. These are classified as non-current liabilities. Loans and payables are classified as 'other payables' in the statement of financial position.

Other loans and receivables

Other financial assets classified as loans and receivables are initially recognised at fair value plus transaction costs, and are subsequently carried at amortised cost less any accumulated impairment.

Accounting Policies

1.6 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, affects neither accounting profit nor taxable profit (tax loss).

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, 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.

1.7 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 – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability.The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

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 asset. This liability is not discounted.

1.8 INVENTORIES

Inventories are measured at the lower of cost and net realisable value on the weighted average basis.

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.

Accounting Policies

1.8 INVENTORIES (continued)

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.

1.9 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.

1.10 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.

If the group reacquires its own equity instruments, the consideration paid, including any directly attributable incremental costs (net of income taxes) on those instruments are deducted from equity until the shares are cancelled or reissued. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the group’s own equity instruments. Consideration paid or received shall be recognised directly in equity.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Retained earnings include all current and prior period retained profits. Dividend distributions payable to equity shareholders are included in 'other liabilities' when the dividends have been approved in a general meeting prior to the reporting date.

1.11 EMPLOYEE BENEFITS

Defined contribution plans

The company operates a pension and provident scheme. The schemes are generally funded through payments to trustee-administered funds.

The group operates defined contribution plans. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity.

The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

1.12 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, taking into account risks and uncertainties surrounding the obligation.

Provisions are not recognised for future operating losses.

Accounting Policies

1.13 REVENUE

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns.

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.

Interest is recognised on a time basis, in profit or loss, using the effective interest rate method.

Dividend income are recognised, in profit or loss, when the group’s right to receive payment has been established.

1.14 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.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

Contract costs comprise:
- costs that relate directly to the specific contract;
- costs that are attributable to contract activity in general and can be allocated to the contract; and
- such other costs as are specifically chargeable to the customer under the terms of the contract.

1.15 BORROWING COSTS

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily takes a substantial period of time to get ready for its intended use or sale are added to the cost of the asset, until the asset is completed for its intended use or sale.

Accounting Policies

1.16 TRANSLATION OF FOREIGN CURRENCIES

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:
- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous group financial statements are recognised in profit or loss in the period in which they arise.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

1.17 SEGMENT REPORTING

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns which are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and return that are different from those of segments operating in other economic environments.

Factors used to identify segments are mainly based on the type of the products produced in the different segments.

The reportable segments of the group are PVC, HDPE, FLEX , Fittings and buy-outs.

NOTES TO THE GROUP FINANCIAL STATEMENTS

	Group			Company		
Figures in Rand thousand	2010	2009	2008	2010	2009	2008

2. PROPERTY, PLANT AND EQUIPMENT

Group	2010			2009		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Land	25,400	-	25,400	25,400	-	25,400
Buildings	34,820	(1,044)	33,776	34,820	(348)	34,472
Plant and machinery	158,736	(63,873)	94,863	156,798	(46,703)	110,095
Furniture and fixtures	2,291	(1,554)	737	2,173	(1,156)	1,017
Motor vehicles	3,315	(2,552)	763	3,767	(2,049)	1,718
IT equipment	5,198	(4,198)	1,000	5,008	(2,834)	2,174
Total	**229,760**	**(73,221)**	**156,539**	**227,966**	**(53,090)**	**174,876**

Group	2008		
	Cost / Valuation	Accumulated depreciation	Carrying value
Land	9,364	-	9,364
Buildings	26,792	(2,892)	23,900
Plant and machinery	245,537	(121,236)	124,301
Furniture and fixtures	4,119	(2,563)	1,556
Motor vehicles	3,558	(2,031)	1,527
IT equipment	16,434	(13,551)	2,883
Total	**305,804**	**(142,273)**	**163,531**

Company	2010			2009		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Land	25,400	-	25,400	25,400	-	25,400
Buildings	34,820	(1,044)	33,776	34,820	(348)	34,472
Plant and machinery	158,694	(63,862)	94,832	156,756	(46,696)	110,060
Furniture and fixtures	2,274	(1,548)	726	2,165	(1,149)	1,016
Motor vehicles	3,315	(2,552)	763	3,767	(2,049)	1,718
IT equipment	5,198	(4,198)	1,000	4,988	(2,825)	2,163
Total	**229,701**	**(73,204)**	**156,497**	**227,896**	**(53,067)**	**174,829**

Company	2008		
	Cost / Valuation	Accumulated depreciation	Carrying value
Land	9,364	-	9,364
Buildings	26,792	(2,892)	23,900
Plant and machinery	245,321	(121,191)	124,130
Furniture and fixtures	3,515	(2,075)	1,440
Motor vehicles	3,015	(1,768)	1,247
IT equipment	15,949	(13,079)	2,870
Total	**303,956**	**(141,005)**	**162,951**

NOTES TO THE GROUP FINANCIAL STATEMENTS

	Group			Company		
Figures in Rand thousand	2010	2009 Restated	2008 Restated	2010	2009 Restated	2008 Restated

2. PROPERTY, PLANT AND EQUIPMENT (continued)

Reconciliation of property, plant and equipment - Group - 2010

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Land	25,400	-	-	-	-	25,400
Buildings	34,472	-	-	-	(696)	33,776
Plant and machinery	110,095	2,310	-	(372)	(17,170)	94,863
Furniture and fixtures	1,017	15	(8)	111	(398)	737
Motor vehicles	1,718	102	(709)	281	(629)	763
IT equipment	2,174	228	(11)	(21)	(1,370)	1,000
	174,876	**2,655**	**(728)**	**(1)**	**(20,263)**	**156,539**

Reconciliation of property, plant and equipment - Group - 2009

	Opening balance	Additions	Disposals	Transfers	Revaluations	Depreciation	Total
Land	9,364	-	-	-	16,036	-	25,400
Buildings	23,900	70	-	310	10,737	(545)	34,472
Plant and machinery	124,301	5,672	(415)	76	(1,378)	(18,161)	110,095
Furniture and fixtures	1,556	32	(14)	(111)	-	(446)	1,017
Motor vehicles	1,527	1,044	(87)	(281)	-	(485)	1,718
IT equipment	2,883	885	(39)	6	-	(1,561)	2,174
	163,531	**7,703**	**(555)**	**-**	**25,395**	**(21,198)**	**174,876**

Reconciliation of property, plant and equipment - Group - 2008

	Opening balance	Additions	Disposals	Revaluations	Depreciation	Total
Land	9,364	-	-	-	-	9,364
Buildings	24,153	141	-	-	(394)	23,900
Plant and machinery	159,972	29,753	(18,416)	(25,684)	(21,324)	124,301
Furniture and fixtures	1,589	407	(3)	-	(437)	1,556
Motor vehicles	1,856	116	(39)	-	(406)	1,527
IT equipment	1,877	2,012	(35)	-	(971)	2,883
	198,811	**32,429**	**(18,493)**	**(25,684)**	**(23,532)**	**163,531**

Reconciliation of property, plant and equipment - Company - 2010

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Land	25,400	-	-	-	-	25,400
Buildings	34,472	-	-	-	(696)	33,776
Plant and machinery	110,060	2,310	-	(372)	(17,166)	94,832
Furniture and fixtures	1,016	3	(8)	111	(396)	726
Motor vehicles	1,718	102	(709)	281	(629)	763
IT equipment	2,163	228	(11)	(9)	(1,371)	1,000
	174,829	**2,643**	**(728)**	**11**	**(20,258)**	**156,497**

Reconciliation of property, plant and equipment - Company - 2009

	Opening balance	Additions	Disposals	Transfers	Revaluations	Depreciation	Total
Land	9,364	-	-	-	16,036	-	25,400
Buildings	23,900	70	-	310	10,737	(545)	34,472
Plant and machinery	124,130	5,670	(415)	(311)	(857)	(18,157)	110,060
Furniture and fixtures	1,440	31	(13)	30	-	(472)	1,016
Motor vehicles	1,247	1,044	(88)	-	-	(485)	1,718
IT equipment	2,870	870	(20)	(31)	-	(1,526)	2,163
	162,951	**7,685**	**(536)**	**(2)**	**25,916**	**(21,185)**	**174,829**

NOTES TO THE GROUP FINANCIAL STATEMENTS

	Group			Company		
Figures in Rand thousand	2010	2009 Restated	2008 Restated	2010	2009 Restated	2008 Restated

2. PROPERTY, PLANT AND EQUIPMENT (continued)

Reconciliation of property, plant and equipment - Company - 2008

	Opening balance	Additions	Disposals	Revaluations	Depreciation	Total
Land	9,364	-	-	-	-	9,364
Buildings	24,153	141	-	-	(394)	23,900
Plant and machinery	159,820	28,866	(17,548)	(25,684)	(21,324)	124,130
Furniture and fixtures	1,426	401	(3)	-	(384)	1,440
Motor vehicles	1,467	192	(39)	-	(373)	1,247
IT equipment	1,858	2,018	(35)	-	(971)	2,870
	198,088	**31,618**	**(17,625)**	**(25,684)**	**(23,446)**	**162,951**

Revaluations

Plant and machinery is carried at a revalued amount, which is the fair value at the date of revaluation less any subsequent accumulated depreciation. The valuation of plant and equipment was carried out in February 2009 by the independent valuator Keir & Associates on the basis of depreciated replacement value based on the assets held at 31 December 2008. The valuator is not connected with the company. The valuation conforms to International Valuation Standards.

If the land and buildings were measured using the cost model, the carrying amounts would be as follows:

	2010/12/31	2009/12/31	2008/12/31
Land and buildings			
Cost	20,766	20,766	23,475
Accumulated depreciation	(360)	(120)	(1,878)
Carrying value	20,406	20,646	21,598
Plant and machinery			
Cost	43,229	41,291	103,372
Accumulated depreciation	(17,396)	(12,300)	(51,067)
Carrying value	25,833	28,991	52,305
Furniture and fittings			
Cost	1,830	1,721	3,071
Accumulated depreciation	(1,246)	(913)	(1,813)
Carrying value	584	808	1,258
IT equipment			
Cost	5,130	4,920	15,881
Accumulated depreciation	(4,143)	(2,786)	(13,023)
Carrying value	987	2,133	2,858

Land and buildings are encumbered as stated in note 13. The carrying value of the assets subject to finance leases is R681 (2009: R974: 2008: R1122) note 14.

Land and buildings comprise:
- Erf 100 unit 10 of the Rosslyn Ext 1 Township, Pretoria, Gauteng, with factory and administrative buildings thereon.
- Erf 100 unit 3 of the Rosslyn Ext 1 Township, Pretoria, Gauteng, with factory buildings thereon.
- Erf 46 portion 3 of the Rosslyn Township, Pretoria, Gauteng, with factory and administrative buildings thereon.

Land and buildings is carried at revalued amounts. The land and buildings are revalued every three years by an independent revaluer. The company's land and buildings were revalued during the previous financial year. The effective date of the revaluation was 30 June 2009. The revaluation was performed by and independent revaluer, Mr. Robin Hector Roper, B.Com. FRICS MIV (SA), of the Property Partnership.

The valuation was performed using the income capitalisation method. The value of the land and buildings were determined by capitalising the market rental in the area, assumptions were based on current market conditions.

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

NOTES TO THE GROUP FINANCIAL STATEMENTS

	Group			Company		
Figures in Rand thousand	2010	2009 Restated	2008 Restated	2010	2009 Restated	2008 Restated

3. INVESTMENTS IN SUBSIDIARIES

	2010	2009 Restated	2008 Restated
Petzetakis Africa (Namibia) (Pty) Ltd	3,085	3,085	3,085
Sektel Communications (Pty) Ltd	-	-	200
Sekunjalo Piping Systems (Pty) Ltd	-	-	15,788
	3,085	3,085	19,073

The carrying amount of the investment in subsidiaries is a reasonable approximation of the fair value thereof.

4. LOANS TO (FROM) SHAREHOLDERS

	Group 2010	Group 2009 Restated	Group 2008 Restated	Company 2010	Company 2009 Restated	Company 2008 Restated
AG Petzetakis International Holdings Limited	-	1,900	(1,025)	-	1,900	(1,025)
AG Petzetakis SA	-	(6,813)	-	-	(6,813)	-
	-	**(4,913)**	**(1,025)**	**-**	**(4,913)**	**(1,025)**

The loans are unsecured, bears no interest and there are no fixed terms for the repayment thereof. The fair value of the loans are equal to the carrying value thereof. The loan account to AG Petzetakis International Holdings Limited have been subordinated in favour of Nedbank Limited.

5. OTHER FINANCIAL ASSETS

	Group 2010	Group 2009 Restated	Group 2008 Restated	Company 2010	Company 2009 Restated	Company 2008 Restated
Loans and receivables						
Thabo Piping Systems (Pty) Ltd The loan is unsecured, carries interest at the prime overdraft rate and is repayable within the next 5 years. The carrying amount and fair value equal the disclosure value of the loan.	-	-	45	-	-	45
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	45	-	-	45
Non-current assets						
Loans and receivables	-	-	45	-	-	45
Non-current assets	-	-	45	-	-	45
Current assets	-	-	-	-	-	-

6. FINANCIAL ASSETS BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

Group - 2010

	Financial assets at amortised cost	Total
Trade and other receivables	32,096	32,096
Cash and cash equivalents	18,831	18,831
	50,927	**50,927**

Group - 2009

	Financial assets at amortised cost	Total
Loans to shareholders	1,900	1,900
Trade and other receivables	68,506	68,506
Cash and cash equivalents	5,102	5,102

NOTES TO THE GROUP FINANCIAL STATEMENTS

	Group			Company		
Figures in Rand thousand	2010	2009 Restated	2008 Restated	2010	2009 Restated	2008 Restated
6. FINANCIAL ASSETS BY CATEGORY (continued)						
					75,508	**75,508**

NOTES TO THE GROUP FINANCIAL STATEMENTS

	Group			Company		
Figures in Rand thousand	2010	2009 Restated	2008 Restated	2010	2009 Restated	2008 Restated

6. FINANCIAL ASSETS BY CATEGORY (continued)

Group - 2008

	Financial assets at amortised cost	Total
Other financial assets	45	45
Trade and other receivables	112,569	112,569
Cash and cash equivalents	15,425	15,425
	128,039	**128,039**

Company - 2010

	Financial assets at amortised cost	Total
Trade and other receivables	29,548	29,548
Cash and cash equivalents	17,597	17,597
	47,145	**47,145**

Company - 2009

	Financial assets at amortised cost	Total
Loans to shareholders	1,900	1,900
Trade and other receivables	65,941	65,941
Cash and cash equivalents	4,512	4,512
	72,353	**72,353**

Company - 2008

	Financial assets at amortised cost	Total
Other financial assets	45	45
Trade and other receivables	116,023	116,023
Cash and cash equivalents	3,571	3,571
	119,639	**119,639**

NOTES TO THE GROUP FINANCIAL STATEMENTS

	Group			Company		
Figures in Rand thousand	2010	2009 Restated	2008 Restated	2010	2009 Restated	2008 Restated

7. DEFERRED TAX

Deferred tax asset

Accelerated capital allowances for tax purposes	-	23	14	-	-	-

Reconciliation of deferred tax liability

At beginning of the year	(25,387)	(14,824)	(29,571)	(25,387)	(15,555)	(32,333)
Reduction due to rate change	-	-	1,020	-	-	1,115
Originating and reversing temporary difference	2,364	(10,540)	13,713	1,849	(9,832)	15,663
	(23,000)	**(25,387)**	**(14,838)**	**(22,999)**	**(25,387)**	**(15,555)**

Deferred tax comprises:

Property, plant and equipment	(24,712)	(26,908)	(28,859)	(24,707)	(26,905)	(28,873)
Provision for doubtfull debts	665	704	947	665	704	317
Prepayments	(48)	(46)	(85)	(23)	(39)	(85)
Assessed loss	-	-	12,395	-	-	12,395
Provisions	1,095	886	778	1,066	853	691
	(23,000)	**(25,364)**	**(14,824)**	**(22,999)**	**(25,387)**	**(15,555)**

8. INVENTORIES

Raw materials, components	3,544	9,592	12,635	3,544	9,592	12,635
Work in progress	56	165	1,274	56	165	1,110
Finished goods	22,991	49,268	74,794	22,630	48,548	63,840
Production supplies	2,598	3,487	3,983	2,598	3,487	3,983
Scrap	355	3,985	3,776	355	3,985	3,776
	29,544	66,497	96,462	29,183	65,777	85,344
Provision for obsolete inventory	(5,786)	(13,225)	(2,312)	(5,755)	(13,146)	(1,849)
	23,758	**53,272**	**94,150**	**23,428**	**52,631**	**83,495**

9. TRADE AND OTHER RECEIVABLES

Trade receivables - net	30,526	66,297	104,023	28,760	64,419	65,846
Prepayments	328	853	381	254	830	360
Deposits	459	479	392	437	465	283
VAT	686	650	598	-	-	-
Receivables from related parties	-	-	-	-	-	46,339
Other receivable	97	227	7,175	97	227	3,195
	32,096	**68,506**	**112,569**	**29,548**	**65,941**	**116,023**

Trade receivables - net

Trade receivables	35,322	70,881	110,999	33,544	68,991	68,137
Provision for bad debt	(3,173)	(3,353)	(4,510)	(3,173)	(3,353)	(1,508)
Provision for settlement discount	(168)	(533)	(600)	(156)	(521)	(313)
Provision for credit notes	(1,455)	(698)	(1,866)	(1,455)	(698)	(470)
	30,526	**66,297**	**104,023**	**28,760**	**64,419**	**65,846**

NOTES TO THE GROUP FINANCIAL STATEMENTS

	Group			Company		
Figures in Rand thousand	2010	2009 Restated	2008 Restated	2010	2009 Restated	2008 Restated

9. TRADE AND OTHER RECEIVABLES (continued)

Trade and other receivables pledged as security

A pledge and cession of accounts receivable were ceeded to Safripol (Proprietary) Limited and Sasol Chemical Industries Limited.

All Petzetakis Africa (Proprietary) Limited's trade receivables were ceded to Nedbank Limited. Refer to Note 10. This cession was released on the 25th of October 2010.

Credit quality of trade and other receivables

Historic level of customer default is minimal and as a result credit quality of period end trade receivables which are not past due is considered to be high.

The average credit period on trade receivables is 30 days and minimal interest is charged on overdue accounts. Credit limits are established by using the discretion of the CGIC, Insurance Company or from Kredit inform.

Fair value of trade and other receivables

The carrying amount of the asset is a reasonable approximation of the fair value thereof.

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 31 December 2010, R 15,217 (2009: R 47,866 ; 2008: R 70,239) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	9,343	28,844	37,899	9,345	28,406	23,782
3 - 6 months past due	5,875	19,023	63,740	5,884	16,622	46,458

Trade and other receivables impaired

As of 31 December 2010, group trade and other receivables of R 3,153 (2009: R 4 050 ; 2008: R 1,933) were impaired and provided for.

The ageing of these receivables is as follows:

3 to 6 months	3,153	3,446	1,067	3,153	3,445	613
Over 6 months	-	605	866	-	605	2,017

10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Cash on hand	56	56	81	52	52	50
Bank balances	18,775	5,046	15,344	17,545	4,460	3,521
Bank overdraft	-	(31,417)	(33,379)	-	(31,417)	(32,823)
	18,831	**(26,315)**	**(17,954)**	**17,597**	**(26,905)**	**(29,252)**
Current assets	18,831	5,102	15,425	17,597	4,512	3,571
Current liabilities	-	(31,417)	(33,379)	-	(31,417)	(32,823)
	18,831	**(26,315)**	**(17,954)**	**17,597**	**(26,905)**	**(29,252)**

GENERAL BANKING FACILITIES

The group has the following banking facilities with Nedbank Limited:
Fully disclosed facility. This facility was settled on 1 October 2010.

Banking facilities with Nedbank Limited which expired on the 27th of September 2010:
Invoice Discounting Facility to the value of R 70 000 000 with Nedbank Limited

NOTES TO THE GROUP FINANCIAL STATEMENTS

	Group			Company		
Figures in Rand thousand	2010	2009 Restated	2008 Restated	2010	2009 Restated	2008 Restated

10. CASH AND CASH EQUIVALENTS (continued)

Banking facilities with Nedbank Limited which expired on the 31st of March 2010:

Multi Option Facilities of R 48 486 217 with Nedbank Limited
Letters of guarantee to the value of R 2 414 656 with Nedbank Limited
Letters of credit of the value of R 544 378 with Nedbank Limited
Forward exchange contract at 10% risk to the value of R 275 135 with Nedbank Limited
Asset based finance facilities of R 3 311 833 with Nedbank Limited

The facilities with Nedbank Limited were secured by (2010) :

Covering mortgage bond of R 20 000 000 over Portion 3 of Erf 46 Rosslyn, the remaining extent of Erf 46 Rosslyn, Portion 10 of Erf 100 Rosslyn Extension 1 and Portion A of Erf 100 Rosslyn Extension 1
A notarial bond of R 8 000 000 over the moveable assets of Petzetakis Africa (Proprietary) Limited

The facilities with Nedbank Limited were secured by (2009) :

Unlimited deed of suretyship including a cession of the loan account by Petzetakis Africa (Namibia) (Proprietary) Limited
Deed of cession of Petzetakis Africa (Proprietary) Limited's CGIC policy number SDC 146980/01
Covering mortgage bond of R 20 000 000 over Portion 3 of Erf 46 Rosslyn, the remaining extent of Erf 46 Rosslyn, Portion 10 of Erf 100 Rosslyn Extension 1 and Portion A of Erf 100 Rosslyn Extension 1
A notarial bond of R 8 000 000 over the moveable assets of Petzetakis Africa (Proprietary) Limited
A negative pledge by Petzetakis Africa (Proprietary) Limited in favour of Nedbank dated 4 September 2003
A special notarial covering bond of R 2 400 000 held over the Nokia extruders
A pledge and cession over the call account 7469543767
Deed of pledge including a cession of the loan account by AG Petzetakis International Holdings Limited
Cession of all Petzetakis Africa (Proprietary) Limited trade receivables

Facilities with Standard Bank of South Africa Limited (2010 & 2009):

Performance guarantee of R 300 000 with Standard Bank of South Africa Limited
Fleet management card of R 200 000 (2009: R 150 000) with Standard Bank of South Africa Limited
Credit card of R 90 000 with Standard Bank of South Africa Limited

The facilities of Standard Bank of South Africa Limited have been secured by (2010 & 2009):

Pledge over call deposit account 301590 with Standard Bank of South Africa Limited

11. SHARE CAPITAL

Authorised						
1000 Ordinary shares of R1 each	1	1	1	1	1	1
Issued						
101 Ordinary shares issued at a premium	52,600	52,600	52,600	52,600	52,600	52,600

12. REVALUATION RESERVE

Revaluation of plant and machinery	83,135	83,135	83,135	83,135	83,135	83,135
Revaluation of land and buildings	31,113	31,113	9,591	31,113	31,113	9,591
Revaluation of office equipment	369	369	369	369	369	369
	114,617	**114,617**	**93,095**	**114,617**	**114,617**	**93,095**

NOTES TO THE GROUP FINANCIAL STATEMENTS

	Group			Company		
Figures in Rand thousand	2010	2009 Restated	2008 Restated	2010	2009 Restated	2008 Restated
13. OTHER FINANCIAL LIABILITIES						
Held at amortised cost						
Investec Private Bank Limited The loan bears interest at a rate of prime +1% and is repayable over a period of 60 months which commenced September 2009. The loan is secured by a first covering mortgage bond registered over Portion 3 of Erf 46 Rosslyn and Portion 3 and 10 of Erf 100 Rosslyn Extension 1, for R15 million in favour of Investec Bank Limited.	7,681	9,086	10,646	7,681	9,086	10,646
Ronnie Dennison Agencies (Pty) Ltd The loan is unsecured, carries interest at prime rates and is repayable within the next 12 months.	-	-	7,100	-	-	7,100
	7,681	**9,086**	**17,746**	**7,681**	**9,086**	**17,746**
	-	-	-	-	-	-
	7,681	9,086	17,746	7,681	9,086	17,746
Non-current liabilities						
At amortised cost	5,913	7,501	9,086	5,913	7,501	9,086
Current liabilities						
At amortised cost	1,768	1,585	8,660	1,768	1,585	8,660
	5,913	7,501	9,086	5,913	7,501	9,086
	1,768	1,585	8,660	1,768	1,585	8,660
	7,681	**9,086**	**17,746**	**7,681**	**9,086**	**17,746**
14. FINANCE LEASE OBLIGATION						
Minimum lease payments due						
- within one year	9,634	12,576	11,345	9,634	12,576	10,526
- in second to fifth year inclusive	8,879	19,581	25,561	8,879	19,581	25,143
	18,513	32,157	36,906	18,513	32,157	35,669
less: future finance charges	(1,428)	(3,892)	(4,755)	(1,428)	(3,892)	(3,869)
Present value of minimum lease payments	**17,085**	**28,265**	**32,151**	**17,085**	**28,265**	**31,800**
Present value of minimum lease payments due						
- within one year	8,394	10,522	9,489	8,394	10,522	9,384
- in second to fifth year inclusive	8,691	17,743	22,662	8,691	17,743	22,416
	17,085	**28,265**	**32,151**	**17,085**	**28,265**	**31,800**
Non-current liabilities	8,394	17,743	22,662	8,394	17,743	22,416
Current liabilities	8,691	10,522	9,489	8,691	10,522	9,384
	17,085	**28,265**	**32,151**	**17,085**	**28,265**	**31,800**

It is group policy to lease certain plant and machinery, motor vehicles and office equipment under finance leases. The average lease term was 5 years and the average effective borrowing rate is 10.5% (2009: 11.5% ; 2008: 15%). Interest rates are linked to prime at the contract date.

The group's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 2.

Figures in Rand thousand

15. PROVISIONS

Reconciliation of provisions - Group - 2010

	Opening balance	Additions	Total
Provision for Competition Commission Penalty	27,274	8,748	36,022

Reconciliation of provisions - Group - 2009

	Opening balance	Reversed during the year	Total
Provision for Competition Commission Penalty	27,274	-	27,274
Sundry Provision	3,328	(3,328)	-
	30,602	**(3,328)**	**27,274**

Reconciliation of provisions - Group - 2008

	Opening balance	Additions	Total
Provision for Competition Commission Penalty	-	27,274	27,274
Sundry Provision	-	3,328	3,328
	-	**30,602**	**30,602**

Reconciliation of provisions - Company - 2010

	Opening balance	Additions	Total
Provision for Competition Commission Penalty	27,274	8,748	36,022

Reconciliation of provisions - Company - 2009

	Opening balance	Reversed during the year	Total
Provision for Competition Commission Penalty	27,274	-	27,274
Sundry Provision	3,328	(3,328)	-
	30,602	**(3,328)**	**27,274**

Reconciliation of provisions - Company - 2008

	Opening balance	Additions	Total
Provision for Competition Commission Penalty	-	27,274	27,274
Sundry Provision	-	3,328	3,328
	-	**30,602**	**30,602**

The Competition Tribunal hearing was held from 13 to 23 September 2010 but was not concluded. The matter will proceed in April 2011. Although Petzetakis Africa (Proprietary) Limited has not managed to settle the matter with the Competition Commission, efforts to settle the matter are ongoing. From the testimony of witnesses who testified during the Competition Tribunal hearing on behalf of the Competition Commission, Petzetakis Africa and other parties involved in the matter, Petzetakis Africa's board of directors anticipates that a penalty equal to 7% of Petzetakis Africa’s "affected turnover” for 2007 will be levied by the Competition Tribunal. At this rate a penalty of R 36,022,124 is expected to be levied. "Affected turnover" is the revenue generated from the sale of PVC and HDPE products and excludes the revenue generated from the sale of Hose products. Provision of R 36,022,124 has been made for the Competition Commission penalty as this represents the board of directors' best estimate of the amount of the expected cash outflows associated with the Competition matter (probable losses).

Petzetakis Africa's legal counsel dealing with the matter expects that a penalty of between 5.3% and 7% of Petzetakis Africa's "affected turnover" for 2007 will be levied by the Competition Tribunal. This amounts to a penalty of between R 27,273,894 and R 36,022,124 and represents the possible losses associated with the Competition matter.

NOTES TO THE GROUP FINANCIAL STATEMENTS

	Group			Company		
Figures in Rand thousand	2010	2009 Restated	2008 Restated	2010	2009 Restated	2008 Restated

16. TRADE AND OTHER PAYABLES

Trade payables	128,869	87,910	124,724	127,697	86,883	148,569
VAT	2,915	766	1,657	2,915	766	1,217
Accrued leave pay	2,234	1,850	1,991	2,192	1,828	1,686
Accruals	16,761	11,433	2,994	16,329	11,072	1,844
Related parties	-	-	-	13,170	11,783	5,827
	150,779	**101,959**	**131,366**	**162,303**	**112,332**	**159,143**

Fair value of trade and other payables

The carrying amount is a reasonable approximation of the fair value of the trade and other payables.

17. FINANCIAL LIABILITIES BY CATEGORY

The accounting policies for financial instruments have been applied to the line items below:

Group - 2010

	Financial liabilities at amortised cost	Total
Other financial liabilities	7,681	7,681
Trade and other payables	150,779	150,779
	158,460	**158,460**

Group - 2009

	Financial liabilities at amortised cost	Total
Loans from shareholders	6,813	6,813
Other financial liabilities	9,086	9,086
Trade and other payables	101,959	101,959
Bank overdraft	31,417	31,417
	149,275	**149,275**

Group - 2008

	Financial liabilities at amortised cost	Total
Loans from shareholders	1,025	1,025
Other financial liabilities	17,746	17,746
Trade and other payables	131,366	131,366
Bank overdraft	33,379	33,379
	183,516	**183,516**

Company - 2010

	Financial liabilities at amortised cost	Total
Other financial liabilities	7,681	7,681
Trade and other payables	162,303	162,303
	169,984	**169,984**

NOTES TO THE GROUP FINANCIAL STATEMENTS

	Group			Company		
Figures in Rand thousand	2010	2009 Restated	2008 Restated	2010	2009 Restated	2008 Restated

17. FINANCIAL LIABILITIES BY CATEGORY (continued)

Company - 2009

	Financial liabilities at amortised cost	Total
Loans from shareholders	6,813	6,813
Other financial liabilities	9,086	9,086
Trade and other payables	112,332	112,332
Bank overdraft	31,417	31,417
	159,648	**159,648**

Company - 2008

	Financial liabilities at amortised cost	Total
Loans from shareholders	1,025	1,025
Other financial liabilities	17,746	17,746
Trade and other payables	159,143	159,143
Bank overdraft	32,823	32,823
	210,737	**210,737**

18. OPERATING LOSS

Operating loss for the year is stated after accounting for the following:

	Group 2010	Group 2009 Restated	Group 2008 Restated	Company 2010	Company 2009 Restated	Company 2008 Restated
Income from subsidiaries						
Dividends	-	-	-	-	32,721	-
Operating lease charges						
Premises						
• Contractual amounts	3,579	3,216	3,793	3,326	2,837	1,916
Equipment						
• Contractual amounts	1,477	1,482	1,637	1,428	1,200	989
	5,056	**4,698**	**5,430**	**4,754**	**4,037**	**2,905**
(Loss) profit on sale of property, plant and equipment	(195)	22	(2,203)	(195)	22	(2,203)
Bad debts recovered	(1,117)	(2,460)	(2,027)	(1,004)	(1,392)	(15)
Bad debts written off	3,661	3,371	4,105	3,566	1,008	113
Depreciation on property, plant and equipment	20,263	21,198	23,532	20,258	21,185	23,446
Legal and professional expenses	4,587	2,879	4,500	4,559	2,440	3,545
Management fees paid to Holding Company	-	6,618	-	-	6,618	-
Profit (loss) on exchange differences	4	(145)	(16)	4	(145)	(16)
Research and development	42	150	48	42	150	48
Retrenchments	6,765	2,471	-	6,765	2,471	-
Travel and entertainment	893	780	1,433	874	748	1,351
Travel and entertainment - Holding Company	1,126	1,766	-	1,126	1,766	-

Notes to the Group Financial Statements

	Group			Company		
Figures in Rand thousand	2010	2009	2008	2010	2009	2008
19. INVESTMENT REVENUE						
Dividend revenue						
Subsidiaries - Local	-	-	-	-	32,721	-
Interest revenue						
Bank	107	85	252	107	86	154
Group companies	-	-	-	371	492	3,934
	107	**85**	**252**	**478**	**578**	**4,088**
	-	-	-	-	32,721	-
	107	85	252	478	578	4,088
	107	**85**	**252**	**478**	**33,299**	**4,088**
20. FINANCE COSTS						
Group companies	-	-	-	-	703	-
Finance leases	2,919	4,541	5,161	2,919	4,505	5,105
Bank	5,206	7,866	7,977	5,206	7,866	7,976
Other interest paid	-	39	4	-	-	-
	8,125	**12,446**	**13,142**	**8,125**	**13,074**	**13,081**

Notes to the Group Financial Statements

	Group			Company		
Figures in Rand thousand	2010	2009	2008	2010	2009	2008

21. TAXATION

Major components of the tax (income) expense

Current						
Local income tax - current period	-	2,294	3,244	-	-	-
STC	-	-	991	-	-	991
Foreign income tax or withholding tax - current period	675	534	912	-	-	-
Foreign income tax or withholding tax - recognised in current tax for prior periods	(15)	-	-	-	-	-
	660	**2,828**	**5,147**	**-**	**-**	**991**
Deferred						
Originating and reversing temporary differences	(2,364)	6,089	(5,580)	(2,388)	5,381	(7,594)
Changes in tax rates	-	-	(556)	-	-	(556)
Arising from prior period adjustments	-	119	-	-	119	-
	(2,364)	**6,208**	**(6,136)**	**(2,388)**	**5,500**	**(8,150)**
Current	660	2,828	5,147	-	-	991
Deferred	(2,364)	6,208	(6,136)	(2,388)	5,500	(8,150)
	(1,704)	**9,036**	**(989)**	**(2,388)**	**5,500**	**(7,159)**

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

Accounting loss	(78,595)	(61,627)	(48,848)	(80,618)	(51,470)	(60,824)
Tax at the applicable tax rate of 28% (2009: 28%) (2008: 28%)	(22,007)	(17,256)	(13,677)	(22,573)	(14,412)	(17,030)
Tax effect of adjustments on taxable income						
Permanent differences	11,254	3,267	2,817	11,122	(2,994)	-
Secondary tax on companies	-	-	991	-	-	991
Increase in unrecognized tax losses carried forward	9,064	22,906	9,436	9,063	22,787	9,436
Changes in tax rate	-	-	(556)	-	-	(556)
Prior period adjustment	(15)	119	-	-	119	-
	(1,704)	**9,036**	**(989)**	**(2,388)**	**5,500**	**(7,159)**

22. AUDITORS' REMUNERATION

Fees	1,230	1,007	1,428	1,067	807	721
Tax and secretarial services	19	26	13	12	14	13
Expenses	11	13	11	11	12	11
	1,260	**1,046**	**1,452**	**1,090**	**833**	**745**

Notes to the Group Financial Statements

	Group			Company		
Figures in Rand thousand	2010	2009	2008	2010	2009	2008

23. CASH GENERATED FROM OPERATIONS

Loss before taxation	(78,595)	(61,627)	(48,848)	(80,618)	(51,470)	(60,824)
Adjustments for:						
Depreciation and amortisation	20,263	21,198	23,532	20,258	21,185	23,446
Loss (profit) on sale of assets	195	(22)	2,203	195	(22)	2,203
Dividends received	-	-	-	-	(32,721)	-
Interest received	(107)	(85)	(252)	(478)	(578)	(4,088)
Finance costs	8,125	12,446	13,142	8,125	13,074	13,081
Impairment loss	-	-	-	-	15,989	-
Movements in provisions	8,748	(3,328)	23,418	8,748	(3,328)	23,418
(Profit) loss on foreign exchange	-	-	16	-	-	16
Changes in working capital:						
Inventories	29,514	40,878	22,395	29,193	30,864	16,597
Trade and other receivables	36,410	44,063	897	36,393	50,025	(12,569)
Trade and other payables	48,820	(29,101)	(17,480)	49,971	(46,815)	13,675
	73,373	**24,422**	**19,023**	**71,787**	**(3,797)**	**14,955**

24. TAX PAID

Balance at beginning of the year	(540)	(2,395)	295	(878)	430	942
Current tax for the year recognised in profit or loss	(660)	(2,828)	(5,147)	-	-	(991)
Balance at end of the year	610	540	2,395	849	878	(430)
	(590)	**(4,683)**	**(2,457)**	**(29)**	**1,308**	**(479)**

25. COMMITMENTS

Operating leases – as lessee (expense)

Minimum lease payments due						
- within one year	2,413	4,119	6,238	2,413	3,090	4,382
- in second to fifth year inclusive	2,127	4,272	9,219	2,127	3,416	4,448
	4,540	**8,391**	**15,457**	**4,540**	**6,506**	**8,830**

Operating lease payments represent rentals payable by the group for certain of its office properties. No contingent rent is payable.

26. CONTINGENT LIABILITIES

1. Due to the lack of working capital, production slowed down in September and October 2010, shut-down of production operations for February and March 2011 and insufficient product was available to supply the mines with whom Petzetakis holds supply contracts. According to the contract, the mines are entitled to buy product elsewhere and enforce the clause where Petzetakis will be liable for the price difference. This value cannot be ascertained at this stage.

2. Non supply to the BEFESA project which was awarded in May 2010 could result in a penalty of ZAR5.2m. However, at this stage the project appears to be on hold.

Notes to the Group Financial Statements

	Group			Company		
Figures in Rand thousand	2010	2009	2008	2010	2009	2008

27. RELATED PARTIES

The Company and its subsidiaries purchase goods from and sell goods to each other in the ordinary course of business.

Relationships	
Ultimate holding company	Aristovoulos G. Petzetakis S.A.
Holding company	AG Petzetakis International Holdings Limited
Subsidiaries	Petzetakis Africa (Namibia) (Proprietary) Limited
	Sektel Communications (Proprietary) Limited
	Sekunjalo Utilities (Proprietary) Limited
	Sekunjalo Piping Systems (Proprietary) Limited

Related party balances

	Group 2010	Group 2009	Group 2008	Company 2010	Company 2009	Company 2008
Loan accounts - Owing (to) by related parties						
Aristovoulos G. Petzetakis S.A.	-	(6,812)	-	-	(6,812)	-
AG Petzetakis International Holdings Limited	-	1,900	(1,025)	-	1,900	(1,025)
Amounts included in Trade receivable (Trade Payable) regarding related parties						
Sekunjalo Utilities (Proprietary) Limited	-	-	-	-	-	6,966
Petzetakis Africa (Namibia) (Proprietary) Limited	-	-	-	(13,170)	(11,783)	(5,827)
Sekunjalo Piping Systems (Proprietary) Limited	-	-	-	-	-	26,879
Sektel Communications (Proprietary) Limited	-	-	-	-	-	12,494

Related party transactions

	Group 2010	Group 2009	Group 2008	Company 2010	Company 2009	Company 2008
Interest paid to (received from) related parties						
Petzetakis Africa (Namibia) (Proprietary) Limited	-	-	-	(371)	(492)	(453)
Sektel Communications (Proprietary) Limited	-	-	-	-	-	(505)
Sekunjalo Piping Systems (Proprietary) Limited	-	-	-	-	-	2,975
Purchases from (sales to) related parties						
Petzetakis Africa (Namibia) (Proprietary) Limited	-	-	-	(15,848)	(12,949)	(14,791)
Sekunjalo Piping Systems (Proprietary) Limited	-	-	-	-	(23,779)	(254,444)
Sektel Communications (Proprietary) Limited	-	-	-	-	-	(18,744)
Sekunjalo Utilities (Proprietary) Limited	-	-	-	-	-	(14,357)
Administration and management fees paid to (received from) related parties						
Aristovoulos G. Petzetakis S.A.	-	11,873	9,242	-	11,873	9,242
Sekunjalo Piping Systems (Proprietary) Limited	-	-	-	-	(1,022)	(1,779)
Sektel Communications (Proprietary) Limited	-	-	-	-	-	(1,423)
Sekunjalo Utilities (Proprietary) Limited	-	-	-	-	-	(3,487)
Petzetakis Africa (Namibia) (Proprietary) Limited	-	-	-	-	(156)	(6,689)

Notes to the Group Financial Statements

	Group			Company		
Figures in Rand thousand	2010	2009	2008	2010	2009	2008

27. RELATED PARTIES (continued)

Loan accounts written off						
Aristovoulos G. Petzetakis S.A.	6,620	-	-	6,620	-	-
AG Petzetakis International Holdings Limited	(1,900)	-	-	(1,900)	-	-

28. PRIOR PERIOD ERRORS

Deferred taxation was incorrectly calculated by including the Revaluation Reserve in the deferred taxation calculation in prior years. This resulted in deferred taxation balance being understated in prior years because the deferred taxation on the revaluation of property, plant and equipment was incorrectly decreased by the inclusion of the Revaluation Reserve when calculating the deferred taxation at each reporting date. In addition, the deferred taxation balance was never adjusted for taxation rate changes in legislation nor was it correctly calculated at the rate which it was expected to be recovered.

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

Statement of Financial Position						
Revaluation Reserve	-	(510)	(1,437)	-	(510)	(1,437)
Deferred tax	-	(13,268)	463	-	(13,268)	463
Opening retained earnings	-	974	-	-	974	-
Profit or Loss						
Taxation	-	12,804	974	-	12,804	974

29. COMPARATIVE FIGURES

Certain comparative figures have been reclassified.

The effects of the reclassification are as follows:

Statement of Financial Position						
Inventory	-	-	198	-	-	-
Trade and other receivables	-	-	(71)	-	-	1,217
Finance lease obligation	-	-	(501)	-	-	(2,053)
Trade and other payables	-	-	415	-	-	280
Bank overdraft	-	-	-	-	-	556
Deferred tax	-	-	(41)	-	-	-
Profit or Loss						
Cost of sale	-	-	-	-	-	76
Other income	-	-	-	-	(661)	-
Operating expenses	-	-	-	-	661	(76)

30. RISK MANAGEMENT

Capital risk management

The group manages its capital to ensure that the group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The company's overall strategy remains unchanged from 2009.

The capital structure of the group consists of debt, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings(loss).

The capital structure of the group consists of equity attributable to equity holders of the company which comprises issued share capital and premium and accumulated profits as disclosed in the Statement of Changes in Equity, interest bearing borrowings and cash and cash equivalents.

The group's capital management objectives is to meet its liquidity requirements, repay borrowings as they fall due to ensure there is sufficient capital available for the funding requirements of the company (including capital expenditure) and maximizes shareholders' returns and reduce costs of capital.

The group's capital management policy is to hold sufficient capital as management believes is necessary to ensure that obligations can always be met on a timely basis and to maintain a positive net assets and net current asset position on the balance sheet.

Notes to the Group Financial Statements

		Group			Company	
Figures in Rand thousand	2010	2009	2008	2010	2009	2008

30. RISK MANAGEMENT (continued)

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.

The group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. Risk management is carried out by a central treasury department (group treasury) under policies approved by the board. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the group's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, and credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Ratios

The group's risk management committee reviews the capital structure on a quarterly basis. As part of this review, the committee considers the cost of capital and the risk associated with each class of capital. The group has a target gearing ratio of 20-25% determined as the proportion of net debt to equity.

Debt is defined as long- and short-term borrowings

Equity includes all capital and reserves of the Entity

The gearing ratio at 2010 and 2009 respectively were as follows:

Total borrowings							
Loans to (from) shareholders	4	-	4,913	1,025	-	4,913	1,025
Finance lease obligation	14	17,085	28,265	32,151	17,085	28,265	31,800
Other financial liabilities	13	7,681	9,086	17,746	7,681	9,086	17,746
		24,766	**42,264**	**50,922**	**24,766**	**42,264**	**50,571**
Less: Cash and cash equivalents	10	18,831	(26,315)	(17,954)	17,597	(26,905)	(29,252)
Net debt		5,935	68,579	68,876	7,169	69,169	79,823
Total equity		(3,953)	72,938	122,232	(16,784)	61,446	96,894
Total capital		**1,982**	**141,517**	**191,108**	**(9,615)**	**130,615**	**176,717**
Gearing ratio		299 %	48 %	36 %	(75)%	53 %	45 %

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, group treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The group's risk to liquidity is a result of the funds available to cover future commitments. The group 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.

Table of period over which the assets and liabilities will mature:

Group

Assets/Liabilities	**Note**	**Total**	**30 days**	**60 days**	**90 days**	**More than 90 days**
Inventories	1	23,758	23,758	-	-	-
Trade and other receivables	2	32,096	21,619	10,477	-	-
Tax payable	3	(610)	-	-	(610)	-
Finance lease obligation	4	(8,691)	(724)	(724)	(724)	(6,519)
Other financial liabilities	5	(1,768)	(147)	(147)	(147)	(1,327)
Trade and other payables	6	(150,779)	(110,261)	(10,728)	(12,885)	(16,905)
Provision	7	(36,022)	-	-	-	(36,022)
Negative liquidity - current ratio	8	(127,905)	-	-	-	-

Notes to the Group Financial Statements

	Group			Company		
Figures in Rand thousand	2010	2009	2008	2010	2009	2008

30. RISK MANAGEMENT (continued)
Notes

1. Inventories

Inventory turnover is 20 days.

2. Trade and other receivables

Trade and other receivables were calculated on the basis of trading terms.

3. Tax payable

Tax payable to the Receiver of Revenue.

4. Finance lease obligation

It is expected that the finance leases will be paid evenly over the next 12 months.

5. Other financial liabilities

The loan bears interest at a rate of prime +1% and is repayable over a period of 60 months which commenced September 2009. The loan is secured by a first covering mortgage bond registered over Portion 3 of Erf 46 Rosslyn and Portion 3 and 10 of Erf 100 Rosslyn Extension 1, for R15 million in favour of Investec Bank Limited.

6. Trade and other payables

Trade and other payables above reflect contractually due payment dates.

7. Provision

The Competition Tribunal hearing was held from 13 to 23 September 2010 but was not concluded. The matter will proceed in April 2011. Although Petzetakis Africa (Proprietary) Limited has not managed to settle the matter with the Competition Commission, efforts to settle the matter are ongoing. From the testimony of witnesses who testified during the Competition Tribunal hearing on behalf of the Competition Commission, Petzetakis Africa and other parties involved in the matter, Petzetakis Africa's board of directors anticipates that a penalty equal to 7% of Petzetakis Africa's "affected turnover" for 2007 will be levied by the Competition Tribunal. At this rate a penalty of R36,022,124 is expected to be levied. "Affected turnover" is the revenue generated from the sale of PVC and HDPE products and excludes the revenue generated from the sale of Hose products. Provision of R36,022,124 has been made for the Competition Commission penalty as this represents the board of directors' best estimate of the amount of the expected cash outflows associated with the Competition matter (probable losses).

8. Negative liquidity

As an update to its announcement of 1st of April, AG Petzetakis informs that negotiations for an agreement between A.G. Petzetakis International Holdings Limited, its bondholders and the investor are in progress, and that the agreement shall include:

1. Restructuring of its debt: it mainly involves the purchase of outstanding bonds by the investor and rescheduling them on a long-term frame.

2. Increase of Equity: the Board of directors of the company has convened in a General Assembly of shareholders to decide the Increase of the Capital of the company. The strengthening of the Owners Equity will be such in order to sustain, on a long-term framework, a full deployment of the company's global production and commercial capacity

Interest rate risk

The group's interest rate risk arise from long- and short-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk.

The group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the group calculates the impact on profit and loss of a defined interest rate shift.

Notes to the Group Financial Statements

	Group			Company		
Figures in Rand thousand	2010	2009	2008	2010	2009	2008

30. RISK MANAGEMENT (continued)

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The group 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.

Foreign exchange risk

Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The group companies are required to hedge their foreign exchange risk exposure with the group treasury. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, entities in the group use forward contracts, transacted with group treasury. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

Foreign currency exposure at the end of the reporting period

	Group 2010	Group 2009	Group 2008	Company 2010	Company 2009	Company 2008
Liabilities						
Euro - Uncovered	126	-	-	126	-	-
USD - Covered	-	275	1,629	-	275	1,629

Exchange rates used for conversion of foreign items were:

	Group 2010	Group 2009	Group 2008	Company 2010	Company 2009	Company 2008
USD at spot rate at reporting date		7.4568			7.4568	
Euro at spot rate at reporting date	8.9385		13.2631	8.9385		13.2631

Forward exchange contracts which relate to future commitments

Amount in foreign currency purchased	Forward exchange rate	Maturity date
35964 US$	1USD = R 7.6503	26 January 2010
49656 €	1 € = R 13.2024	27 December 2008
39240 €	1 € = R 13.290	09 January 2009
32923 €	1 € = R 13.7269	20 February 2009

Price risk

The group is not exposed to equity securities price risk. The group is exposed to commodity price risk.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

Management's objectives for managing market risk are to minimise the company's exposure.

Notes to the Group Financial Statements

	Group			Company		
Figures in Rand thousand	2010	2009	2008	2010	2009	2008

31. GOING CONCERN

We draw attention to the fact that at 31 December 2010, the group had accumulated loss of R (184,001) and that the group's total liabilities exceed its assets by R (16,784).

The group financial statements have been prepared on the basis of accounting policies applicable to a going concern, however, it should be noted that the company is technically insolvent. The directors have been awaiting recapitalization from the shareholders of the holding company for the last 12 months. The future of Petzetakis Africa (Proprietary) Limited is dependant on this investment being completed. The directors of Petzetakis Africa (Proprietary) Limited have initiated various initiatives in the interim to preserve the ongoing business during the delays of the groups recapitalization.

The ability of the group to continue as a going concern is dependent on a number of factors. The most significant of these factors are:

- The shareholder's ability to recapitalize the business, including the roll-forward of the group’s current funding.
- The directors' ability to convert the group’s operations into profits.
- The directors' ability to conclude the Competition Commission Tribunal process.
- As an update to its announcement of 1st of April, AG Petzetakis informs that negotiations for an agreement between A.G. Petzetakis International Holdings Limited, its bondholders and the investor are in progress, and that the agreement shall include:

    1. Restructuring of its debt: it mainly involves the purchase of outstanding bonds by the investor and rescheduling them on a long-term frame.
    2. Increase of Equity: the Board of directors of the company has convened in a General Assembly of shareholders to decide the Increase of the Capital of the company. The strengthening of the Owners Equity will be such in order to sustain, on a long-term framework, a full deployment of the company’s global production and commercial capacity.

32. EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any matter or circumstance arising since the end of the reporting period under review.

33. EARNINGS (LOSS) PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year.

Profit (loss) attributable to equity holders of the company	(76,891)	(49,141)	(46,422)	(78,230)	(35,448)	(52,228)
Weighted average number of ordinary shares in issue	101	101	101	101	101	101
Basic earnings/(loss) per share	(761)	(487)	(460)	(775)	(351)	(517)

34. NEW STANDARDS AND INTERPRETATIONS

Standards and interpretations effective and adopted in the current year .

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

IFRS 3 (AC 140) (Revised) Business Combinations

The revisions to IFRS 3 (AC 140) Business combinations require:

- Acquisition costs to be expensed.
- Non-controlling interest to either be calculated at fair value or at their proportionate share of the net identifiable assets of the acquiree.
- Contingent consideration to be included in the cost of the business combination without further adjustment to goodwill, apart from measurement period adjustments.
- All previous interests in the acquiree to be remeasured to fair value at acquisition date when control is achieved in stages, and for the fair value adjustments to be recognised in profit or loss.
- Goodwill to be measured as the difference between the acquisition date fair value of consideration paid, non-controlling interest and fair value of previous shareholding and the fair value of the net identifiable assets of the acquiree.

Notes to the Group Financial Statements

	Group			Company		
Figures in Rand thousand	2010	2009	2008	2010	2009	2008

34. NEW STANDARDS AND INTERPRETATIONS (continued)

- The acquirer to reassess, at acquisition date, the classification of the net identifiable assets of the acquiree, except for leases and insurance contracts.
- Contingent liabilities of the acquiree to only be included in the net identifiable assets when there is a present obligation with respect to the contingent liability.

The effective date of the standard is for years beginning on or after 01 July 2009.

The company has adopted the standard for the first time in the 2010 financial statements.

The impact of the standard is not material.

IAS 27 (AC132) (Amended) Consolidated and Separate Financial Statements

The revisions require:

- Losses of the subsidiary to be allocated to non-controlling interest, even if they result in the non-controlling interest being a debit balance.
- Changes in level of control without loss of control to be accounted for as equity transactions, without any gain or loss being recognised or any remeasurement of goodwill.
- When there is a change in the level of control without losing control, the group is prohibited from making reclassification adjustments.
- When control is lost, the net identifiable assets of the subsidiary as well as non-controlling interest and goodwill are to be derecognised. Any remaining investment is remeasured to fair value at the date on which control is lost, and again or loss on loss of control is recognised in profit or loss.

The effective date of the amendment is for years beginning on or after 01 July 2009.

The company has adopted the amendment for the first time in the 2010 financial statements.

The impact of the amendment is not material.

IAS 7 (AC 118) Statement of Cash Flows: Consequential amendments due to IAS 27 (AC 132) (Amended) Consolidated and Separate Financial Statements

Cash flows arising from changes in level of control, where control is not lost, are equity transactions and are therefore accounted for as cash flows from financing transactions.

The effective date of the amendment is for years beginning on or after 01 July 2009.

The company has adopted the amendment for the first time in the 2010 financial statements.

The impact of the amendment is not material.

IAS 12 (AC 102) Income Taxes – consequential amendments due to IAS 27 (AC 132) (Amended) Consolidated and Separate Financial Statements

The amendment is as a result of amendments to IAS 27 (AC 132) Consolidate and Separate Financial Statements. The amendment refers to situations where a subsidiary, on acquisition date, did not recognise a deferred tax asset in relation to deductible temporary differences, because, for example, there may not have been sufficient future taxable profits against which to utilise the deductible temporary differences. If the deferred tax asset subsequently becomes recognisable, the amendment now requires that the deferred tax asset should be recognised against goodwill (and profit or loss to the extent that it exceeds goodwill), only if it results from information in the measurement period about circumstances that existed at acquisition date. No adjustment may be made to goodwill for information outside of the measurement period.

The effective date of the amendment is for years beginning on or after 01 July 2009.

The company has adopted the amendment for the first time in the 2010 financial statements.

The impact of the amendment is not material.

Notes to the Group Financial Statements

	Group			Company		
Figures in Rand thousand	2010	2009	2008	2010	2009	2008

34. NEW STANDARDS AND INTERPRETATIONS (continued)
IFRIC 17 (AC 450) - Distribution of Non-cash Assets to Owners

The interpretation provides guidance on accounting for non-reciprocal distributions of non-cash assets to owners, or distributions where owners have a choice between a cash or non-cash distribution. The distribution is to be recognised as a dividend on the date that the dividend has been appropriately authorised and is no longer subject to the discretion of the entity, and measured at the fair value of the assets to be distributed. The carrying amount of the dividend payable shall be reviewed at each reporting date and on settlement date to ensure it reflects fair value. Changes in measurement are recognised in equity as adjustments to the amount of the distribution. Additional disclosures are required.

The effective date of the interpretation is for years beginning on or after 01 July 2009.

The company has adopted the interpretation for the first time in the 2010 financial statements.

The impact of the interpretation is not material.

IFRIC 18 (AC 451) – Transfers of Assets From Customers

The interpretation applies to circumstances where entities receive assets from customers to connect them to a network and/or to provide them with certain commodities, for example electricity, resulting from connection to the network. It also applies where the customer provides the entity with cash to construct such assets. It does not apply to government grants or to agreements within the scope of IFRIC 12 (AC 445) Service Concession Arrangements. If the item meets the definition of an asset to the entity, it is to be recognised at fair value. The corresponding credit shall be recognised as revenue and shall be allocated to the separately identifiable services which are provided, i.e the connection service and/or provision of access to commodities service. The revenue recognised for each service shall be based on the recognition criteria of IAS 18 (AC111) Revenue.

The effective date of the interpretation is for years beginning on or after 01 July 2009.

The company has adopted the interpretation for the first time in the 2010 financial statements.

The impact of the interpretation is not material.

2009 Annual Improvements Project: Amendments to IFRS 8 (AC 145) Operating Segments

Entities are only required to report segment assets if they are regularly reported to the chief operating decision maker.

The effective date of the amendment is for years beginning on or after 01 January 2010.

The company has adopted the amendment for the first time in the 2010 financial statements.

The impact of the amendment is not material.

2009 Annual Improvements Project: Amendments to IAS 1 (AC 101) Presentation of Financial Statements

The amendment clarifies that a liability which could, at the option of the counterparty, result in its settlement by the issue equity instruments, does not affect its classification as current or non-current.

The effective date of the amendment is for years beginning on or after 01 January 2010.

The company has adopted the amendment for the first time in the 2010 financial statements.

The impact of the amendment is not material.

2009 Annual Improvements Project: Amendments to IAS 7 (AC 118) Statement of Cash Flows

The amendment provides that expenditure may only be classified as ‘cash flows from investing activities’ if it resulted in the recognition of an asset on the statement of financial position.

The effective date of the amendment is for years beginning on or after 01 January 2010.

The company has adopted the amendment for the first time in the 2010 financial statements.

The impact of the amendment is not material.

Notes to the Group Financial Statements

	Group			Company		
Figures in Rand thousand	2010	2009	2008	2010	2009	2008

34. NEW STANDARDS AND INTERPRETATIONS (continued)

2009 Annual Improvements Project: Amendments to IAS 17 (AC 105) Leases

The amendment removes the guidance that leases of land, where title does not transfer, are operating leases. The amendment therefore requires that lease classification for land be assessed in the same manner as for all leases. The amendment is to be applied retrospectively, unless the information is not available. In these cases, existing leases shall be reconsidered based on facts and circumstances existing at the date of adoption of the amendment. The lease asset and lease liability shall, in these cases be recognised at their fair values on that date, with any difference in those fair values recognised in retained earnings.

The effective date of the amendment is for years beginning on or after 01 January 2010.

The company has adopted the amendment for the first time in the 2010 financial statements.

The impact of the amendment is not material.

2009 Annual Improvements Project: Amendments to IAS 18 (AC 111) Revenue

The amendment provides additional guidance in the determination of whether an entity is acting as an agent or principal in a revenue transaction.

The effective date of the amendment is for years beginning on or after 01 July 2009.

The company has adopted the amendment for the first time in the 2010 financial statements.

The impact of the amendment is not material.

2009 Annual Improvements Project: Amendments to IAS 36 (AC 128) Impairment of Assets

The amendment now requires that, for the purpose of goodwill testing, each group of units to which goodwill is allocated shall not be larger than an operating segment as defined in paragraph 5 of IFRS 8 (AC 145) Operating Segments. Thus the determination is now required to be made before operating segments are aggregated.

The effective date of the amendment is for years beginning on or after 01 January 2010.

The company has adopted the amendment for the first time in the 2010 financial statements.

The impact of the amendment is not material.

2009 Annual Improvements Project: Amendments to IAS 39 (AC 133) Financial Instruments: Recognition and Measurement

In terms of the amendment, forward contracts to buy or sell an acquiree that will result in a business combination in the future, are only exempt from the Standard if the term of the contract does not exceed that which is reasonably necessary to obtain the required approval and complete the transaction. The amendment further clarifies that in a cash flow hedge of a forecast transaction, gains or losses should be reclassified from equity to profit or loss in the period in which the hedged forecast cash flow affects profit or loss. The amendment also clarifies that a prepayment option is not closely related to the host contract unless the exercise price is approximately equal to the present value of the lost interest for the remaining term of the host contract.

The effective date of the amendment is for years beginning on or after 01 January 2010.

The company has adopted the amendment for the first time in the 2010 financial statements.

The impact of the amendment is not material.

Standards and Interpretations early adopted

The company has chosen not to early adopt any standards and interpretations.

Notes to the Group Financial Statements

	Group			Company		
Figures in Rand thousand	2010	2009	2008	2010	2009	2008

35. SEGMENT REPORT

31 December 2010 - Group	PVC	HDPE	FLEX	OTHER	TOTAL
Revenue	149,433	164,996	120,142	62,991	497,562
Operating profit (loss)	(23,903)	(26,139)	(15,141)	(10,114)	(75,297)
Profit (loss) before tax	(26,267)	(29,437)	(16,625)	(10,986)	(83,315)
Net profit (loss)	(25,730)	(28,835)	(16,285)	(10,762)	(81,612)
Depreciation	(8,585)	(7,633)	(3,718)	(329)	(20,265)
Total assets	94,229	88,170	39,661	9,403	231,463
Total liabilities	(70,960)	(78,350)	(57,051)	(33,775)	(235,416)

31 December 2009 - Group					
Revenue	183,276	200,234	136,835	82,017	602,362
Operating profit (loss)	(24,188)	(19,147)	(4,727)	(1,204)	(49,266)
Profit (loss) before tax	(27,959)	(24,398)	(6,822)	(2,448)	(61,627)
Net profit (loss)	(32,059)	(27,975)	(7,823)	(2,806)	(70,663)
Depreciation	(9,427)	(7,692)	(3,776)	(302)	(21,197)
Total assets	123,459	109,997	55,382	14,091	302,929
Total liabilities	(69,978)	(76,452)	(52,246)	(31,315)	(229,991)

SUPPLEMENTARY INFORMATION

Group

36. OPERATING EXPENSES

An analysis of the group's expenses is as follows:	31 December 2010	31 December 2009
Group		
Wages	108,348	93,176
Utilities	11,347	9,873
Depreciation	20,264	21,198
Sundry expenses	113,983	154,306
Material costs	320,325	376,853
Marketing/promotion costs	1,485	1,357
	575,752	656,763

The above amounts have been allocated as follows:

Cost of sales		
Wages	56,682	55,081
Utilities	11,347	9,873
Depreciation	18,259	19,095
Sundry expenses	15,797	36,008
Material costs	320,325	376,853
	422,410	496,910
Distribution expenses		
Wages	28,390	25,546
Depreciation	251	291
Sundry expenses	41,437	49,924
Marketing/promotion costs	1,485	1,357
	71,563	77,118
Administration expenses		
Wages	23,276	12,550
Depreciation	1,755	1,812
Sundry expenses	56,748	68,373
	81,779	82,735