



Annual Report

2010

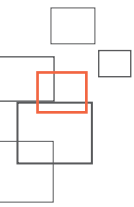


Table of Contents

2	Financial highlights	17	Corporate governance
4	Chairman's report 2010	21	Annual financial statements
6	Group chief executive officer's review of operations	66	Distribution of shareholding
8	Sustainability report	67	JSE Limited statistics
12	Board of directors	68	Notice of annual general meeting Form of proxy (enclosed)
14	Details of operating segments	72	Administration

SecureData Holdings is an investment holding company whose subsidiaries specialise in providing Information Risk Management (IRM) solutions.

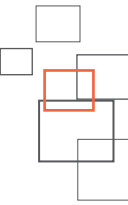
The group operates through three major divisions:

SecureData
Africa



**Inspiring
Trust**

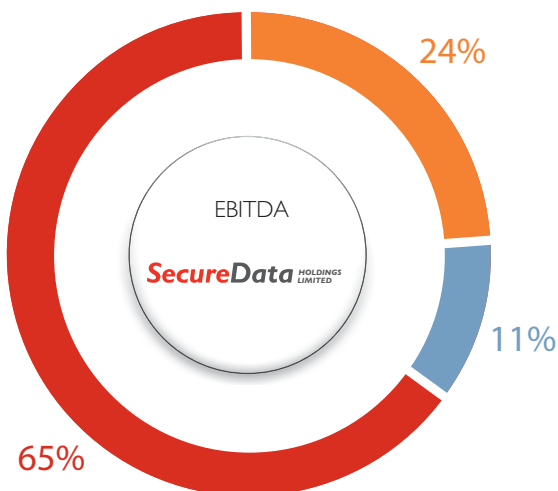
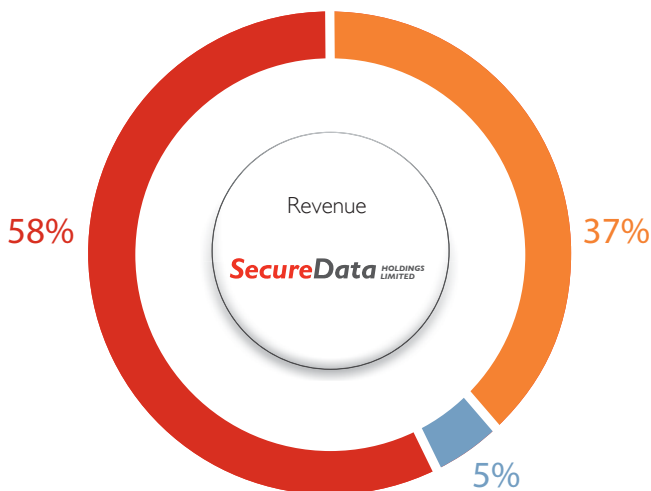




Operations

Through its operating divisions, SecureData provides a comprehensive portfolio of security and risk management products and services.

Divisional Contribution



SecureData Africa

Value-added distribution of IRM products and provision of services to the channel and end users in Africa.

Revenue (R'000)	R268 350
Revenue growth from 2009	0,9%
EBITDA (R'000)	R37 969
EBITDA margin	14,1%

MIS-CDS

Value-added reseller, based in the UK, of IRM products and provision of services to end users in Europe.

Revenue (£'000)	£14 006
Revenue growth from 2009	14,9%
EBITDA (£'000)	£1 191
EBITDA margin (%)	8,5%

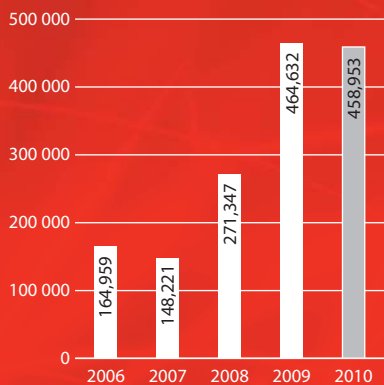
SensePost

Specialist information security consulting services, ranging from security audits, vulnerability and risk assessments, and penetration testing, through to the design and architecture of information security solutions and high end information security training services.

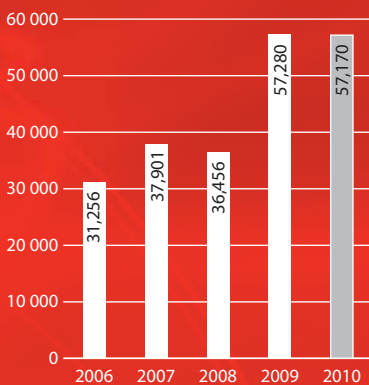
Revenue (R'000)	R23 281
Revenue growth from 2009	6,0%
EBITDA (R'000)	R6 357
EBITDA margin	27,3%

Financial Highlights

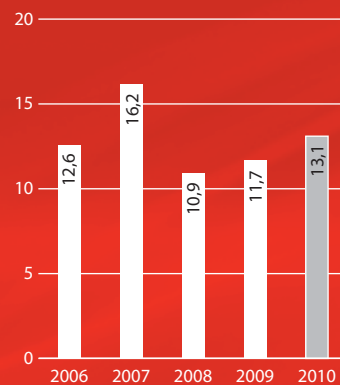
Revenue (R'000)



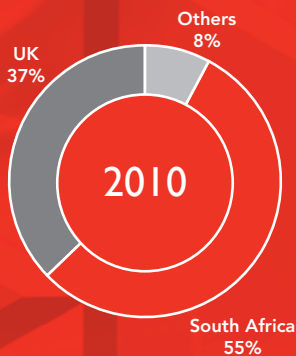
EBITDA (R'000)



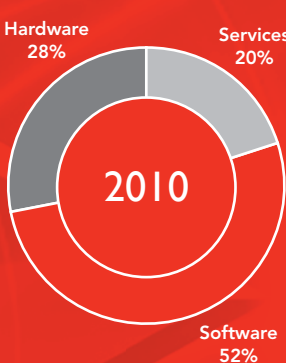
Adjusted earnings per share (cents)



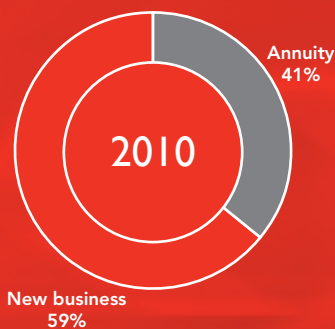
Revenue by geography



Revenue by business activity



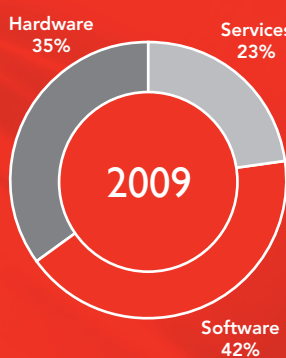
Annuity revenue vs new business



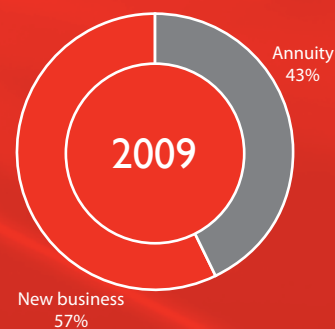
Revenue by geography

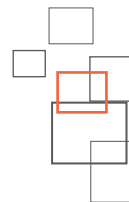


Revenue by business activity



Annuity revenue vs new business

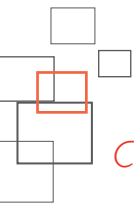




	2010	2009	2008	2007	2006
	R'000	R'000	R'000	R'000	R'000
Statement of comprehensive income					
Revenue	458 953	464 632	271 347	148 221	164 959
Earnings before interest, taxation, depreciation, and amortisation ("EBITDA") and other financial items	57 170	57 280	36 456	37 901	31 256
Adjusted earnings*	30 001	26 588	18 844	25 791	19 962
Headline earnings	17 070	6 600	8 699	1 256	19 962
Statement of financial position					
Cash and cash equivalents	68 036	57 605	41 510	22 541	40 156
Total assets	423 644	391 645	423 216	121 703	91 382
Equity attributable to owners of the parent	180 066	164 020	161 617	49 367	51 554
Selected returns and ratios					
Earnings per share (cents)					
– Basic	7,5	2,9	5,0	3,9	12,6
– Adjusted*	13,1	11,7	10,9	16,2	12,6
– Headline	7,5	2,9	5,0	0,8	12,6
Net asset value per share (cents)	73,1	67,7	66,7	27,4	28,8
Dividends per share (cents)	5,0**	–	–	–	5,0
Effective tax rate (%)	33,4	35,8	42,6	30,2	36,9
Current ratio (times)	1,2	1,2	1,2	1,1	2,1
Debtors days	80	50	73	94	74
EBITDA margin (%)	12,5	12,3	13,4	25,6	18,9
Number of employees	196	197	215	106	163
Revenue per employee (R'000)	2 342	2 359	1 262	1 398	1 012
Closing share price (cents)	85	50	140	189	141
Market capital (R'000)	209 372	121 051	338 942	340 392	252 837
Issued number of shares ('000)	246 320	242 102	242 102	180 102	179 317

* Adjusted earnings per share excludes amortisation charges, foreign exchange gains or losses on Group loans and net movement of derivative financial instruments, net of taxation.

** Dividend paid after reporting date.



“Despite a year of economic challenges the Group had a satisfactory performance reflecting the hard work by both staff and management across the Group. The Group is well positioned in the geographic markets in which it operates to participate in growth in the information security technology sector.”

The Group continues to be a competitive industry player and despite global market and currency volatility has remained profitable, while increasing annuity revenues and generating cash. SecureData's strategy based on the provision of diversified information technology products and services has proven to be sound and sustainable.

SecureData continued to grow its information technology security managed services business in the United Kingdom and it laid the foundation for a roll-out of these services in Africa in the past year. All three acquisitions made by the Group in the past two years have been successfully integrated into the Group's operations. The MIS-CDS acquisition in the United Kingdom which was acquired during a global volatile period two years ago is performing well under tough market conditions. Unfortunately the recent strengthening of the Rand has somewhat masked this performance for the Group. The strong Rand also impacted negatively on product margin in South Africa.

The Group is planning to increase its presence in key African countries where increasing internet connectivity is creating a greater need for information security products and services.

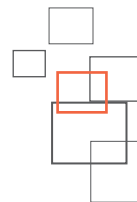
SecureData continues to invest time in identifying new areas of technology and developing relationships with suppliers who represent new technology areas and niche quality products upon which the Group will build its skills and competencies. Relationship building with key suppliers remains central to the further success of the business.

BLACK ECONOMIC EMPOWERMENT (BEE)

SecureData remains committed to transformation at all levels within our South African operations and the directors regard this as a key long-term priority. As such, the Group continues to align its transformation strategy with the Codes of Good Practice and to improve on all sections of the BEE scorecard.

BOARD CHANGES AND APPOINTMENTS

Mr Simon Murray resigned as a non-executive director during the past year. The Board wishes to thank him for his contribution to the company.



CORPORATE GOVERNANCE AND BOARD

Corporate governance remains a key focus for SecureData and with the increased complexity of multi-national companies the Board has formalised its corporate governance processes appropriately and aligned these processes with best practice in the industry

PROSPECTS

The company is firmly positioned to exploit its advantages in its selected markets. As a result of the strong cash flow generated during the past year and the concomitant reduction in debt incurred two years ago during the making of several strategic acquisitions, the Board has decided to resume dividend payments. The Board is confident that we have the staff and management required to sustain a solid performance into the future.

APPRECIATION

On behalf of the Board, I wish to thank the management team and staff for their committed performance over the past year. I would also like to thank Board members for their commitment and counsel throughout the year as well as our customers and suppliers for their loyal support.

We look forward to working together in the year ahead.

PR Pretorius

Chairman

30 November 2010





“In the year under review the Group achieved solid results in a difficult operating environment characterised by currency uncertainty and a poor economic climate.”

GENERAL REVIEW

During the year under review, SecureData Holdings Limited (“SDH”) continued its progress towards becoming a significant provider of Information Risk Management solutions and services in the geographies in which it operates. The Group achieved solid results in a difficult operating environment characterized by currency uncertainty and a poor economic climate, and interruptions by the 2010 FIFA World Cup™ in South Africa and general elections in the United Kingdom.

Group EBITDA remained static at R57,2 million on revenues that dipped slightly to R459,0 million reflecting an improvement in EBITDA margin to 12,5%. Rand strength negatively impacted the Group’s revenues and earnings, affecting not only the Rand translation of the Group’s Sterling-based income but also by reducing the selling unit cost of products sold in South Africa which are foreign currency denominated. Revenue was evenly split between the first and second halves of the financial year, and 58% of EBITDA was achieved during the second half. This cyclicity is normal and can be attributed to the product and annuity revenue profile of the different periods. Services revenues, the bulk of which are monthly billed managed services, remained strong above R90 million and account for a greater share (20%) of revenue than any other technology or product. Revenue generated outside of South Africa climbed to 45% and annuity revenue remained strong at 41%.

The calculations of earnings per share (“EPS”) and headline earnings per share (“HEPS”) incorporate the following items:

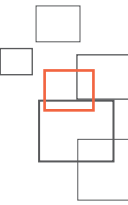
- a R10,3 million charge for amortisation of intangible assets created by the Group’s prior acquisitions. This charge has no effect on Group cash flow;
- a R10,5 million foreign exchange charge on intra-Group loans reflecting the difference in Rand to Sterling exchange rate between the previous and current reporting closing dates. This expense is unrealised and has no effect on Group cash flow; and
- The net movement in derivative financial instruments of R2,8 million profit. This includes unrealised foreign exchange forward contracts entered into to settle outstanding creditor payments by the Group at a time of great Rand volatility as well as interest rate swaps relating to future periods utilised to limit the effect of interest rate volatility on the long-term debt of the Group.

Together these non-operational and non-cash items, reduced EPS and HEPS by 5,6 cents, making both EPS and HEPS poor indicators of the Group’s operational performance. Adjusted EPS, which ignores these items but includes cash expenses such as interest, is 13,1 cents per share.

The Group was net cash positive as at 31 July 2010 with R68,0 million in cash and cash equivalents and total borrowings of R65,5 million. In comparison with the six months ended 31 January 2010 inventory remained flat around R4 million and debtors days improved to 80 from 94. Management continues to place particular emphasis on effective working capital management and is pleased to announce the re-instatement of the Group’s dividend policy as detailed below.

OPERATIONAL REVIEW

SDH operates subsidiaries in three major groupings: SecureData Africa, MIS-CDS and SensePost. Both revenue and EBITDA details below are gross of R1,5 million of intra-Group sales that eliminate on consolidation.



SECUREDATA AFRICA

	12 months to 31 July 2010 R'000	12 months to 31 July 2009 R'000	Growth
Revenue	268 350	265 910	0,9%
EBITDA	37 969	36 842	3,1%
EBITDA Margin	14,1%	13,9%	1,4%

SecureData Africa markets and distributes best of class IRM products in South Africa and across the rest of the continent.

SecureData Africa stood firm in a period of significant economic turmoil with increases in revenue, EBITDA and EBITDA margin. As anticipated, the second six-month performance was slightly better than the first period. During the course of the year the operations of New Generation Solutions were integrated into those of SecureData Africa.

In the coming year SecureData Africa will continue to focus on improving existing operations as well as organic expansion into Africa outside of Southern Africa. Management is confident that, despite difficult trading conditions, the company can continue to show revenue growth and will focus on margin improvement into the future.

MIS-CDS

	12 months to 31 July 2010 R'000	12 months to 31 July 2009 R'000	Growth
Revenue	168 780	176 754	(4,5%)
EBITDA	14 351	13 925	3,1%
EBITDA Margin	8,5%	7,9%	7,6%

	12 months to 31 July 2010 £'000	12 months to 31 July 2009 £'000	Growth
Revenue	14 006	12 190	14,9%
EBITDA	1 191	960	24,1%

MIS-CDS is one of the largest independent information security solution providers in the United Kingdom.

In Sterling MIS-CDS posted a credible 15% increase in revenue with 24% improvement in EBITDA and a firming of the EBITDA margin to 8.5%. This strong performance is not reflected in the Rand results of the company due to the strengthening of the Rand in relation to Sterling.

Management is confident that the company will continue to show improving margins and earnings performance in the coming period despite ongoing economic uncertainty in the United Kingdom.

SENSEPOST

	12 months to 31 July 2010 R'000	12 months to 31 July 2009 R'000	Growth
Revenue	23 281	21 968	6,0%
EBITDA	6 357	6 513	(2,4%)
EBITDA Margin	27,3%	29,6%	(7,8%)

SensePost provides independent information security assessment services. Based in South Africa, the company is a recognised leader in this niche market and boasts a blue-chip client base spanning five continents.

SensePost posted revenue of R23,3 million with a pleasing 27,3% EBITDA margin reflecting the specialist, high value nature of the company's service offering. Almost a third of SensePost revenues were generated outside of South Africa. The company has invested significant resources in its R&D arm, SensePost Laboratories, and it continues to invest in its offshore expansion programme.

BLACK ECONOMIC EMPOWERMENT

The Group strives to promote a culture that provides all employees with opportunities to advance to their full potential of career development. The Group upholds and supports the objectives of the Employment Equity Act, 1998 (Act 55 of 1998), the Skills Development Act, 1998 (Act 97 of 1998), and the Broad-Based Black Economic Empowerment Act, 2003 (Act 53 of 2003), and strives to promote a secure, healthy and participative working environment for its staff and associates. The Group's employment policies are designed to provide equal opportunities, without discrimination, to all employees.

PROSPECTS

The Group continues to gain market share in the markets in which it trades, and has established a significant IRM presence in the Europe/Africa region. The Group remains cash generative and, having substantially reduced its debt obligations incurred in acquisitions three years ago, has re-instated its dividend policy. Working capital management remains a key focus area.

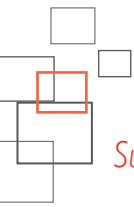
Although the economic and competitive landscape remains challenging the IRM market has historically proved to be resilient in the face of market turbulence. The Board believes the Group is well-positioned to take advantage of attractive opportunities within the IRM sector into the future.

I would like to acknowledge and thank our customers for their loyalty and continued support. I would also like to express my appreciation and thanks to each member of staff for their hard work and to my management colleagues for their valued contributions.

For and on behalf of the Board

DTK Brazier
Chief Executive Officer

30 November 2010



Sustainability Report

The Board acknowledges its responsibility to consider the impact of the company's operations on the community and the environment in its decision-making and is committed to the principles of sustainability in achieving SecureData's strategy to deliver long-term, sustainable, above-average returns to shareholders. Sustainability encompasses social and environmental responsibility as well as corporate governance and ethics. The principles of sustainability are fundamental to the way in which the Group interacts with all its stakeholders which include, amongst others: investors, customers, suppliers and employees.

The Group remains committed to:

- providing our customers with the integrated and environmentally sound solutions they require to meet their sustainable development objectives;
- acting in the best interests of our principals and representing them in a manner that reflects their sustainable development objectives;
- ensuring an inspiring climate for our employees to work in and within which all have equal opportunity to fulfil their aspirations and be proud ambassadors of the Group;
- delivering sustainable returns to our shareholders that are not achieved at the expense of future generations;
- being regarded as a responsible corporate citizen by all our stakeholders, including the communities in which we operate.

Furthermore, the concept of sustainability applies beyond the Group's immediate stakeholders to care for the environment and

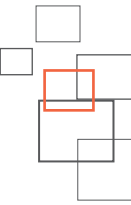
to support the sustainable development of communities across the world. Ultimately every employee is responsible for the sustainability of the organisation through a dedicated fulfilment of their respective roles in the context of the Group's values and ethics.

ENVIRONMENTAL SUSTAINABILITY IN THE ICT INDUSTRY

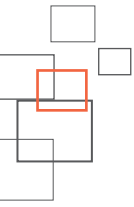
The growth in the use of Information Technology in business and homes over recent years has driven the technology sector's usage of energy and generation of carbon dioxide to become a significant part of the total global emissions. All participants in the ICT industry have a responsibility to tackle this energy use by maximising utilisation and efficiency of IT systems and networks. Improving efficiency of IT systems is often referred to as 'green IT' and there are a number of ways in which SecureData subsidiaries are helping their clients to become more efficient, or 'greener' in their use of IT. Some examples include:

- Remote working – motor vehicles are a major source of carbon dioxide. The Group provides solutions for companies to allow remote working therefore minimising the need for travel to and from work, where practical.
- Server virtualisation – the average server only uses a fraction of its capacity and the rest of its capacity is available for use with no increase in power usage, floor space or cooling capacity. Consolidating the use of servers (processors), known as virtualisation, allows much better utilisation of their processing capacity and also enables a single operator to control more servers.





- Storage virtualisation – the amount of data being stored digitally is growing at a staggering rate per year. The under-utilisation of server processing capacity noted above applies equally to servers used for storage, and virtualisation in storage offers scope for greatly increased efficiency.
 - Information lifecycle management – involves improving the control of the huge amounts of information being stored. Reducing duplication of data and deleting obsolete data through appropriate management will lead to reduction in the ‘information landfill’ noted above.
 - Unified communications and video conferencing – have huge potential to reduce the time executives spend travelling, increasing their efficiency and reducing the cost and environmental impact of road and air travel for businesses.
 - United Threat Management – the Group are advising customers on ways of reducing the number of network and information security services within their networks. This is done through the introduction of United Threat Management (UTM) devices. These devices fulfil multiple functions on a single device, functions that would traditionally be done by discreet devices. The reduction in the number of devices, reduces the cooling requirements, power utilisation requirements and carbon requirements.
- ENVIRONMENTAL SUSTAINABILITY
IN SECUREDATA'S OWN BUSINESS**
- SecureData recognises its responsibility to reduce carbon dioxide output through more efficient use of power in order to play its part in mitigating climate change. As well as applying the principles of ‘green IT’ to its own businesses, the Group implemented best practice objectives to be applied across the Group by using recognised best practices in environmental management, for example:
- Comply with legal environmental requirements, for example the European Waste Electrical and Electronic Equipment (“WEEE”) regulations; and
 - Purchase environmentally sensitive products wherever possible by:
 - purchasing products displaying the ‘environmental choice’ label;
 - purchasing recycled paper products;
 - considering packaging, recyclability and biodegradability of products; and
 - Seek to minimise waste by:
 - reusing paper;
 - recycling paper and all other recyclable products;
 - refilling toner and printer ink cartridges;
 - maintaining an electronic filing system instead of a paper one where possible; and
 - Seek to minimise energy use by:
 - turning off all unused equipment;
 - replacing desktops with laptops to reduce power requirements;
 - where possible replace Cathode Ray Tube-based monitors with energy efficient LCD and LED monitors to reduce power requirements;
 - make extensive use of initalisation within our own data centres to reduce power consumption and cooling requirements.
 - setting monitors to automatically power down after non-use;
 - turning off lights;
 - using low-energy bulbs wherever possible; and
 - Seek to minimise transportation impacts by:
 - using public transport whenever possible;
 - sharing a single vehicle for work and home;
 - minimising mileage;
 - working from home where appropriate;
 - Supporting community and other environmental initiatives with active involvement.



EMPOWERMENT AND EMPLOYMENT EQUITY

SecureData places particularly high value on the abilities and contributions made by employees in the development and achievements of its businesses. The Group's employees are seen as important stakeholders in the business and their training and development is an important aspect of the Group's sustainability. The Group strives to afford all staff members opportunities to realise their full potential and advance their careers. The Group is committed to a working environment that is free from any discrimination and seeks to develop skills and talent inherent in its workforce. The Group is open to new partnerships that will increase shareholder value and is committed to ploughing back skills and resources into the South African community and into the local communities in which Group companies operate. All the South African operations have committed themselves to a transformation process designed to minimise barriers to employment equity. Significant progress has been made in achieving the employment equity plan goals.

CORPORATE GOVERNANCE, ORGANISATIONAL INTEGRITY AND ETHICS

The Group's corporate governance structures and procedures are described in detail in the Corporate governance report on pages 17 to 20. The Board recognises that good corporate governance is vital to the sustainable growth of SecureData.

HEALTH AND SAFETY

The Group recognises its obligation to reduce the risk of injury in the working environment and to supply a clean and safe workplace. The Group undertakes to comply with health and safety regulations as set out in the jurisdictions in which the Group operates around the world. Operating subsidiaries have individual health and safety policies consistent with recognised best practices in the applicable jurisdiction and undertake programmes and procedures to mitigate health and safety risks. This includes health and safety training for employees.

EMERGING MARKET DEVELOPMENT

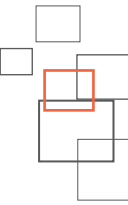
SecureData's strategy involves diversifying its operations into emerging markets around the world. The Board believes that this strategy is an important part of SecureData's global sustainable growth and, conversely, that communities in the developing economies will benefit from the sustainability ethos which SecureData brings to its partnerships in these regions.

CORPORATE SOCIAL INVESTMENT

SecureData Africa house a startup, 100% black owned company, within their building, rent free. They also use them as a supplier for certain professional services.

The Group operates a graduate and under-graduate development programme in various operating segments. As part of this Skills Development programme the Group has employed seven black learners from various colleges. They are on an accelerated training programme and spend scheduled time within various departments to attain pertinent skills. After a set period of time the learners are either offered permanent positions or are sufficiently skilled to seek jobs elsewhere within the IT industry.

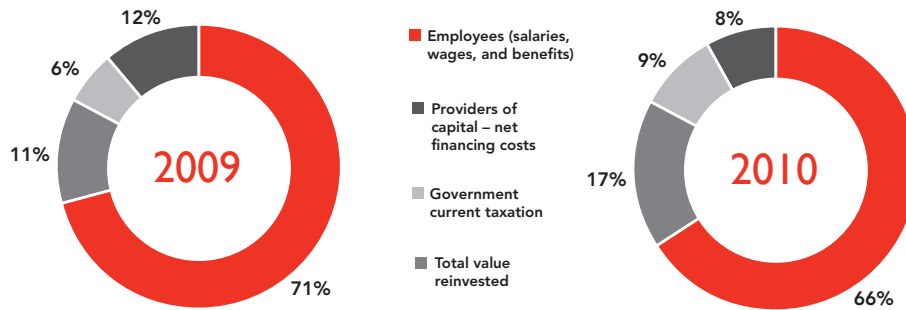
The Group's Social Responsibility programme has entered into a formal relationship whereby they provide four bursaries on an annual basis to an independent special needs college based in Johannesburg. The college was established in August 1990, when a group of parents recognised the need to create a school for learners who are mildly to moderately intellectually challenged. Learners entering the college have delayed scholastic ability and perform below their chronological age in various school subjects. The college caters for students from 6 to 20 years.

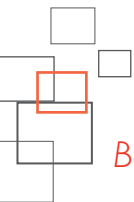


Value-added statement for the year ended 31 July 2010

	2010 R'000	2009 R'000
Revenue	458 953	464 632
Other income – interest received	400	1 282
Less: Paid to suppliers for materials and services	(316 209)	(327 886)
Total value added	143 144	138 028
Distributed as follows:		
Employees – salaries, wages and benefits	94 503	97 626
Providers of capital – net financing costs	11 188	16 656
Government – current taxation	12 711	8 040
Total value distributed	118 402	122 322
Portion of value reinvested to sustain and expand the business:		
Depreciation and amortisation	14 342	14 879
Deferred taxation	(5 548)	(4 868)
Minority interest	(1 096)	(935)
Owners of the parent	17 044	6 630
Total value reinvested and distributed	143 144	138 028

Revenue distributed and reinvested (%)





Board of Directors



Left to Right

1. A Aitken (37)

Non-executive director

Andrew is a Chartered Accountant and CFA Charterholder with over 10 years of experience in investment banking and private equity. He is a transactor in the RMB Ventures private equity team and serves on one additional board of RMB Ventures portfolio companies.

2. DTK Brazier (49)

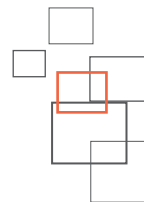
Chief executive officer

Dean is the founding director of the Group. With over 25 years of experience in the ICT industry, Dean has held senior sales and executive management positions in global management consulting and software development organisations

3. PR Pretorius (49)

Non-executive director (Chairman)

Rudolf is a Chartered Accountant and a founding partner of Treacle Private Equity, which holds a significant interest in SecureData. Prior to founding Treacle in 2000, Rudolf was a senior executive at the FirstRand banking group.



Left to Right

4. JG du Toit (37)

Financial director

Johan is a Chartered Accountant with 17 years of experience in finance, including the past 13 years in management, 12 years of which were within the ICT industry. Johan has been the Financial Director for MIS-CDS for the past 10 years.

5. Ms YT Moerane (45)

Independent non-executive director

Thabiso is currently the Managing Director of Khulumanjalo Group, a holding company for Khulumanjalo Technologies (Proprietary) Limited, an Original Design Manufacturer; as well as Khulumanjalo Solutions which specialises in wireless access technologies. Prior to that, she was the Managing Director of Black Information Technology Empowerment Company Limited (Blitec) an investment holding company that was set up by the Black IT Forum (BITF) in 1997. Thabiso is a DBA Candidate (Doctor of Business Administration) with Instituto de Empresa in Madrid, Spain and also holds a ND Accounting (Technikon Witwatersrand), NHD Taxation (Technikon Southern Africa) and a MBA (Duke University, USA).

6. N Mthembu (41)

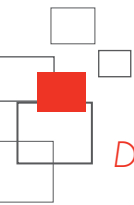
Non-executive director

Njabulo is a partner at Treacle Private Equity, which holds a significant interest in SecureData. Prior to joining Treacle in 2004, he was a senior associate at the New York office of Deloitte & Touche. Njabulo qualified as a, certified, public, accountant in the USA.

7. P Sneddon (62)

Independent non-executive director

Peter holds a BSc Honours Degree from the United Kingdom. He has held both executive director and chief executive positions in several large companies over the last twenty years. Currently he is a non-executive director of Crystalwave Trading (Proprietary) Limited, and a director of Arena Props 13 (Proprietary) Limited.



SecureData
Africa

Left to Right

Chris Bester, Tony Nutter, Yugan Reddy

SECUREDATA AFRICA

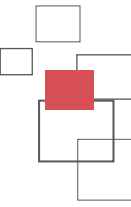
SecureData Africa, the largest and most successful distributor of IT Security Solutions in sub-Saharan Africa, offers extended value-add to customers, resellers and vendors alike. The value-add is primarily created by SecureData's highly-skilled technical, product, marketing and sales teams, enabling our partners to deliver high-quality IT security solutions and services throughout sub-Saharan Africa. SecureData Africa's product offering consists of a portfolio of the world's leading IT Security solutions.

SecureData Africa has country-wide coverage in South Africa via its local offices and an extensive reseller base. In addition to this, there is an extensive and focused channel network covering selected countries in Africa and the Middle East, as well as the Indian Ocean Islands.

SecureData Africa believes that the relationships with its strategic vendors will reinforce their leadership in the IT Security distribution space.

This, along with a number of other tactical relationships, lay the foundation for future years of growth. SecureData's experience and skilled resources has also lead to developing solutions that combat fraud – SecureFMS, a strategy for proactively protecting organisations from incidents of fraud. This reinforces the statement that SecureData Africa is the *de facto* authority in information security and risk management best practices and competencies in Africa as well as the number one brand.

SecureData Africa's strategy is to remain the flagship Information Risk Management distributor and Security Service provider in Africa. To achieve this strategy SecureData Africa will continue to grow its footprint in the emerging markets of sub-Saharan Africa. There will be an even greater focus on solutions such as Managed Services offered to organisations via our reseller base as we will look to increase our influence in Africa via strategic relationships and market-specific offerings.



Left to Right

Etienne Greeff, Matthew Tomlinson, Andrew Cooke

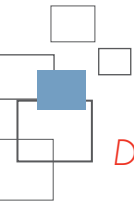
MIS CORPORATE DEFENCE SOLUTIONS LIMITED

Founded in 1992 as an independent security consultancy, MIS-CDS have 18 years of field experience in providing companies with bespoke IT Security solutions. Supplying security advice, services and technology, MIS-CDS is the longest standing IT security-specific organisation in the UK and has fulfilled many secure solution deployments across Europe, Asia and the USA.

Today MIS-CDS is recognised as one of the market leaders, providing a product portfolio of 'blue ribbon' technologies, and being recognised as the strongest service company in the region, MIS-CDS boasts one of the largest and most experienced professional security teams in the territory. Staff are accredited to the highest standards available and are acknowledged throughout the security market. The company has established itself as one of the voices in the market, recognisable to vendors and customers alike. Balancing innovation with experience, MIS-CDS' opinion is now sought on all significant IT Security projects. Without question MIS-CDS is primarily known as a managed service company, specialising in security, but also providing recognised and established monitoring services

to the network, offering the industry's most thorough monitoring, responsive service levels and in-depth analysis for a huge and diverse array of both security and network devices. Without question by pioneering and evolving this specific market sector, managed services are the company's key differentiator. Maintaining and growing this customer base year-on-year allowed the formation of one of the largest security communities in Europe, placing MIS-CDS in a unique position to continuously recommend new innovative products and services to assist their customers' evolution into the new technological world, constantly seeing security as a business enabler.

The business recognises that the true value they provide comes from their people. Being a service strong company, the continued success of the organisation is built on the performance, knowledge and consistency of staff members. MIS-CDS constantly trains and invests in all employees, allowing the business to have unparalleled staff retention levels. Service is a reputation business; that reputation is unquestionable, and has been built by the respected and valued staff members. Adaptable, creative, dynamic MIS-CDS is seen as the main growth player in the market.



Details of Operating Segments (continued)



Left to Right

Charl van der Walt, Jaco van Graan

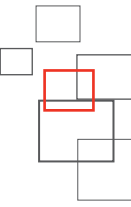
SENSEPOST

SensePost is an independent and objective organisation specialising in information security consultation, training, security assessment services and IT Vulnerability Management. As trusted advisors, SensePost delivers insight, information and systems to enable their customers to make informed decisions about Information Security that support their business performance.

Formed in early 2000 and situated in South Africa, SensePost generates a significant portion of its revenue internationally, providing services to hundreds of large clients in South Africa, Australia, Europe, South East Asia, the United States of America, United Kingdom and various African countries. Based in Pretoria the company has representation in Cape Town, Durban and London and strong sales partnerships in London and Geneva. The majority of clients are in financial services, telecommunications, health services, online gaming and Government sectors, where information security is an essential part of the core competency.

SensePost Laboratories, SensePost's R&D arm's main function is to conduct research on the latest industry trends and to publish findings via conference channels as well as various industry-respected portals.

As a niche skills-driven enterprise servicing blue-chip clients, SensePost attracts and retains the best talent in the industry. To facilitate this, the company maintains strong links with industry and working groups, provides a creative and stimulating working environment, invests heavily in personal development and offers staff exciting opportunities for enrichment and growth. Through application of these principles the business has built one of the strongest and best-recognised technical teams in its industry, totalling 22 experienced specialists from various countries.



Corporate Governance

The Group fully supports the application of the King II Report's Code of Corporate Practices and Conduct and the Board of directors ("the Board") is committed to the principles of transparency, integrity and accountability. The Board subscribes to the values of and accepts the inclusive approach to good corporate governance espoused in the King II Report ("King II"). The Board and individual directors accept their responsibility to ensure that the principles set out in the Code of Corporate Practices and Conduct as defined in King II are observed and the Board is of the opinion that the Group has complied with the principles of King II, except where indicated otherwise.

The principles contained in the King III Report, which became effective for financial periods commencing on or after 1 March 2010, have been reviewed and considered and the Board will ensure that the principles and the best practice recommendations that are applicable to the Group are implemented and complied within the new financial year.

THE BOARD OF DIRECTORS

The Board of SecureData is chaired by Rudolf Pretorius, a non-executive director. In accordance with King II and the JSE Limited Listings Requirements, the roles of the Chief Executive Officer and the Chairperson are separated to facilitate the smooth and efficient functioning of the Board. The Board comprises two independent non-executive directors, three non-executive directors and two executive directors. This allows the non-executive directors to provide independent judgement on issues of strategy, performance, resources, transformation, diversity and employment equity, evaluation of performance and standards of conduct. The above Board composition, together with recent changes in Board members, reflects an appropriate balance of power and authority between non-executive and executive directors. The Board believes that there is an appropriate balance of power and authority so that no one individual or block of individuals can dominate the Board's decision-making process.

While executive directors have service contracts and restraint agreements, they are also shareholders of SecureData. Some of the non-executive directors represent organisations that hold substantial investments in the Group. The Board meets at least once every quarter and retains full and effective control over the Group. Specifically, it directs and controls the management of the Group, is responsible for the Group's strategic and fiscal policy, and is involved in all material decisions affecting the Group. Full details of the Board are set out on pages 12 and 13 of this report.

The Board provides strategic direction to the Group, appoints the chief executive officer and ensures that appropriate succession planning is in place. The non-executive directors

take responsibility for ensuring that the chair encourages proper deliberation of all matters requiring the Board's attention. The Board has a formal schedule of matters reserved to it. The Board ensures that the Group has a comprehensive system of control ensuring that risks are mitigated and the Group's objectives are attained. This control environment sets the tone of the Group and covers ethical values, management's philosophy and the competence of employees.

The Board ensures that the Group complies with all relevant laws, regulations and codes of business practice and that it communicates with its shareholders and relevant internal and external stakeholders openly, promptly and with substance prevailing over form. The Board and its committees are supplied with full and timely information which enables them to discharge their responsibilities and have unrestricted access to all company information, records, documents and property. Non-executive directors have access to management and may even meet separately with management, without the attendance of executive directors. All directors have access to the advice and services of the company secretary and there is an agreed procedure by which directors may obtain independent professional advice at the Group's expense, should they consider this necessary.

The Group has a formal policy, established and implemented by the Board and assisted by the company secretary, prohibiting dealing in securities by directors, officers and other selected employees for a designated period preceding the announcement of its financial results or in any other period considered sensitive.

The Board defines levels of materiality, reserving specific power to it and delegating other matters with the necessary written authority to management. These matters are monitored and evaluated on a regular basis.

The Board identifies the key risk areas and key performance indicators for the Group. These are regularly updated and particular attention is given to technology and systems.

Directors, both executive and non-executive, are appointed for their skill and experience. The procedure for the nomination and appointment of directors is a matter for the Board as a whole and the Board will consider whether a potential director is a fit and proper person to be appointed as a director. The appointment of new directors requires the unanimous approval of the Board.

Directors, both executive and non-executive, have full access to the company secretary.

The attendance at the Board meetings held during the period under review is set out below:

Attendance for Board meetings

	06 October 2009	20 January 2010	16 March 2010	09 June 2010	13 August 2010	05 October 2010
PR Pretorius	Yes	Yes	Yes	Yes	Yes	Yes
DTK Brazier	Yes	Yes	Yes	Yes	Yes	Yes
JG du Toit	Yes	Yes	Yes	Yes	Yes	Yes
A Aitken	Yes	No	Yes	Yes	Yes	No
YT Moerane	Yes	Yes	Yes	Yes	Yes	Yes
N Mthembu	Yes	Yes	Yes	Yes	Yes	Yes
S Murray	Yes	Yes	Yes	No	n/a	n/a
P Sneddon	Yes	Yes	Yes	Yes	Yes	Yes

n/a: Director not in office at time of meeting

BOARD COMMITTEES

Specific responsibilities have been formally delegated to Board committees with defined terms of reference, life span and function, clearly agreed upon reporting procedures and written scope of authority. There is transparency and full disclosure from the Board committees to the Board. Board committees are free to take independent outside professional advice as and when necessary and are subject to regular evaluation by the Board to ascertain their performance and effectiveness.

Remuneration committee

The remuneration committee is responsible for the assessment and approval of the Board's remuneration strategy for the Group, the determination of short- and long-term incentive pay structures for Group executives, the positioning of senior executive pay levels relative to local and international industry benchmarks and the assessment and authorisation of specific reward proposals for the Group's executive-directors and those executives reporting directly to the non-executive chairman. The remuneration committee consists of Simon Murray (non-executive director and chairman of the remuneration committee) until his resignation as director on 21 July 2010, Peter Sneddon (independent non-executive director and acting chairman since 21 July 2010) and Njabulo Mthembu (non-executive director).

Directors that are members of the remuneration committee are excluded from discussions relating to the review of their own remuneration.

The remuneration committee's overall strategy is to ensure that employees are rewarded for their contribution to the Group's operating and financial performance at levels which take account of industry, market and country benchmarks, as well as the requirements of collective bargaining. In order to promote an identity of interest with shareholders, share incentives are considered to be critical elements of executive incentive pay.

The attendance at the remuneration committee meetings held during the period under review is set out below:

Attendance at remuneration committee meetings

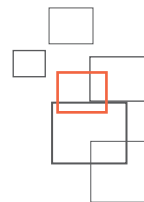
	24 August 2009	19 November 2009	20 January 2010	09 June 2010	13 August 2010
S Murray	Yes	Yes	Yes	No	n/a
P Sneddon	Yes	Yes	Yes	Yes	Yes
N Mthembu	Yes	Yes	Yes	Yes	Yes

n/a: Director not in office at time of meeting

Audit committee

The audit committee, comprising Peter Sneddon (independent non-executive director and chairman of the audit committee), Thabiso Moerane (independent non-executive director) and Andrew Aitken (non-executive director), was established with terms of reference from the Board. The audit committee meets regularly to discuss issues of accounting, auditing, internal controls and financial reporting. The external auditors have unrestricted access to the chairman of the audit committee.

The audit committee is responsible for reviewing the functioning of the internal control system, risk areas of the Group's operations, the reliability and accuracy of the financial information provided to management and other users of financial information, whether the Group should continue to use the services of the current external auditors, any accounting or auditing concerns identified as a result of the external audit, and the Group's compliance with legal and regulatory provisions, its articles of association, code of conduct, bylaws and the rules established by the Board.



The duties of the audit committee include reviewing the scope and results of the external audit and its cost effectiveness, as well as the independence and objectivity of the external auditors. Where the auditors supply non-audit services to the Group, the audit committee reviews the nature and extent of such services, seeking to balance the maintenance of objectivity and value for money.

The audit committee considers whether or not the interim report should be subject to an independent review by the auditors. It also reviews the annual financial statements and the appropriateness of the accounting policies adopted by the Group.

The audit committee has written terms of reference that deal with the membership of the audit committee and the audit committee's authority and duties.

The audit committee has met with the executive Financial Director and has satisfied itself as to the appropriateness and expertise of the Financial Director.

The attendance at the audit committee meetings held during the period under review is set out below:

Attendance for audit committee meetings

	06 October 2009	16 March 2010	10 June 2010	05 October 2010
P Sneddon	Yes	Yes	Yes	Yes
YT Moerane	Yes	Yes	Yes	Yes
A Aitken	Yes	Yes	Yes	Yes

ACCOUNTABILITY AND AUDIT

Going concern

The directors have no reason to believe that the company and the Group will not be a going concern in the year ahead. Accordingly, the annual financial statements are prepared on the going concern basis.

The Board minutes the facts and assumptions used in the assessment of the going concern status of the Group and company at the financial year-end.

Auditing and accounting

The audit committee is of the opinion that their auditors observe the highest level of business and professional ethics and that their independence is not in any way impaired.

Internal control

The directors are responsible for ensuring internal control systems exist that provide reasonable assurance regarding the safeguarding of assets and the prevention of their

unauthorised use or disposition, the maintenance of proper accounting records, the reliability of financial and operational information used in business and compliance with applicable laws and mandates. Actions are taken to correct any deficiencies as soon as they are identified.

Nothing has come to the attention of the directors to indicate that any breakdown in the functioning of the internal financial controls has occurred during the period under review. The controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring that the Group's business practices are conducted in a manner above reproach.

Due to the size of the Group, there is no internal audit function. The directors will be revisiting the internal audit function again during the 2011 financial year.

RISK MANAGEMENT

The Board is responsible for the total process of risk management, as well as forming its own opinion on the effectiveness of the process, and sets the risk strategy, which is based on the need to identify, assess, manage and monitor all known forms of risk across the Group, in liaison with the executive directors and senior management. These policies are clearly communicated to all employees to ensure that the risk strategy is incorporated into the language and culture of the Group.

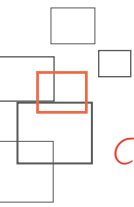
The Board decides the Group's appetite or tolerance for risk and has the responsibility to ensure that the Group has implemented an effective ongoing process to identify risk, to measure its impact against a broad set of assumptions and then to activate what is necessary to pro-actively manage these risks.

Risk management and internal control are practiced throughout the Group and are embedded in day-to-day activities.

Risk is not only viewed from a negative perspective. The review process also identifies areas of opportunity, such as where effective risk management can be turned to competitive advantage. Risks are assessed on an ongoing basis and control activities are designed to respond to risks throughout the Group. This has been in place for the year under review and up to the date of approval of the annual report and annual financial statements.

RELATIONSHIP WITH SHAREHOLDERS

It is the policy of the Group to pursue dialogue with institutional investors based on constructive engagement and the mutual understanding of objectives, taking due regard of statutory, regulatory and other directives regulating the dissemination



Corporate Governance (continued)

of information by companies and their directors. The Board accepts its duty to present a balanced and understandable assessment of the Group's position in reporting to stakeholders, taking into account the circumstances of the communities in which it operates and the greater demands for transparency and accountability regarding non-financial matters. Reporting addresses material matters of significant interest and concern to all stakeholders and presents a comprehensive and objective assessment of the Group so that all shareholders and relevant stakeholders with a legitimate interest in the Group's affairs can obtain a full, fair and honest account of its performance.

CODE OF ETHICS

The Board is continuously updating a code of ethics in order to:

- make clear what is acceptable, and unacceptable practice;
- guide company policy by providing a set of corporate ethical standards;
- encourage ethical behaviour of the Board, managers and employees at all levels;
- guide difficult decision-making;
- make ethical infringements easy to identify;
- promote awareness of, and sensitivity to, ethical issues;
- help resolve conflicts;
- specify the enterprise's social responsibility;
- cover relations between stakeholders; and
- to enhance the ethical reputation of the organisation.

SAFETY, HEALTH AND ENVIRONMENT ("SHE")

The Board is responsible for dealing with SHE issues and provides the necessary guidance in developing and approving the policy, strategy and structure to manage SHE issues.

Safety

The Board is committed to preventing workplace accidents and fatalities and ensures the Group's compliance with the Occupational Health and Safety Act, 1993 (Act 85 of 1993).

Health

The HIV/AIDS pandemic is a growing threat in South Africa and the Group pays particular attention to this disease, without disregarding other diseases that could pose a significant risk.

The environment

The Group's activities do not pose a significant threat to the environment.

SOCIAL AND TRANSFORMATION ISSUES

Employment equity

The Board is committed to the principles of employment equity and ensures the Group's compliance with the Employment Equity Act, 1998 (Act 55 of 1998), as amended. The empowerment and advancement of previously disadvantaged individuals is based on the premise that they are equal partners in the corporate sphere and their contribution is a valuable one.

The Group strives for adequate representation of historically disadvantaged individuals at top management and Board levels. The Board recognises the importance of diversity management and is developing mechanisms to positively reinforce the richness of diversity.

Employment responsibility

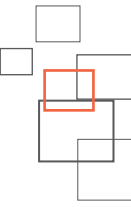
The Group is committed to providing equal opportunities for all its employees regardless of their race or gender. The Group recognises the need for its staff complement to reflect the society in which it operates and is also committed to the development of all the employees. In order to achieve these ideals, the Group has adopted policies that will ensure:

- all employees are treated as individuals regardless of religion, race, gender or creed;
- special efforts are made to assist in the development of employees who, through lack of past opportunity, do not possess the necessary skills;
- all employees are eligible to participate in the SecureData Holdings Share Incentive Scheme.

Broad-based Black Economic Empowerment

Over and above the measures to facilitate empowerment through employment practices, the Group strives to make a significant contribution to Black Economic Empowerment ("BEE") through its procurement and investment policies as well as its social investment prioritisation and spending.

The Group employed the services of a BEE agent to assist in designing a strategy to achieve the objectives of BEE. The Group achieved a Level 4 rating for SecureData Africa and SensePost and objectives to achieve better ratings continue.



Annual Financial Statements

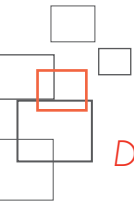
Contents

22	<i>Directors' responsibility statement</i>	28	<i>Consolidated statements of comprehensive income</i>
22	<i>Declaration by company secretary</i>	29	<i>Consolidated statements of financial position</i>
23	<i>Audit committee report</i>	30	<i>Consolidated statements of changes in equity</i>
24	<i>Report of the independent auditor</i>	32	<i>Consolidated statements of cash flows</i>
25	<i>Directors' report</i>	33	<i>Notes to the annual financial statements</i>

Inspiring
Trust



for more information
www.securedataholdings.com



Directors' Responsibility Statement

The directors are responsible for the preparation and fair presentation of the Group annual financial statements and separate parent annual financial statements of SecureData Holdings Limited, comprising the consolidated statements of financial position at 31 July 2010, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the year then ended, and the notes to the annual financial statements, which include a summary of significant accounting policies and other explanatory notes, and the directors' report, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

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

The directors' responsibilities also include maintaining adequate accounting records and an effective system of risk management.

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

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

APPROVAL OF GROUP ANNUAL FINANCIAL STATEMENTS AND SEPARATE PARENT ANNUAL FINANCIAL STATEMENTS

The Group annual financial statements and separate parent annual financial statements of SecureData Holdings Limited, as set out on pages 25 to 65, were approved by the Board on 30 November 2010 and signed on its behalf by:

PR Pretorius
Non-executive chairman

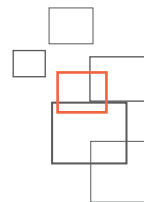
DTK Brazier
Chief executive officer

Declaration by Company Secretary

In our capacity as company secretary, we hereby confirm, in terms of section 268G(d) of the Companies Act, 1973 (Act 61 of 1973) ("the Act"), that for the year ended 31 July 2010, the company has lodged with the Companies and Intellectual Property Registration Office, all such returns as are required of a public company in terms of the Act and that all such returns are true, correct and up to date.

Merchantec (Proprietary) Limited

30 November 2010



Audit Committee Report

BACKGROUND

The audit committee implements the requirements of the Companies Act, 1973 (Act 61 of 1973), as amended, by the Corporate Laws Amendment Act, 2006 (Act 24 of 2006) ("the Act") that became effective on 14 December 2007.

The audit committee's operations are guided by a detailed charter that is in line with the Act and which has been approved by the Board. The charter will be reviewed annually and any subsequent amendments to the charter will be approved by the Board.

OBJECTIVE

The audit committee is established to assist the Board in discharging its duties relating to the safeguarding of assets, the operation of adequate systems and internal controls, control processes and the preparation of accurate financial reporting and statements in compliance with all applicable legal requirements, corporate governance and accounting standards.

The audit committee's purpose is to oversee the accounting and financial reporting processes of the Group, the external audits of the annual financial statements, the qualifications of the public accounting firm engaged as the independent auditor to the Group to prepare or issue an audit report on the annual financial statements, and to assess the performance of the independent auditor.

The audit committee reviews and assesses the qualitative aspects of financial reporting to shareholders, the processes to manage business and financial risk, and compliance with significant applicable legal, ethical and regulatory requirements. The audit committee is directly responsible for the appointment (subject to shareholder ratification), compensation, retention, and oversight of the independent auditor.

MEMBERSHIP

During the course of the year the membership of the audit committee comprised solely non-executive directors, being P Sneddon (chairman), YT Moerane and A Aitken.

EXTERNAL AUDIT

Grant Thornton continued as auditor of the company during the year under review.

The audit committee has satisfied itself through enquiry that the auditors of the Group is independent as defined by the Act.

The audit committee, in consultation with executive management, agreed to an audit fee for the 2010 financial year. The fee is considered appropriate for the work that could reasonably have been foreseen at that time.

There is a formal procedure that governs the process whereby the external auditor is considered for the provision of non-audit services, and each engagement for such work is reviewed and approved by the committee.

The committee has nominated, for approval at the annual general meeting, Grant Thornton as the external auditor for the 2011 financial year and Ms VR de Villiers as the designated auditor.

FINANCIAL DIRECTOR

The audit committee has considered the appropriateness of the expertise and experience of the financial director of the company, Mr JG du Toit, and is satisfied that Mr JG du Toit has the necessary skills and expertise to fulfill the role of financial director of SecureData.

ANNUAL FINANCIAL STATEMENTS

The audit committee has recommended the annual financial statements as set out on pages 25 to 65 for approval to the Board and the Board has subsequently approved the financial statements which will be open for discussion at the forthcoming annual general meeting.

P Sneddon
Chairman of the audit committee

30 November 2010



Report of the Independent Auditor

To the members of SecureData Holdings Limited

We have audited the Group annual financial statements and annual financial statements of SecureData Holdings Limited, which comprise the consolidated and separate statements of financial position as at 31 July 2010, and the consolidated and separate statements of comprehensive income, changes in equity and 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 25 to 65.

DIRECTORS' RESPONSIBILITY FOR THE ANNUAL FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

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

OPINION

In our opinion, the annual financial statements present fairly, in all material respects, the consolidated and separate financial position of SecureData Holdings Limited as of 31 July 2010, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

Grant Thornton

Grant Thornton

Chartered Accountants (SA)

Registered Auditors

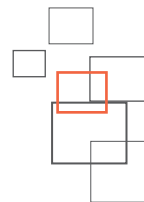
per **VR de Villiers**

Chartered Accountant (SA)

Registered Auditor

30 November 2010

Grant Thornton Office Park
137 Daisy Street
Sandown
Johannesburg
2196



Directors' Report

The directors have pleasure in presenting their report for the year ended 31 July 2010.

GENERAL

SecureData Holdings Limited ("the company") is a company domiciled in South Africa. The consolidated financial statements of the company as at and for the year ended 31 July 2010 comprise the company and its subsidiaries (together referred to as "the Group").

These consolidated financial statements are presented in Rand, which is the company's functional currency and the Group's presentation currency. All financial information presented in Rand has been rounded to the nearest thousand, unless otherwise disclosed.

BUSINESS ACTIVITIES

The company's principal business activity is that of an investment holding company. Its subsidiary companies are focused on the sale, implementation, management and integration of Information Risk Management. This includes the sale of software products from global software vendors, the subsequent development of solutions around these products and the ongoing management of the system once it has been deployed.

FINANCIAL RESULTS

The operating results and the financial position of the Group and company are set out in the accompanying annual financial statements. The revenue of the Group for the year was R459.0 million (2009: R464.6 million), while the net profit after taxation for the Group for the year was R15.9 million (2009: R5.7 million) and after minority shareholders' interest was R17.0 million (2009: R6.6 million).

DIVIDENDS

The Group remains cash generative and, having substantially reduced debt obligations incurred in acquisitions, has re-instated its dividend policy. The Board has resolved to declare a final dividend of 5 cents per share for the year ended 31 July 2010 to be paid to all ordinary shareholders recorded in the share register on the record date. In compliance with the requirements of Strate and Schedule 24 of the JSE Limited Listings Requirements, the following dates are applicable:

Last day to trade <i>cum</i> the dividend	Friday, 12 November 2010
Date trading commences <i>ex</i> the dividend	Monday, 15 November 2010
Record date	Friday, 19 November 2010
Date of payment	Monday, 22 November 2010

SHARE CAPITAL

Details of the authorised and issued share capital at 31 July 2010 are set out in note 17 to the financial statements. During the year the company issued 4 218 585 ordinary shares to acquire an additional 5% equity interest in SDH UK Limited from JG du Toit.

As at 31 July 2010, SecureData Administration (Proprietary) Limited holds 14 104 723 (2009: 15 436 178) shares in the company.



Directors' Report (continued)

Directors' interests in share capital

At 31 July 2010 the directors of the company were, directly and indirectly, interested in the issued share capital of the company as follows:

	2010	2009
Directors		
Ordinary shares: <i>Directly beneficial</i>		
DTK Brazier	9 400 010	9 400 010
JG du Toit	3 500 000	–
P Sneddon	111 000	111 000
N Mthembu	88 235	88 235
Ordinary shares: <i>Indirectly beneficial</i>		
DTK Brazier	998 577	998 577
JG du Toit	718 585	–
PR Pretorius	4 971 583	4 894 620
S Murray	–	1 277 027
A Aitken	851 351	851 351
N Mthembu	155 818	146 691

Non-beneficial interests

PR Pretorius and N Mthembu are associated with Treacle Investments (Proprietary) Limited and Treacle Fund II Trust which holds 72 159 449 shares in the company. A Aitken is associated with RMB Ventures Five (Proprietary) Limited which holds 42 000 000 shares in the company.

There has been no change in the directors' interests in the share capital to the date of this report.

PROPERTY, PLANT AND EQUIPMENT

There were no changes in the nature of plant, property and equipment or in the policy regarding their use during the year.

BORROWINGS

The Group is not limited to borrowing levels by the Articles of Association and total long-term borrowings at year-end amount to R65.5 million (2009: R90.7 million).

EMPLOYEE SHARE INCENTIVE SCHEME

The Group has an employee share incentive scheme in place. During the period under review, no options were issued to employees, including all Group directors, qualifying for this allotment.

Refer to note 26 for all details of the share options.

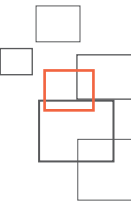
EXECUTIVE INCENTIVE PLAN

During the year under review the Group introduced a cash-based executive compensation plan based on the growth in the company share price. Refer to note 26 for details of the plan.

SUBSIDIARIES

The interest of the company in the aggregate after-tax profits and losses of subsidiaries for the year ended 31 July 2010 is as follows:

	2010 R'000	2009 R'000
In the profit	30 817	25 535
In the losses	(4 630)	(15 753)
	26 187	9 782



Directors' Report (continued)

MATERIAL POST-BALANCE SHEET EVENTS

No events having a material effect on the financial position and results of the Group, have taken place between 31 July 2010 and the date of this report.

DIRECTORS

The directors in office for the period:

- PR Pretorius (non-executive chairman)
- DTK Brazier (chief executive officer)
- JG du Toit (financial director)
- A Aitken (non-executive director)⁽²⁾
- YT Moerane (independent non-executive director)⁽²⁾
- N Mthembu (non-executive director)⁽¹⁾
- S Murray (non-executive director)⁽¹⁾ (resigned 21 July 2010)
- P Sneddon (independent non-executive director)⁽¹⁾⁽²⁾

⁽¹⁾ Member of remuneration committee

⁽²⁾ Member of audit committee

In terms of the company's articles of association, Mr PR Pretorius, Mr DTK Brazier and Mr JG du Toit retire from the board at the 2010 annual general meeting, and being eligible for re-election, put themselves forward for re-election.

SECRETARY

The company secretary at the date of this report is Merchantec (Proprietary) Limited

Business address

2nd Floor, North Block
Hyde Park Office Tower
Corner Sixth Road and Jan Smuts Avenue
Hyde Park
2196

Postal address

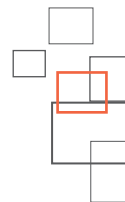
PO Box 41480
Craighall
2024

Consolidated Statements of Comprehensive Income

for the year ended 31 July 2010

	Note	Group		Company	
		2010 R'000	2009 R'000	2010 R'000	2009 R'000
Revenue	2	458 953	464 632	–	–
Cost of sales*		(263 953)	(262 577)	–	–
Gross profit		195 000	202 055	–	–
Administration and selling expenses*		(137 830)	(144 775)	(1)	(308)
Earnings before interest, taxation, depreciation, and amortisation (“EBITDA”) and other financial items		57 170	57 280	(1)	(308)
Depreciation and amortisation		(14 342)	(14 879)	–	–
– Depreciation		(4 044)	(3 391)	–	–
– Amortisation		(10 298)	(11 488)	–	–
Results from operating activities	3	42 828	42 401	(1)	(308)
Finance income	4	400	1 282	9 012	7 695
Dividends received		–	–	23 908	90 800
Finance expenses		(22 079)	(27 741)	(22 696)	(27 663)
– Interest paid	5	(11 588)	(17 938)	(10 714)	(16 569)
– Foreign exchange losses on loan to subsidiary		(10 491)	(9 803)	(11 982)	(11 094)
Other financial items	6	2 793	(7 075)	1 567	(1 567)
Profit before taxation		23 942	8 867	11 790	68 957
Taxation	7	(7 994)	(3 172)	2 758	4 329
Profit for the year		15 948	5 695	14 548	73 286
Attributable to:					
Owners of the parent		17 044	6 630		
Minority interest		(1 096)	(935)		
Profit for the year		15 948	5 695		
Total comprehensive income for the year		15 948	5 695		
Attributable to:					
Owners of the parent		17 044	6 630		
Minority interest		(1 096)	(935)		
Total comprehensive income for the year		15 948	5 695		
Basic earnings per ordinary share (cents)	8.1	7,5	2,9		
Diluted earnings per ordinary share (cents)	8.3	7,5	2,9		

* Excluding depreciation, amortisation and other financial items



Consolidated Statements of Financial Position

at 31 July 2010

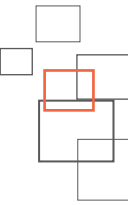
	Note	Group		Company	
		2010 R'000	2009 R'000	2010 R'000	2009 R'000
ASSETS					
Non-current assets		221 607	248 261	150 442	142 386
Property, plant and equipment	9	7 895	6 859	–	–
Investments in subsidiaries	10	–	–	141 079	135 805
Goodwill	11	129 541	140 394	–	–
Intangible assets	12	48 645	64 418	–	–
Deferred tax asset	13	35 526	36 590	9 363	6 581
Current assets		202 037	143 384	114 582	132 013
Inventories	14	3 592	4 040	–	–
Trade and other receivables	15	129 775	81 739	–	–
Loans to subsidiaries	10	–	–	114 582	131 952
Taxation prepaid		634	–	–	–
Cash and cash equivalents	16	68 036	57 605	–	61
Total assets		423 644	391 645	265 024	274 399
EQUITY AND LIABILITIES					
Equity		191 157	181 100	201 729	182 650
Share capital	17	246	242	246	242
Share premium	18	118 900	115 234	118 900	115 234
Treasury share reserve	19	(19 699)	(22 215)	–	–
Share-based payment equity reserve	20	3 957	3 096	3 957	3 096
Foreign currency translation reserve	21	(22 431)	(14 386)	–	–
Retained earnings		99 093	82 049	78 626	64 078
Equity attributable to owners of the parent		180 066	164 020	201 729	182 650
Minority interest	22	11 091	17 080	–	–
Non-current liabilities		59 806	89 785	44 074	69 250
Loans and borrowings	23	46 664	72 602	44 074	69 250
Deferred tax liability	13	13 142	17 183	–	–
Current liabilities		172 681	120 760	19 221	22 499
Trade and other payables	24	138 700	90 605	350	2 867
Derivative financial instruments	25	4 282	7 075	–	1 567
Taxation		10 828	5 015	–	–
Loans and borrowings	23	18 871	18 065	18 871	18 065
Total liabilities		232 487	210 545	63 295	91 749
Total equity and liabilities		423 644	391 645	265 024	274 399

Consolidated Statements of Changes in Equity

for the year ended 31 July 2010

Attributable to the equity shareholders of the Group

	Ordinary share capital R'000	Share premium R'000	Treasury share reserve R'000	Share- based payment equity reserve R'000	Foreign currency translation reserve R'000	Retained earnings R'000	Total R'000	Minority interest R'000	Total equity R'000
Group									
Balance at 31 July 2008	242	115 234	(23 586)	2 482	(8 174)	75 419	161 617	21 770	183 387
Own shares acquired by subsidiary	–	–	(838)	–	–	–	(838)	–	(838)
Share-based payment equity transactions during the year	–	–	–	614	–	–	614	–	614
Own shares sold by subsidiary	–	–	2 209	–	–	–	2 209	–	2 209
Foreign exchange movements for the year	–	–	–	–	(6 212)	–	(6 212)	(3 755)	(9 967)
Profit for the year	–	–	–	–	–	6 630	6 630	(935)	5 695
Total comprehensive loss for the year	–	–	–	–	(6 212)	6 630	418	(4 690)	(4 272)
Balance at 31 July 2009	242	115 234	(22 215)	3 096	(14 386)	82 049	164 020	17 080	181 100
Shares issued during the year	4	3 666	–	–	–	–	3 670	–	3 670
Share-based payment equity transactions during the year	–	–	–	861	–	–	861	–	861
Minority interest acquired in subsidiary	–	–	–	–	–	–	–	(3 054)	(3 054)
Own shares sold by subsidiary	–	–	2 516	–	–	–	2 516	–	2 516
Foreign exchange movements for the year	–	–	–	–	(8 045)	–	(8 045)	(1 839)	(9 884)
Profit for the year	–	–	–	–	–	17 044	17 044	(1 096)	15 948
Total comprehensive income for the year	–	–	–	–	(8 045)	17 044	8 999	(2 935)	6 064
Balance at 31 July 2010	246	118 900	(19 699)	3 957	(22 431)	99 093	180 066	11 091	191 157

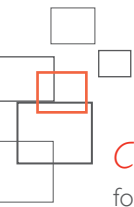


Consolidated Statements of Changes in Equity (continued)

for the year ended 31 July 2010

Attributable to the equity shareholders of the parent company

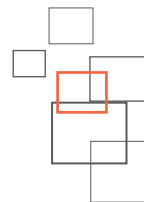
	Ordinary share capital R'000	Share premium R'000	Treasury share reserve R'000	Share- based payment equity reserve R'000	Foreign currency translation reserve R'000	Retained earnings R'000	Total R'000
Company							
Balance at 31 July 2008	242	115 234	–	2 482	–	(9 208)	108 750
Total comprehensive income for the year	–	–	–	–	–	73 286	73 286
Share-based payment equity transactions during the year	–	–	–	614	–	–	614
Balance at 31 July 2009	242	115 234	–	3 096	–	64 078	182 650
Shares issued during the year	4	3 666	–	–	–	–	3 670
Total comprehensive income for the year	–	–	–	–	–	14 548	14 548
Share-based payment equity transactions during the year	–	–	–	861	–	–	861
Balance at 31 July 2010	246	118 900	–	3 957	–	78 626	201 729



Consolidated Statements of Cash Flows

for the year ended 31 July 2010

	Note	Group		Company	
		2010 R'000	2009 R'000	2010 R'000	2009 R'000
Cash flows from operating activities		40 834	35 472	19 664	78 304
Profit before taxation		23 942	8 867	11 790	68 957
Adjustments not affecting the flow of funds		33 962	49 603	(11 791)	(69 058)
Operating income/(loss) before working capital changes		57 904	58 470	(1)	(101)
Increase/(decrease) in working capital		1 650	(2 133)	(2 517)	(3 521)
Cash generated from/(utilised by) operations	30.1	59 554	56 337	(2 518)	(3 622)
		(18 720)	(20 865)	22 182	81 926
Finance income		400	1 282	9 012	7 695
Finance costs		(11 588)	(17 938)	(10 714)	(16 569)
Taxation paid	30.2	(7 532)	(4 209)	(24)	–
Dividends received		–	–	23 908	90 800
Cash flows from investing activities		(8 512)	(3 558)	975	(66)
Acquisition of additional 5% interest in SDH UK Limited		(3 054)	–	(5 875)	–
Acquisition costs incurred		–	–	–	(66)
Loans to subsidiaries		–	–	6 850	–
Proceeds on disposal of property, plant and equipment		57	30	–	–
Acquisition of property, plant and equipment		(5 366)	(2 862)	–	–
Acquisition of intangible assets		(149)	(726)	–	–
Cash flows from financing activities		(18 537)	(12 923)	(20 700)	(78 565)
Proceeds from issue of shares		3 670	–	3 670	–
Own shares acquired by subsidiary		–	(838)	–	–
Own shares sold by subsidiary		2 516	2 209	–	–
Loans repaid		(24 723)	(14 294)	(24 370)	(14 579)
Loans to subsidiaries		–	–	–	(63 986)
Net increase/(decrease) in cash and cash equivalents		13 785	18 991	(61)	(327)
Foreign exchange movements in cash balances		(3 354)	(2 896)	–	–
Cash and cash equivalents at beginning of year		57 605	41 510	61	388
Cash and cash equivalents at end of year		68 036	57 605	–	61



Notes to the Annual Financial Statements

for the year ended 31 July 2010

I. ACCOUNTING POLICIES

The financial statements incorporate the principal accounting policies set out below, which are consistent with those adopted in the previous financial year. The Group has implemented the revised IAS 1, "Presentation of financial statements" and IFRS 8, "Operating Segments". The changes in both standards are of a presentation and disclosure nature only. The accounting policies of the subsidiaries are consistent with those of the holding company, namely SecureData Holdings Limited. SecureData Holdings Limited is a company domiciled in South Africa.

The consolidated financial statements for the year ended 31 July 2010 comprise the company and its subsidiaries.

I.1 Statement of compliance

The financial statements and Group financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies Act of South Africa.

I.2 Basis of preparation

The financial statements are presented in South African Rand, which is the company's functional currency and the Group's presentation currency, rounded to the nearest thousand. They are prepared on the historical cost basis, unless otherwise indicated.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of the assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and assumptions are reviewed on an ongoing basis.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgement in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

Note 11: Measurement of recoverable amounts of cash-generating units containing goodwill;

Note 13: Utilisation of tax losses;

Note 15: Impairment allowance on trade and other receivables;

Note 25: Fair value of derivatives; and

Note 26: Measurement of share-based payments.

I.3 Basis of consolidation

Subsidiaries are those entities over whose financial and operating policies the Group has the power to exercise control, so as to obtain benefits from their activities. In assuming control, potential voting rights that are currently exercisable are taken into account.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Goodwill, arising on acquisition, is treated in accordance with the Group's accounting policy for goodwill. (See note 1.8.)

Intra-Group balances and transactions, and any unrealised income and expenses arising from intra-Group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.



Notes to the Annual Financial Statements (continued)

for the year ended 31 July 2010

I. ACCOUNTING POLICIES (continued)

I.3 Basis of consolidation (continued)

In the company annual financial statements, investments in subsidiaries are carried at cost less any accumulated impairment. If trading operations are transferred between wholly-owned subsidiaries, the carrying value of investments in subsidiaries is similarly transferred.

I.4 Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Depreciation is provided on the straight-line basis over the estimated useful lives of the assets concerned taking account of any residual value remaining at the end of the useful life.

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

- | | |
|--------------------------|---------------|
| • Motor vehicles | 5 years |
| • Computer equipment | 3 years |
| • Furniture and fittings | 5 to 10 years |
| • Office equipment | 3 to 10 years |

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Borrowing costs related to the acquisition, construction or production of qualifying assets are capitalised as incurred.

When the major components of an item of property, plant and equipment have different useful lives they are accounted for as separate items of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within results from operating activities.

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

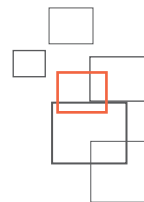
I.5 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is determined on a first-in, first-out basis, and includes expenditure incurred in acquiring the inventories, production, or conversion costs and other costs incurred in bringing them to their existing location and condition. Obsolete and slow-moving inventories are identified on a regular basis and are written down to their estimated net realisable values.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

I.6 Revenue

Revenue comprises the net invoiced supply of goods and services to customers excluding value-added tax, and other non-operating income. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when significant risks and rewards of ownership are transferred to the buyer, costs can be measured reliably, receipt of the future economic benefits is probable, there is no continuing management involvement with goods and the amount of revenue can be measured reliably.



Notes to the Annual Financial Statements (continued)

for the year ended 31 July 2010

I. ACCOUNTING POLICIES (continued)

I.6 Revenue (continued)

Dividends are recognised when the right to receive payment is established.

Revenue from the sale of software licenses is recognised when the software is delivered to the customers.

Revenue from short-term maintenance contracts is recognised over the term of the contract.

Revenue earned from consulting services is recognised once the service delivery is completed.

Revenue earned from long-term maintenance contracts is deferred and recognised over the term of the contract.

Revenue arising from the provision of services is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date.

Intra-Group revenue is eliminated on consolidation.

The stage of completion is measured as the cost incurred to date over total estimated cost.

I.7 Intangible assets

Intangible assets acquired by the Group are measured at cost less accumulated amortisation and impairment losses. Intangible assets are amortised over their estimated useful lives.

Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates and the costs can be measured reliably. All other subsequent expenditure is expensed as incurred.

Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimate useful lives for the current and comparative periods are as follows:

- | | |
|-----------------------------|--------------|
| • Trademarks | 6 – 10 years |
| • Customer relationships | 2 – 10 years |
| • Distributor relationships | 5 years |
| • Computer software | 2 – 5 years |

I.8 Goodwill

Goodwill and negative goodwill arises on the acquisition of subsidiaries and other business combinations.

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative, it is recognised immediately in profit or loss.

Goodwill is not amortised. Goodwill is subjected to an impairment test annually and whenever there is an indication of impairment. Useful lives and amortisation methods are re-assessed annually.

I.9 Impairment

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If there is any indication that an asset may be impaired, its recoverable amount is estimated. The recoverable amount is the higher of its fair value less cost to sell and its value in use. For intangible assets that are not yet available for use, the recoverable amount is estimated at each statement of financial position date.



Notes to the Annual Financial Statements (continued)

for the year ended 31 July 2010

I. ACCOUNTING POLICIES (continued)

I.9 Impairment (continued)

Non-financial assets (continued)

In assessing value in use, the expected future cash flows from the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination. An impairment loss is recognised in profit or loss whenever the carrying amount of an asset exceeds its recoverable amount.

For an asset that does not generate cash inflows that are largely independent of those from other assets the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a *pro rata* basis.

A previously recognised impairment loss is reversed if there is an indication that the impairment loss may have reversed and if the recoverable amount increases as a result of a change in the estimates used to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior years. Impairment losses on goodwill are not reversed.

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flow of that asset.

An impairment loss in respect of financial assets measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are re-assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss.

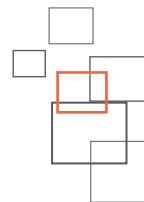
An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in profit or loss.

I.10 Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss, except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current income tax expense comprises tax payable calculated on the basis of the expected taxable income for the year, using the tax rates enacted or substantively enacted at the reporting date, and any adjustment of tax payable for previous years.

Deferred tax is provided using the balance sheet method, based on temporary differences. Temporary differences are differences between the carrying amounts of assets or liabilities for financial reporting purposes and their tax base. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets or liabilities using tax rates enacted or substantively enacted at the statement of financial position date. Deferred tax is charged to the statement of comprehensive income, except to the extent that it relates to a transaction that is recognised directly in equity, or a business combination that is an acquisition. The effect on deferred tax of any changes in tax rates is recognised in the statement of comprehensive income, except to the extent that it relates to items previously charged or credited directly to equity.



Notes to the Annual Financial Statements (continued)

for the year ended 31 July 2010

I. ACCOUNTING POLICIES (continued)

I.10 Income tax (continued)

Deferred tax assets or liabilities are offset if there is a legally enforceable right to offset current tax liabilities or assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities or assets on a net basis or their tax assets or liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

I.11 Financial instruments

Measurement

Financial instruments are initially measured at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition these instruments are measured as set out below:

Trade and other receivables

Trade and other receivables are measured at amortised cost using the effective interest method, less impairment losses.

Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost, which approximates fair value, based on the relevant exchange rates at reporting date.

Financial liabilities

Financial liabilities not at fair value through profit or loss are recognised at amortised cost, using the effective interest method.

Derivative instruments

The Group uses derivative financial instruments including interest rate swaps to hedge its exposure to interest rates and forward exchange contracts to hedge its exposure to currency fluctuations. It is the policy of the Group not to trade in derivative financial instruments for speculative purposes. Derivative financial instruments are initially and subsequently recognised at fair value.

Loans to/(from) Group companies

These include loans to subsidiaries and are recognised initially at fair value plus direct transaction costs.

Subsequently these loans are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

On loans receivable an impairment loss is recognised in profit or loss when there is objective evidence that it is impaired. The impairment is measured as the difference between the receivables carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

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

Loans to/(from) Group companies are classified as loans and receivables.

I.12 Leases

Operating leases (as lessee)

Leases where the lessor retains the risks and rewards of ownership of the underlying asset are classified as operating leases. Payments made under operating leases are charged against income on a straight-line basis over the period of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.



Notes to the Annual Financial Statements (continued)

for the year ended 31 July 2010

I. ACCOUNTING POLICIES (continued)

I.13 Finance income and expenses

Interest is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is probable that such income will accrue to the Group.

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance expenses comprise interest expense on borrowings as well as foreign exchange losses on borrowings. All borrowing costs are recognised in profit or loss using the effective interest method. Foreign currency gains or losses are reported on a net basis.

I.14 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets or liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency at the exchange rate at the end of the period. Non-monetary assets or liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate date at the fair value as determined. Foreign currency differences arising on the retranslation are recognised in profit or loss, except for the differences arising on the retranslation of available-for-sale equity instruments, a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges, which are recognised directly in equity.

Foreign operations

The assets or liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Rand at the appropriate exchange rate at the reporting dates. The income or expenses of foreign operations are translated to Rand at exchange rates at the dates of the transactions.

Foreign currency differences are recognised directly in equity in the foreign currency translation reserve. When a foreign operation is disposed of, in part or in full, the relevant amount in the FCTR is transferred to profit or loss.

I.15 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts, all of which are available for use by the Group, unless otherwise stated.

I.16 Segment reporting

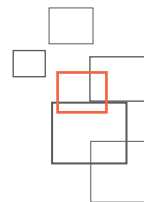
IFRS 8 requires the identification of operating segments on the basis of internal reports that are regularly reviewed by the "chief operating decision-maker" in order to allocate to the segment and assess its performance.

IFRS 8 requires reconciliation for total reportable segments to the total reported IFRS figures for all of the following items:

- Revenue;
- Profit or loss before income tax expense/income and discontinued operations;
- Assets;
- Liabilities; and
- Every other material item of information disclosed as required by IFRS 8.

An operating segment is a component of an entity:

- a. that engages in business activities from which it may earn revenues and incur expenses (including revenues or expenses relating to transactions with other components of the same entity);
- b. whose operating results are regularly reviewed by the entity's chief operating decision-maker about resources to be allocated to the segment as assess its performance; and
- c. for which discrete financial information is available.



Notes to the Annual Financial Statements (continued)

for the year ended 31 July 2010

I. ACCOUNTING POLICIES (continued)

I.16 Segment reporting (continued)

The Group conducts its business in the IT services and software industry. The Group is organised into three operating segments:

- SecureData Africa: which includes the sale, distribution and support of security products including anti-virus, intrusion detection, firewalls, authentication and network asset management and the provision of managed security services in Africa;
- SensePost: which includes consultancy services and independent information security assessment services; and
- MIS-CDS: which includes the sale, distribution and support of security products including anti-virus, intrusion detection, firewalls, authentication and network asset management and the provision of managed security services in the United Kingdom.

Segment results include revenue or expenses directly attributable to a segment and the relevant portion of enterprise revenue or expenses that can be allocated on a reasonable basis to a segment, whether from external transactions or from transactions with other Group segments. Inter-segment transfer pricing is based on cost plus an appropriate margin. Unallocated items mainly comprise corporate expenses, research and development costs, and amortisation of intangible assets. Segment results are determined before any adjustments for minority interest.

Segment assets or liabilities comprise those operating assets or liabilities that are directly attributable to the segment or can be allocated to the segment on a reasonable basis. Segment assets are determined after deduction of related allowances that are reported as direct offsets in the Group's statement of financial position.

Capital expenditure represents the total costs incurred during the period to acquire segment assets that are expected to be used during more than one period (namely, property, plant and equipment and intangible assets).

I.17 Employee benefits

Short-term employee benefits

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service. The accruals for employee entitlements to salaries, annual and sick leave represent the amount which the Group has a present obligation to pay as a result of employee's services provided to the reporting date. The accruals have been calculated at undiscounted amounts based on current salary rates.

Retirement benefits

The company and its South African subsidiaries contribute to a defined contribution plan in accordance with the Pension Funds Act of 1956. The UK operations contribute to a defined contribution pension fund. Contributions to defined contribution funds are charged against income as incurred.

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss when they are due. Pre-paid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

I.18 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity net of any tax effects.



Notes to the Annual Financial Statements (continued)

for the year ended 31 July 2010

I. ACCOUNTING POLICIES (continued)

I.18 Share capital (continued)

When share capital recognised as equity is repurchased the amount of the consideration paid, which includes directly attributable costs, is net of any tax effects and recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold subsequently, the amount received is recognised as an increase in equity.

I.19 Share-based transactions

The grant date fair value of options granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options for which the related service and non-market vesting conditions are met.

The fair value of the amount payable to employees in respect of share appreciation rights, which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period that the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognised as personnel expenses in profit or loss.

I.20 Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets or liabilities. Fair values have been determined for measurement and or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The market value of items of plant, equipment, fixtures and fittings is based on the quoted market prices for similar items.

Intangible assets

The fair value of patents and trademarks acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the patent or trademark being owned. The fair value of customer relationships acquired in a business combination is determined using a residual income approach method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows.

The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

Software

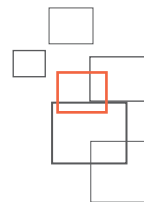
The fair value of software acquired in a business combination is determined based on the trended historical cost method. This method uses the reproduction cost method which is defined as the estimated cost to construct, at current prices as of the date of the analysis, an exact duplicate or replica of the subject software, using the same materials, production standards, design layout and quality of workmanship as the software acquired.

Inventories

The fair value of inventories acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

Investments in equity and debt securities

The fair value of financial assets at fair value through profit or loss and held-to-maturity investments is determined by reference to their quoted closing bid price at the reporting date. The fair value of held-to-maturity investments is determined for disclosure purposes only.



Notes to the Annual Financial Statements (continued)

for the year ended 31 July 2010

I. ACCOUNTING POLICIES (continued)

I.20 Determination of fair values (continued)

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Share-based payment transactions

The fair value of employee share options is measured using the Black-Scholes model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

I.21 Earnings per share

The Group presents basic earnings per share ("EPS") and diluted earnings per share ("DEPS") data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period. DEPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

I.22 Borrowing costs

Borrowing costs primarily comprise interest on the Group's borrowings. All borrowing costs are expensed, except for borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset, which are capitalised in the period in which they are incurred.

I.23 New and amended International Financial Reporting Standards applicable to the Group, not yet adopted

IAS 24 Related Party Disclosures

IAS 24 (revised) will be adopted by the Group for the first time for its financial reporting period ending 31 July 2012.

The standard will be applied retrospectively.

IAS 24 (revised) addresses the disclosure requirements in respect of related parties, with the main changes relating to the definition of a related party. SecureData has yet to assess the effect of this particular standard, and to determine whether or not the revised definition of a related party will result in any additional relationships being identified as related parties.

IFRS 9 Financial Instruments

IFRS 9 will be adopted by the Group for the first time for its financial reporting period ending 31 July 2014. The standard will be applied retrospectively, subject to transitional provisions.

IFRS 9 addresses the initial measurement and classification of financial assets and will replace the relevant sections of IAS 39.

Under IFRS 9 there are two options in respect of classification of financial assets, namely, financial assets measured at amortised cost or at fair value. Financial assets are measured at amortised cost when the business model is to hold assets in order to collect contractual cash flows and when they give rise to cash flows that are solely payments of principal and interest on the principal outstanding. All other financial assets are measured at fair value.

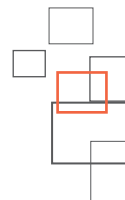
Embedded derivatives are no longer separated from hybrid contracts that have a financial asset host.

The impact on the financial statements for the Group has not yet been estimated.

Notes to the Annual Financial Statements (continued)

for the year ended 31 July 2010

	Group		Company	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
2. REVENUE				
Sales	355 556	358 133	–	–
Services	103 397	106 499	–	–
	458 953	464 632	–	–
3. RESULTS FROM OPERATING ACTIVITIES				
Results from operating activities are arrived at after taking into account:				
Auditors' remuneration	1 004	1 466	–	–
– current year audit fee	973	601	–	–
– prior years under provision	31	865	–	–
– other services	–	–	–	–
Operating lease costs	5 667	7 036	–	–
– premises	5 583	6 848	–	–
– equipment	84	188	–	–
Foreign exchange losses on suppliers	3 080	6 686	–	–
Depreciation of property, plant and equipment	4 044	3 391	–	–
– motor vehicles	86	85	–	–
– computer equipment	2 392	2 375	–	–
– furniture and fittings	768	353	–	–
– office equipment	798	578	–	–
Amortisation of intangible assets	10 298	11 488	–	–
– trademarks	3 898	4 686	–	–
– customer relationships	3 199	4 632	–	–
– distributor relationships	1 844	1 844	–	–
– computer software	1 357	326	–	–
Employee costs	94 503	97 626	–	–
– re-organisational and retrenchment costs	–	305	–	–
– contribution to provident fund	2 627	1 537	–	–
– other salaries and wages	91 015	95 170	–	–
– share-based payment expense	861	614	–	–
Loss/(profit) on disposal of fixed assets	26	(30)	–	–
4. FINANCE INCOME				
Bank accounts	268	1 114	1	17
Group loans	–	–	9 011	7 678
Other	132	168	–	–
	400	1 282	9 012	7 695
5. FINANCE EXPENSES				
Bank accounts	279	15	8	–
Long-term borrowings	10 704	16 889	10 704	16 569
Other	605	1 034	2	–
	11 588	17 938	10 714	16 569



Notes to the Annual Financial Statements (continued)

for the year ended 31 July 2010

	Group		Company	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
6. OTHER FINANCIAL ITEMS				
Fair value movements in derivatives:				
– Interest rate swaps	1 567	(1 567)	1 567	(1 567)
– Forward exchange contracts	1 226	(5 508)	–	–
	2 793	(7 075)	1 567	(1 567)
7. TAXATION				
Income tax comprises:				
South African normal tax				
Current tax	12 711	8 040	24	–
– Current year	12 550	9 156	–	–
– Prior year	161	(1 116)	24	–
Deferred tax	(4 346)	(4 038)	(2 782)	(4 329)
– Current year	(4 373)	(3 846)	(2 782)	(4 329)
– Prior year	27	(192)	–	–
Foreign tax charge				
– Deferred tax	(371)	(830)	–	–
Total normal tax	7 994	3 172	(2 758)	(4 329)
Reconciliation of rate of income tax:				
	%	%	%	%
The reconciliation of the rate of income tax is based on profit before income tax.				
Standard rate of income tax	28,0	28,0	28,0	28,0
Adjusted for:				
Prior year tax	0,2	(12,6)	0,2	–
Disallowed expenditure / exempt income	7,9	19,9	(51,6)	(34,3)
Tax losses created not utilised	(2,7)	3,0	–	–
UK tax rate differential	–	(0,3)	–	–
Deferred taxation prior year	–	(2,2)	–	–
Effective income tax rate	33,4	35,8	(23,0)	(6,3)
8. EARNINGS PER ORDINARY SHARE				
8.1 Basic earnings per ordinary share				
The calculation of earnings per ordinary share is based on:				
Weighted average number of ordinary shares outstanding during the period ('000)			228 700	227 076
Profit attributable to owners of the parent (R'000)			17 044	6 630
Basic earnings per ordinary share (cents)			7,5	2,9

Notes to the Annual Financial Statements (continued)

for the year ended 31 July 2010

8. EARNINGS PER ORDINARY SHARE (continued)

8.1 Basic earnings per ordinary share (continued)

Reconciliation of the weighted average number of ordinary shares:

	Total number of shares		Weighted number of shares	
	2010 '000	2009 '000	2010 '000	2009 '000
Balance at the beginning of the year	242 102	242 102	242 102	242 102
Treasury shares held at the beginning of the year	(15 436)	(15 965)	(15 436)	(15 965)
Effect of share issue in May 2010	4 219	–	703	–
Shares utilised to settle the acquisition price of a subsidiary acquired in 2008	1 331	1 169	1 331	1 169
Effect of shares repurchased	–	(640)	–	(230)
Balance at the end of the year	232 216	226 666	228 700	227 076

8.2 Headline earnings per ordinary share

The calculation of headline earnings per ordinary share is based on a weighted average of 228 700 061 (2009: 227 075 508) ordinary shares in issue during the year, and headline earnings is calculated as follows:

	Group	
	2010 R'000	2009 R'000
<i>Reconciliation between earnings and headline earnings</i>		
Profit attributable to owners of the parent	17 044	6 630
<i>Adjustments for:</i>		
Loss/(profit) on disposal of property, plant and equipment	26	(30)
Headline earnings	17 070	6 600
Headline earnings per ordinary share (cents)	7,5	2,9

8.3 Diluted earnings per ordinary share

The calculation of fully diluted earnings per ordinary share is based on earnings of R17,04 million (2009: R6,63 million) and a weighted average number of 228 700 061 (2009: 227 075 508) ordinary shares in issue during the year adjusted for the effect of all possible dilutions.

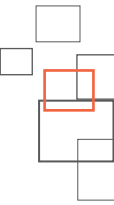
8.4 Diluted headline earnings per ordinary share

The calculation of diluted headline earnings per ordinary share is based on headline earnings of R17,07 million (2009: R6,60 million) and a weighted average number of 228 700 061 (2009: 227 075 508) ordinary shares in issue during the year adjusted for the effect of all possible dilutions.

8.5 Adjusted earnings per ordinary share

The calculation of adjusted earnings per ordinary share is based on a weighted average of 228 700 061 (2009: 227 075 508) ordinary shares in issue during the year, and adjusted earnings are calculated as follows:

	2010	2009
	R'000	R'000
<i>Reconciliation between earnings and adjusted earnings</i>		
Profit attributable to owners of the parent	17 044	6 630
<i>Adjustments for:</i>		
– Amortisation of intangible assets (after taxation)	7 414	7 806
– Foreign exchange losses on Group loans (after taxation)	7 554	7 058
– Derivatives (after taxation)	(2 011)	5 094
Adjusted earnings	30 001	26 588
Adjusted earnings per ordinary share (cents)	13,1	11,7



Notes to the Annual Financial Statements (continued)

for the year ended 31 July 2010

8. EARNINGS PER ORDINARY SHARE (continued)

8.6 Diluted adjusted earnings per ordinary share

The calculation of diluted adjusted earnings per share is based on adjusted earnings of R30,00 million (2009: R26,59 million) and a weighted average number of ordinary shares outstanding during the year adjusted for the effect of all possible dilutions of 228 700 061 (2009: 227 075 508).

9. PROPERTY, PLANT AND EQUIPMENT

9.1 Group

	Depreciation rate %	Cost R'000	Accumulated depreciation and impairment R'000	Carrying amount R'000
2010				
Motor vehicles	20	323	110	213
Computer equipment	33	12 940	8 847	4 093
Furniture and fittings	10 – 20	3 269	1 394	1 875
Office equipment	10 – 33	3 475	1 761	1 714
		20 007	12 112	7 895
2009				
Motor vehicles	20	370	71	299
Computer equipment	33	10 257	6 866	3 391
Furniture and fittings	10 – 20	1 651	900	751
Office equipment	10 – 33	3 390	972	2 418
		15 668	8 809	6 859

9.2 Carrying amount reconciliation

Group	Motor vehicles R'000	Computer equipment R'000	Furniture and fittings R'000	Office equipment R'000	Total R'000
2010					
At beginning of year	299	3 391	751	2 418	6 859
Additions	–	3 300	1 972	94	5 366
Disposals	–	(33)	(50)	–	(83)
Depreciation	(86)	(2 392)	(768)	(798)	(4 044)
Currency adjustment	–	(173)	(30)	–	(203)
At end of year	213	4 093	1 875	1 714	7 895
2009					
At beginning of year	54	3 470	1 159	2 812	7 495
Additions	330	2 298	34	200	2 862
Depreciation	(85)	(2 375)	(353)	(578)	(3 391)
Currency adjustment	–	(2)	(89)	(16)	(107)
At end of year	299	3 391	751	2 418	6 859

There is a charge over the property, plant and equipment as security for debt as disclosed in note 23.

Notes to the Annual Financial Statements (continued)

for the year ended 31 July 2010

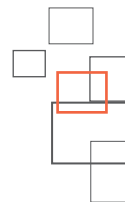
10. INVESTMENTS IN SUBSIDIARIES

Interest in subsidiaries	Issued share capital (Shares)	Percentage holding		Interest of company			
				Net investment in subsidiaries		Due by subsidiaries**	
		2010 %	2009 %	2010 R'000	2009 R'000	2010 R'000	2009 R'000
Directly held							
Activ8 (Proprietary) Limited ¹	–	–	100	–	*	–	–
New Generation Solutions (Proprietary) Limited ¹	200	100	100	350	14 070	–	1 941
SDH UK Limited ²	200 000	80.8	75.8	91 051***	86 639***	80 354	89 181
SecureData Administration (Proprietary) Limited ¹	1	100	100	*	*	34 228	40 830
SecureData Content (Proprietary) Limited ¹	100	100	100	*	*	–	–
SecureData Continuity (Proprietary) Limited ¹	100	100	100	*	*	–	–
SecureData Security (Proprietary) Limited ¹	100	100	100	17 678	3 096	–	–
SensePost (Proprietary) Limited ¹	100	100	100	32 000	32 000	–	–
				141 079	135 805	114 582	131 952
Indirectly held							
I-Sentral Security Limited ²	932 493	80.8	75.8	–	–	–	–
MIS Corporate Defence Solutions Limited ²	1 358 056	80.8	75.8	–	–	–	–
MIS Group Holdings Limited ²	944 261	80.8	75.8	–	–	–	–
SDH UK Management Limited ²	100	80.8	75.8	–	–	–	–
¹ Incorporated in South Africa							
² Incorporated in England and Wales							
* Less than R1 000							
** Non-interest bearing, unsecured and no fixed terms of repayment							
*** Includes:							
Shares at cost				9 621	9 151		
Equity contribution				69 409	66 824		
Unsecured loan stock (A Loan)				12 021	10 664		
				91 051	86 639		

During the year under review the Group transferred the business activities of SecureData Content (Proprietary) Limited and New Generation Solutions (Proprietary) Limited to SecureData Security (Proprietary) Limited. This resulted in the cost of the investment in New Generation Solutions (Proprietary) Limited of R13.7 million being transferred to the cost of investment in SecureData Security (Proprietary) Limited.

During the year under review the company acquired another 5% interest in SDH UK Limited from a director and minority shareholder. The purchase consideration was settled with issuing 4 218 585 shares in the company to the director.

All of the assets of subsidiaries, including the company's shareholding, are pledged as security for secured bank loans (note 23).



Notes to the Annual Financial Statements (continued)

for the year ended 31 July 2010

	Group		Company	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
II. GOODWILL				
<i>Reconciliation of the carrying amount of goodwill</i>				
Carrying amount at beginning of year	140 394	120 975	–	–
Adjustments in respect of prior year acquisitions:				
– SDH UK Limited	–	29 782	–	–
Effect of movement in exchange rate	(10 853)	(10 363)	–	–
Carrying amount at end of year	129 541	140 394	–	–
The aggregate carrying amounts of goodwill allocated to each cash-generating unit are as follows:				
SecureData Content	2 359	2 359	–	–
Value Added Distribution	2 305	2 305	–	–
SensePost	24 032	24 032	–	–
SDH UK	89 723	100 576	–	–
New Generation Solutions	11 122	11 122	–	–
	129 541	140 394	–	–

Management reviews the carrying value of these cash-generating units annually based on the value in use and determined that there were no impairment indicators. Goodwill was tested for impairment at year-end.

Management has based its cash flow projections for the period covered by the most recent budgets with growth forecast appropriate for each cash-generating unit ranging between 5% and 10% as appropriate. Management used a Weighted Average Cost of Capital ("WACC") of 20% for SDH UK, 19% for SensePost, 16,67% for New Generation Solutions and discount rates appropriate for business units of a similar size in similar markets for SecureData Content and Value Added Distribution.

12. INTANGIBLE ASSETS

Group	Trade- marks R'000	Customer relationships R'000	Distributor relationships R'000	Computer software R'000	Total R'000
Cost					
As at 31 July 2008	61 477	16 941	9 220	44 030	131 668
Computer Software additions	–	–	–	726	726
Adjustment in respect of prior year acquisitions through business combinations					
– SDH UK Limited and its subsidiaries	(12 040)	7 897	–	(39 415)	(43 558)
Effect of movement in exchange rate	(4 615)	(2 319)	–	(374)	(7 308)
As at 31 July 2009	44 822	22 519	9 220	4 967	81 528
Computer Software additions	–	–	–	149	149
Effect of movement in exchange rate	(4 585)	(2 305)	–	(379)	(7 269)
At end of the year	40 237	20 214	9 220	4 737	74 408

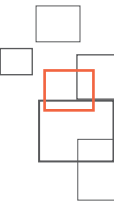
Notes to the Annual Financial Statements (continued)

for the year ended 31 July 2010

12. INTANGIBLE ASSETS (continued)

	Trade- marks R'000	Customer relationships R'000	Distributor relationships R'000	Computer software R'000	Total R'000
Accumulated amortisation and impairments					
As at 31 July 2008	1 461	570	2 414	1 636	6 081
Amortisation for current year	4 686	4 632	1 844	326	11 488
Effect of movement in exchange rate	(98)	(25)	–	(336)	(459)
As at 31 July 2009	6 049	5 177	4 258	1 626	17 110
Amortisation for current year	3 898	3 199	1 844	1 357	10 298
Effect of movement in exchange rate	(708)	(634)	–	(303)	(1 645)
At end of the year	9 239	7 742	6 102	2 680	25 763
Net book value at end of year	30 998	12 472	3 118	2 057	48 645
Net book value at end of previous year	38 773	17 342	4 962	3 341	64 418
Average remaining useful lives of intangible assets (years)	8.0	3.9	1.7	1.5	

	Group		Company	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
13. DEFERRED TAX				
Balance at beginning of year	19 407	2 412	6 581	2 252
Prior year adjustment on business combinations	–	13 776	–	–
Current year's charge	4 744	4 675	2 782	4 329
Prior year adjustment	(27)	277	–	–
Foreign currency adjustment	(1 740)	(1 733)	–	–
Balance at end of year	22 384	19 407	9 363	6 581
13.1 Recognised deferred tax assets and liabilities				
Deferred tax assets and liabilities are attributable to the following:				
Capital allowances	16	190	–	–
Operating lease accrual	185	220	–	–
Pre-payments	(29)	(169)	–	–
Provisions	1 213	1 018	–	–
Deferred income	417	259	–	–
Other	156	–	–	–
Tax loss carried forward	25 860	30 331	1 400	1 564
Intangible assets	(13 397)	(17 459)	–	–
Unrealised foreign exchange losses	7 963	5 017	7 963	5 017
At end of year	22 384	19 407	9 363	6 581
Deferred tax assets	35 526	36 590	9 363	6 581
Deferred tax liabilities	(13 142)	(17 183)	–	–
Net deferred tax asset	22 384	19 407	9 363	6 581



Notes to the Annual Financial Statements (continued)

for the year ended 31 July 2010

13. DEFERRED TAX (continued)

13.2 Movement in temporary differences during the year

Group	Balance at 31 July 2009 R'000	Recognised in profit R'000	Prior year adjustment R'000	Reclassi- fication R'000	Foreign currency adjustment R'000	Balance at 31 July 2010 R'000
Capital allowances	190	9	–	(183)	–	16
Operating lease accrual	220	(35)	–	–	–	185
Pre-payments	(169)	140	–	–	–	(29)
Provisions	1 018	287	(275)	183	–	1 213
Deferred income	259	158	–	–	–	417
Other	–	96	60	–	–	156
Tax loss carried forward	30 331	(1 372)	188	–	(3 287)	25 860
Intangible assets	(17 459)	2 515	–	–	1 547	(13 397)
Unrealised foreign exchange losses	5 017	2 946	–	–	–	7 963
At end of year	19 407	4 744	(27)	–	(1 740)	22 384

Group	Balance at 31 July 2008 R'000	Recognised in profit R'000	Prior year adjustment R'000	Reclassi- fication R'000	Adjustment to business combi- nations R'000	Foreign currency adjustment R'000	Balance at 31 July 2009 R'000
Capital allowances	(64)	(77)	–	331	–	–	190
Operating lease accrual	65	35	120	–	–	–	220
Pre-payments	–	(34)	(19)	(116)	–	–	(169)
Provisions	1 212	170	130	(494)	–	–	1 018
Deferred income	–	–	–	259	–	–	259
Tax loss carried forward	34 597	(875)	(39)	711	–	(4 063)	30 331
Intangible assets	(35 650)	2 691	85	(691)	13 776	2 330	(17 459)
Unrealised foreign exchange losses	2 252	2 765	–	–	–	–	5 017
At end of year	2 412	4 675	277	–	13 776	(1 733)	19 407

Company	Balance at 31 July 2009 R'000	Recognised in profit R'000	Balance at 31 July 2010 R'000
Tax loss carried forward	1 564	(164)	1 400
Unrealised foreign exchange losses	5 017	2 946	7 963
At end of year	6 581	2 782	9 363

Company	Balance at 31 July 2008 R'000	Recognised in profit R'000	Balance at 31 July 2009 R'000
Tax losses carried forward	–	1 564	1 564
Unrealised foreign exchange losses	2 252	2 765	5 017
At end of year	2 252	4 329	6 581

Notes to the Annual Financial Statements (continued)

for the year ended 31 July 2010

	Group		Company	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
13. DEFERRED TAX (continued)				
13.3 Unrecognised deferred tax assets as a result of assessed losses				
Estimated tax losses available for utilisation against future taxable income	122 409	135 410	4 999	5 585
Applied to increase deferred tax asset	(93 582)	(106 055)	(4 999)	(5 585)
Net tax loss carried forward	28 827	29 355	–	–

The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefit therefrom.

14 INVENTORIES				
Goods held for resale	3 699	4 074	–	–
Allowance for impairment	(107)	(34)	–	–
Inventories	3 592	4 040	–	–

There is a charge over inventories as security for debt as disclosed in note 23.

15. TRADE AND OTHER RECEIVABLES				
Net trade receivables	113 526	71 150	–	–
– trade receivables	115 951	73 098	–	–
– allowance for impairment	(2 425)	(1 948)	–	–
Pre-payments	4 351	3 966	–	–
Loans to directors (note 29.2)	809	747	–	–
Other receivables	11 089	5 876	–	–
Balance at end of year	129 775	81 739	–	–

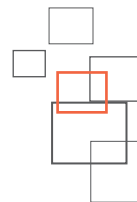
The Group's exposure to credit and currency risks related to trade and other receivables is discussed in note 27. There is a charge over trade and other receivables as security for debt as disclosed in note 23.

16. CASH AND CASH EQUIVALENTS				
Rand denominated bank balances	31 872	33 234	–	61
Foreign currency denominated bank balances	36 164	24 371	–	–
Balance at end of year	68 036	57 605	–	61

The foreign denominated bank balances include the following foreign currencies:

US Dollar	807	1 880	–	–
Sterling	2 645	1 880	–	–

There is a charge over cash and cash equivalents as security for debt as disclosed in note 23.



Notes to the Annual Financial Statements (continued)

for the year ended 31 July 2010

	Group		Company	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
17. SHARE CAPITAL				
<i>Authorised</i>				
500 000 000 ordinary shares of R0,001 each	500	500	500	500
<i>Issued</i>				
246 320 271 (2009: 242 101 686) ordinary shares of R0,001 each	246	242	246	242

The unissued ordinary share capital of the company has been placed under the control of the directors of the company with the authority to issue all or part thereof to such persons and on such terms and conditions and at such prices and times as the directors may from time to time determine, but subject to the provisions of sections 221, 222 and 223 of the Companies Act (Act 61 of 1973), as amended, and the Listings Requirements of the JSE Limited. During the year under review the company issued 4 218 585 ordinary shares to acquire an additional 5% interest in SDH UK Limited.

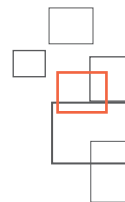
Reconciliation of movement in share capital

	Group		Company	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
Balance at beginning of year	242	242	242	242
Shares issued during year	4	–	4	–
Balance at the end of year	246	242	246	242
Number of shares in issue net of treasury shares	'000	'000	'000	'000
Shares in issue at end of year	246 320	242 102	246 320	242 102
Shares held in treasury	(14 104)	(15 436)	(14 104)	(15 436)
Shares in issue net of treasury	232 216	226 666	232 216	226 666
18. SHARE PREMIUM	R'000	R'000	R'000	R'000
Balance at beginning of year	115 234	115 234	115 234	115 234
Shares issued	3 666	–	3 666	–
Balance at end of year	118 900	115 234	118 900	115 234
19. TREASURY SHARE RESERVE				
Balance at beginning of year	(22 215)	(23 586)	–	–
Own shares acquired by subsidiaries	–	(838)	–	–
Own shares sold by subsidiaries	2 516	2 209	–	–
Balance at end of year	(19 699)	(22 215)	–	–
20. SHARE-BASED PAYMENT EQUITY RESERVE				
Balance at beginning of year	3 096	2 482	3 096	2 482
Created during year	861	614	861	614
Balance at end of year	3 957	3 096	3 957	3 096
The share-based payment reserve relates to the value of the accumulated cost for the future settlement of obligations arising from the share incentive scheme.				
21. FOREIGN CURRENCY TRANSLATION RESERVE				
Balance at beginning of year	(14 386)	(8 174)	–	–
Foreign exchange movements during year	(8 045)	(6 212)	–	–
Balance at end of year	(22 431)	(14 386)	–	–
The FCTR comprises all foreign currency exchange differences arising from the translation of the financial statements of foreign operations.				

Notes to the Annual Financial Statements (continued)

for the year ended 31 July 2010

	Group		Company	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
22. MINORITY INTEREST				
Acquisition of subsidiary company	17 080	21 770	–	–
Foreign exchange movements	(1 839)	(3 755)	–	–
Reduction due to purchase by parent	(3 054)	–	–	–
Recognised loss for year	(1 096)	(935)	–	–
Balance at end of year	11 091	17 080	–	–
23. LOANS AND BORROWINGS				
Non-current liabilities				
Secured bank loans	44 074	69 250	44 074	69 250
Unsecured loan stock (A loan)	2 590	3 352	–	–
Balance at end of year	46 664	72 602	44 074	69 250
Current liabilities				
Current portion of secured bank loans	18 871	18 065	18 871	18 065
Balance at end of year	18 871	18 065	18 871	18 065
The secured bank loan carries interest at a rate of JIBAR plus 450 basis points and is repayable in quarterly instalments over 60 months. The loan is secured by a fixed and floating charge over all the assets within the Group.				
The unsecured loan stock is interest free and redeemable after 20 years.				
24. TRADE AND OTHER PAYABLES				
Trade payables	76 571	35 016	–	–
Other payables	41 680	40 154	350	2 867
Operating lease accrual	661	753	–	–
Deferred revenue	19 788	14 682	–	–
Balance at end of year	138 700	90 605	350	2 867
The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 27.				
25. DERIVATIVE FINANCIAL INSTRUMENTS				
Interest rate swap agreements	–	1 567	–	1 567
Forward exchange contracts	4 282	5 508	–	–
Balance at end of year	4 282	7 075	–	1 567
Interest rate swaps				
Group and Company				
Details of interest rate swap:				
Nominal swap amount (R'000)			–	30 000
Period			–	1 year
Maturity date			–	July 2010
Rate (%)			–	12.13



Notes to the Annual Financial Statements (continued)

for the year ended 31 July 2010

25. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Forward exchange contracts

Group

At 31 July 2010 the Group had entered into the following forward exchange contracts:

	Rand to Euro	Rand to USD	GBP to USD
Nominal FEC amount ('000)	€1 594	\$3 600	\$1 550
Maturity date	Between 24/11/10 and 25/02/11	Between 04/08/10 and 01/11/10	Between 02/08/10 and 27/09/10
Rate	R12.49: €1	Range between R7.40: \$1 and R7.69: \$1	Range between £1: \$1.46 and £1: \$1.51

At 31 July 2009 the Group had entered into the following forward exchange contracts:

	Rand to Euro	Rand to USD	GBP to USD
Nominal FEC amount ('000)	€2 302	\$1 769	\$1 000
Maturity date	Between 04/08/09 and 20/01/10	Between 03/08/09 and 05/10/09	Between 26/08/09 and 25/09/09
Rate	Range between R11.04: €1 and R13.74: €1	Range between R7.69: \$1 and R8.36: \$1	Range between £1: \$1.64 and £1: \$1.63

The following table presents financial assets or liabilities measured at fair value in the statement of financial position in accordance with the fair value hierarchy. This hierarchy groups financial assets or liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets or liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The financial assets or liabilities measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

Group	Level 1	Level 2	Level 3	Total
2010	R'000	R'000	R'000	R'000
Liabilities				
Derivative financial liabilities at fair value through profit or loss	–	4 282	–	4 282
Net fair value	–	4 282	–	4 282
Group				
2009				
Derivative financial liabilities at fair value through profit or loss	–	7 075	–	7 075
Net fair value	–	7 075	–	7 075

There have been no significant transfers between Levels 1 and 2 in the reporting period.

Notes to the Annual Financial Statements (continued)

for the year ended 31 July 2010

26. SHARE-BASED PAYMENTS

- 26.1** Effective 1 April 2008, the Group issued share options to directors, key management and employees (Group employees). The terms and conditions of the option scheme entitle participating staff to purchase shares in five equal tranches, every April and February over a period of five years.

In terms of the scheme, no share options were issued during the current year or the prior year.

The fair value of the options at grant date has been determined using the Black-Scholes formula using the following model inputs:

	2008 Grant	2007 Grant
Share price	R1,70	R1,31
Exercise price	R1,15	R1,31
Volatility	32%	2.04%
Term	1 – 5 years (20% per annum)	1 – 5 years (20% per annum)
Risk free rate	11.2%	12.5%
Expected dividend rate	0%	0%
Resignation rate		
– year 1	8%	0%
– year 2	8%	0%
– year 3	17%	9%
– year 4	17%	9%
– year 5	25%	9%

Expected volatility is estimated by considering three years' historic average share price volatility.

The qualifying Group employees must be in the employ of the company on the 'anniversary date', being 1 April each year.

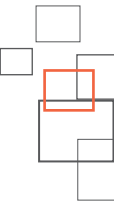
	2010 R'000	2009 R'000
The movement in the number of share options is as follows:		
Outstanding 1 August	4 760	12 920
Forfeited during the year	–	(8 160)
Outstanding at 31 July	4 760	4 760

No options were exercised in the current year or the prior year.

The options outstanding at 31 July 2010 have an exercise price in the range of between R1,15 and R1,31.

- 26.2** Effective 1 August 2009, the Group implemented an executive incentive plan. The terms and conditions of the plan entitle participants to receive participation rights. Participation rights vests in three equal tranches on the 1st, 2nd and 3rd anniversary dates. Participants will be paid, in cash, the difference between the share price and the exercise price on the 5th anniversary date. The remuneration committee allocates participation rights to participants that can include directors, key management and employees (Group employees).

In terms of the plan, 8 million participation rights were issued during the current year.



Notes to the Annual Financial Statements (continued)

for the year ended 31 July 2010

26. SHARE-BASED PAYMENTS (continued)

26.2 (continued)

The fair value of the participation rights at grant date has been determined using the Black-Scholes formula using the following model inputs:

	2010 Grant
Share price at grant date	R0.50
Exercise price	R1.20
Volatility	12.8%
Term	1 – 3 years (33.3% per annum)
Risk free rate	8.4%
Expected dividend rate	0%
Resignation rate	
– year 1	0%
– year 2	0%
– year 3	0%

Expected volatility is estimated by considering three years' historic average share price volatility.

The participant employees must be in the employ of the company on the 'vesting anniversary date', being 1 August each year.

	2010 R'000
The movement in the number of participant rights is as follows:	
Granted during the year	8 000
Outstanding at 31 July	8 000

The participant rights outstanding at 31 July 2010 have an exercise price of R1,20 and a settlement date of 31 July 2014.

27. FINANCIAL INSTRUMENTS

Financial instruments by category – Group

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

31 July 2010

Assets per statement of financial position	Loans and receivables R'000	Derivatives used for hedging R'000
Cash and cash equivalents	68 036	–
Trade and other receivables	129 775	–

Liabilities per statement of financial position	Other financial liabilities at amortised cost R'000	Other financial liabilities at fair value R'000	Derivatives used for hedging R'000
Interest bearing borrowings	65 535	–	–
Derivative financial instruments	–	–	4 282
Trade and other payables	138 700	–	–

31 July 2009

Assets per statement of financial position	Loans and receivables R'000	Derivatives used for hedging R'000
Cash and cash equivalents	57 605	–
Trade and other receivables	81 739	–

Notes to the Annual Financial Statements (continued)

for the year ended 31 July 2010

27. FINANCIAL INSTRUMENTS (continued)

Liabilities per statement of financial position	Other financial liabilities at amortised cost R'000	Other financial liabilities at fair value R'000	Derivatives used for hedging R'000
Interest bearing borrowings	90 667	–	–
Derivative financial instruments	–	–	7 075
Trade and other payables	90 605	–	–

Financial instruments by category – Company

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

31 July 2010

Assets per statement of financial position	Loans and receivables R'000	Derivatives used for hedging R'000
Loans to subsidiaries	114 582	–

Liabilities per statement of financial position	Other financial liabilities at amortised cost R'000	Other financial liabilities at fair value R'000	Derivatives used for hedging R'000
Interest bearing borrowings	62 945	–	–
Trade and other payables	350	–	–

31 July 2009

Assets per statement of financial position	Loans and receivables R'000	Derivatives used for hedging R'000
Cash and cash equivalents	61	–
Loans to subsidiaries	131 952	–

Liabilities per statement of financial position	Other financial liabilities at amortised cost R'000	Other financial liabilities at fair value R'000	Derivatives used for hedging R'000
Interest bearing borrowings	87 315	–	–
Derivative financial instruments	–	–	1 567
Trade and other payables	2 867	–	–

Exposure to currency, interest rate, liquidity and credit risk arises in the normal course of the Group's business.

Currency risk

The Group is exposed to currency risk as a result of transactions in foreign currencies. The currencies in which the Group primarily deals are Euros, US Dollars, GBP Sterling and BW Pula. The Group does not hedge its foreign currency exposure. Management monitors exchange rates and uses FECs, where necessary.

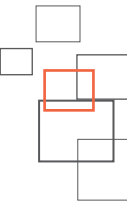
Interest rate risk

The Group generally adopts a policy of ensuring that its exposure to changes in interest rates is on a floating rate basis. Management monitors market conditions and will act to fix interest rates where appropriate.

Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers where management considers recoverability to be a risk. Reputable financial institutions are used for investing and cash handling purposes.

At reporting date there were no significant concentrations of credit risk.



Notes to the Annual Financial Statements (continued)

for the year ended 31 July 2010

27. FINANCIAL INSTRUMENTS (continued)

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position:

	Group			
	Carrying amount 2010 R'000	Fair value 2010 R'000	Carrying amount 2009 R'000	Fair value 2009 R'000
Net trade receivables	113 156	113 156	71 150	71 150
Cash and cash equivalents	68 036	68 036	57 605	57 605
Other receivables and loans	12 268	12 268	6 623	6 623
Balance at end of year	193 460	193 460	135 378	135 378
	Gross amount	Impairment allowances	Gross amount	Impairment allowances
Not past due	67 836	–	46 186	–
Past due 0 – 30 days	28 095	–	13 084	–
Past due 31 – 60 days	1 792	(22)	5 011	–
Past due 60 – 90 days	823	(3)	3 080	–
Past due 91+ days	17 405	(2 400)	5 737	(1 948)
Balance at end of year	115 951	(2 425)	73 098	(1 948)

	Group	
	2010 R'000	2009 R'000
The exposure to credit risk for trade receivables at the reporting date by geographic region was:		
Domestic	68 125	38 681
Other regions – Africa	5 955	4 240
Europe and USA	41 871	30 177
Balance at end of year	115 951	73 098
The exposure to credit risk for trade receivables at the reporting date by type of customer was:		
Parastatals/Government	1 643	8 033
Corporates	107 012	38 829
Small and medium enterprises	7 296	25 583
Individuals	–	653
Balance at end of year	115 951	73 098
The movement in the allowance for impairment in respect of trade receivables during the year was as follows:		
Balance at beginning of year	(1 948)	(2 622)
Allowance utilised during year	136	2 035
Impairment loss recognised	(613)	(1 361)
Balance at end of year	(2 425)	(1 948)

The impairment allowances against trade receivables were determined based on amounts due from customers exceeding normal credit terms.

Based on historical default rates, the Group believes that no impairment allowance is necessary in respect of trade receivables not past due or past due by up to 30 days. The amounts past due 31 days or greater have been specifically evaluated for recovery and the amounts that have not been impaired relate to customers that have a good payment record with the Group.

The allowance for impairment in respect of receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible, at that point the amounts considered irrecoverable are written off against the financial asset directly.

Notes to the Annual Financial Statements (continued)

for the year ended 31 July 2010

27. FINANCIAL INSTRUMENTS (continued)

	Company	
	2010 R'000	2009 R'000
The exposure to credit risk for loans to subsidiaries at the reporting date by geographic region was:		
Domestic	34 228	42 771
Europe	80 354	89 181
	114 582	131 952

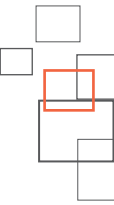
Liquidity risk

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

	Group		Group	
	Carrying value	Fair value	Carrying value	Fair value
	2010 R'000	2010 R'000	2009 R'000	2009 R'000
Trade payables	76 571	76 571	35 016	35 016
Other payables	41 680	41 680	40 154	40 154
Secured bank loans	62 945	62 945	87 315	87 315
Unsecured loan stock	2 590	2 590	3 352	3 352
	183 786	183 786	165 837	165 837

	Group				
	Carrying amount	Contracted cash flows	One year	Two to five years	More than five years
	2010 R'000	2010 R'000	2010 R'000	2010 R'000	2010 R'000
Trade payables	76 571	76 571	76 571	–	–
Other payables	41 680	41 680	41 680	–	–
Secured bank loans	62 945	75 455	25 151	50 304	–
Unsecured loan stock	2 590	2 590	–	–	2 590
	183 786	196 296	143 402	50 304	2 590

	Group				
	Carrying amount	Contracted cash flows	One year	Two to five years	More than five years
	2009 R'000	2009 R'000	2009 R'000	2009 R'000	2009 R'000
Trade payables	35 016	35 016	35 016	–	–
Other payables	40 154	40 154	40 154	–	–
Secured bank loans	87 315	112 272	28 068	84 204	–
Unsecured loan stock	3 352	3 352	–	–	3 352
	165 837	190 794	103 238	84 204	3 352



Notes to the Annual Financial Statements (continued)

for the year ended 31 July 2010

27. FINANCIAL INSTRUMENTS (continued)

	Company		Company	
	Carrying value 2010 R'000	Fair value 2010 R'000	Carrying value 2009 R'000	Fair Value 2009 R'000
Trade payables	350	350	2 867	2 867
Secured bank loans	62 945	62 945	87 315	87 315
	63 295	63 295	90 182	90 182

	Company				
	Carrying amount 2010 R'000	Contracted cash flows 2010 R'000	One year 2010 R'000	Two to five years 2010 R'000	More than five years 2010 R'000
Trade payables	350	350	350	–	–
Secured bank loans	62 945	75 455	25 151	50 304	–
	63 295	75 805	25 501	50 304	–

	Carrying amount 2009 R'000	Contracted cash flows 2009 R'000	One year 2009 R'000	Two to five years 2009 R'000	More than five years 2009 R'000
Trade payables	2 867	2 867	2 867	–	–
Secured bank loans	87 315	112 272	28 068	84 204	–
	90 182	115 139	30 935	84 204	–

Cash flow hedges

Exposure to currency, interest rate and credit risk arises in the normal course of the company's business.

Currency risk

The Group incurs currency risk as a result of transactions which are denominated in a currency other than the individual Group companies' functional currency for purchases, sales and borrowings. The currencies giving rise to currency risks, in which the company primarily deals are Euro, GBP Sterling, USD and BW Pula.

	Group				Group	
	2010 USD '000	2010 Euro '000	2010 BWP '000	2010 GBP '000	2009 USD '000	2009 Euro '000
Trade and other payables	7 296	825	835	535	2 999	939
Trade and other receivables	(764)	(314)	(4 256)	–	(326)	–
Forward exchange contracts	(5 150)	(1 594)	–	–	(2 769)	(2 302)
Net exposure	1 382	(1 083)	(3 421)	535	(96)	(1 363)

In addition the Group and company have a currency exposure on inter-company loan denominated in Sterling, to the amount of GBP 7 030 million (2009: GBP 6 807 million).

Notes to the Annual Financial Statements (continued)

for the year ended 31 July 2010

27. FINANCIAL INSTRUMENTS (continued)

The following exchange rates were applied during the year:

	Reporting date spot rate	
	2010	2009
EUR	9.51	11.07
GBP	11.43	12.96
BWP	1.06	–
USD	7.29	7.76

Sensitivity analysis

A 10% strengthening/weakening in the Rand against the Euro, GBP, BWP and USD would have increased/(decreased) profit by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2009.

	Effect: Profit or Loss	
	2010 R'000	2009 R'000
EUR	(1 030)	1 039
GBP	612	–
BWP	(363)	–
USD	1 007	2 327

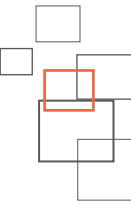
Interest rate risk

At the reporting date the interest rate profile of the Group interest-bearing financial instruments was:

	Group		Group	
	Carrying amount 2010 R'000	Fair value 2010 R'000	Carrying amount 2009 R'000	Fair value 2009 R'000
Variable rate instruments				
Financial liabilities	62 945	62 945	87 315	87 315

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2009.

	Profit or Loss		Equity	
	100 Increase R'000	100 Decrease R'000	100 Increase R'000	100 Decrease R'000
31 July 2010				
Variable rate instruments	(629)	629	(629)	629
31 July 2009				
Variable rate instruments	(873)	873	(873)	873



Notes to the Annual Financial Statements (continued)

for the year ended 31 July 2010

27. FINANCIAL INSTRUMENTS (continued)

At the reporting date the interest rate profile of the company interest-bearing financial instruments was: (continued)

	Company		Company	
	Carrying amount	Fair value	Carrying amount	Fair value
	2010	2010	2009	2009
	R'000	R'000	R'000	R'000
Variable rate instruments				
Financial liabilities	62 945	62 945	87 315	87 315

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, remain constant. The analysis is performed on the same basis for 2009.

	Profit or Loss		Equity	
	100 Increase	100 Decrease	100 Increase	100 Decrease
	R'000	R'000	R'000	R'000
31 July 2010				
Variable rate instruments	(629)	629	(629)	629
31 July 2009				
Variable rate instruments	(873)	873	(873)	873

28. CAPITAL MANAGEMENT

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern;
- to provide an adequate return to shareholders,

by pricing services commensurate with the level of risk. The Group monitors capital on the basis of the carrying amount of its equity less cash and cash equivalents as presented on the face of the statement of financial position.

Capital for the reporting periods under review is summarised as follows:

	2010	2009
	R'000	R'000
Total equity	191 157	181 100
Cash and cash equivalents	(68 036)	(57 605)
Capital	123 121	123 495
Total equity	191 157	181 100
Borrowings	65 535	90 667
Overall financing	256 692	271 767
Capital-to-overall financing ratio	0.48	0.45

The Group has honoured its covenant obligations since the long-term loan was taken out in 2008. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain, or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. The ratio reduction is primarily a result of cash-generated and repayment of the long-term debt. There were no changes in the Group's approach to capital management during the year. Neither the company nor any of its subsidiaries are subject to externally imposed capital requirements.

Notes to the Annual Financial Statements (continued)

for the year ended 31 July 2010

29. RELATED PARTIES

29.1 Identity of related parties

The subsidiaries of the Group are identified in note 10.

The directors are listed in the Directors' report.

29.2 Material related party transactions

Material transactions and balances with the company

Directors' emoluments (note 31).

Material transactions with the Group

Loans to subsidiaries are disclosed in note 10.

Except as disclosed below, there were no other transactions with related parties during the year.

Loans to directors from the SecureData Holdings Limited Share Incentive Trust included in trade and other receivables:

	2010 R'000	2009 R'000
DTK Brazier	674	622
P Sneddon	135	125
	809	747

The loans to directors are secured over the shares issued and bear interest at prime. The loans are repayable within ten years of inception.

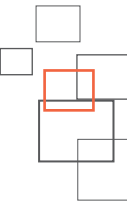
	Opening balance R'000	Interest R'000	Closing balance R'000
DTK Brazier	622	52	674
P Sneddon	125	10	135
	747	62	809

During the year under review, SDH UK Management Limited, an indirectly owned subsidiary, made a payment of £240,000 to Fancy Tree Limited as a restraint payment to secure the services of Mr DTK Brazier, a director of the Group, for the five years under his service contract. Mr Brazier is a director and shareholder of Fancy Tree Limited.

During the year under review, SDH UK Management Limited, an indirectly owned subsidiary, made a payment of £32,619 to Fancy Tree Limited for services rendered. Mr DTK Brazier is a director and shareholder of Fancy Tree Limited.

Key management remuneration, excluding directors of the company

	Group		Company	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
Total remuneration	14 307	14 393	–	–



Notes to the Annual Financial Statements (continued)

for the year ended 31 July 2010

	Group		Company	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
30. NOTES TO CASH FLOW STATEMENT				
30.1 Cash generated from/(utilised by) operations				
Profit before taxation	23 942	8 867	11 790	68 957
Non-cash and other adjustments:				
– depreciation	4 044	3 391	–	–
– amortisation	10 298	11 488	–	–
– derivatives	(2 793)	7 075	(1 567)	1 567
– profit/(loss) on sale of fixed assets	26	(30)	–	–
– share-based payment expense	861	614	–	–
– dividends received	–	–	(23 908)	(90 800)
– finance income	(400)	(1 282)	(9 012)	(7 695)
– finance costs	22 079	27 741	22 696	27 663
– other non-cash items	(153)	606	–	207
Operating income/(loss) before working capital changes	57 904	58 470	(1)	(101)
Changes in working capital:				
Decrease in inventories	357	1 980	–	–
Increase in trade and other receivables	(52 705)	(2 304)	–	–
Increase/(decrease) in trade and other payables	53 998	(1 809)	(2 517)	(3 521)
	59 554	56 337	(2 518)	(3 622)
30.2 Taxation paid				
Amount payable at beginning of year	5 015	1 184	–	–
Statement of comprehensive income charge	12 711	8 040	24	–
Amount payable at end of year	(10 194)	(5 015)	–	–
	7 532	4 209	24	–

31. DIRECTORS' REMUNERATION

31.1 Directors' remuneration

	Director's fees R'000	Basic salary R'000	Other expense R'000	Pension fund contri- bution R'000	Bonus and related R'000	Share- based payments R'000	2010 Total R'000	2009 Total R'000
PR Pretorius**	97	–	–	–	–	–	97	–
DTK Brazier	–	1 434	601	–	848	339	3 222	2 955
JG du Toit	–	1 247	11	38	151	–	1 447	1 561
A Aitken**	76	–	–	–	–	–	76	–
YT Moerane*	83	–	–	–	–	–	83	120
N Mthembu**	86	–	–	–	–	–	86	–
S Murray**	68	–	–	–	–	–	68	–
P Sneddon*	93	–	–	–	–	31	124	198
BK Parker	–	–	–	–	–	–	–	730
TN Mali	–	–	–	–	–	–	–	53
	503	2 681	612	38	999	370	5 203	5 617

** Non-executive * Independent non-executive

Notes to the Annual Financial Statements (continued)

for the year ended 31 July 2010

31. DIRECTORS' REMUNERATION (continued)

31.1 Directors' remuneration (continued)

Note: S Murray resigned on 21 July 2010. The above remuneration is classified as a short-term employee benefit, with the exception of pension fund contribution and share-based payments.

DTK Brazier has an employment contract with the company that expires on 31 July 2014 and JG du Toit has a contract that expires on 31 July 2011.

31.2 Directors' emoluments

	Group		Company	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
Paid by subsidiary companies:				
– for services as director	503	326	–	–
– for other services	4 700	5 291	–	–
	5 203	5 617	–	–
			Exercise price R	Options held at beginning and end of year '000

31.3 Options to directors

Issued 2008

DTK Brazier	1.15	1 600
		1 600

Issued 2007

DTK Brazier	1.31	1 200
P Sneddon	1.31	240
		1 440

Closing balance summary

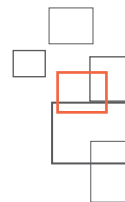
DTK Brazier	2 800
P Sneddon	240
	3 040

These options are exercisable as follows:

Available to exercise	880
Between one and two years	880
Between two and three years	1 280
More than three years	–
	3 040

31.4 Share option gains

No directors made any gains on share options in the financial year or the prior year.



Notes to the Annual Financial Statements (continued)

for the year ended 31 July 2010

	Group		Company	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
32. OPERATING LEASE COMMITMENTS				
Future operating lease charges for premises and office equipment	21 229	11 549	–	–
– payable within one year	6 275	4 995	–	–
– payable between one and five years	8 470	6 554	–	–
– payable after five years	6 484	–	–	–
Guarantees in respect of rental payments	577	577	–	–
– Medscheme Holdings	577	577	–	–

33. SEGMENTAL ANALYSIS AND RELATED INFORMATION

	Turnover R'000	EBITDA R'000	EBIT R'000	Assets R'000	Liabilities R'000
<i>By class of business</i>					
2010					
Continuing operations					
– SecureData Africa	268 350	37 969	33 265	313 155	160 768
– SensePost	23 281	6 357	3 767	7 149	4 570
– MIS-CDS	168 780	14 351	7 303	103 340	67 149
– Eliminate on consolidation	(1 458)	(1 507)	(1 507)	–	–
	458 953	57 170	42 828	423 644	232 487
2009					
Continuing operations					
– SecureData Africa	265 910	36 842	32 800	298 515	147 026
– SensePost	21 968	6 513	5 161	5 163	3 892
– MIS-CDS	176 754	13 925	4 440	87 967	59 627
	464 632	57 280	42 401	391 645	210 545
<i>By region</i>					
2010					
Continuing operations					
– South Africa	291 631	44 326	37 032	320 304	165 338
– United Kingdom	168 780	14 351	7 303	103 340	67 149
– Eliminate on consolidation	(1 458)	(1 507)	(1 507)	–	–
	458 953	57 170	42 828	423 644	232 487
2009					
Continuing operations					
– South Africa	287 878	43 355	37 961	303 678	150 918
– United Kingdom	175 754	13 925	4 440	87 967	59 627
	464 632	57 280	42 401	391 645	210 545

34. RETIREMENT BENEFITS

The Group provides retirement benefits for its permanent employees through a defined contribution plan in South Africa and a defined contribution fund in the United Kingdom. Contributions to retirement benefits are expensed as incurred.

35. DIVIDENDS DECLARED

The company did not declare a dividend during the current year or the prior year. The company declared a dividend of 5 cents per ordinary share after year-end payable to shareholders on 22 November 2010.

Distribution of Shareholding

for the year ended 31 July 2010

SecureData Holdings Limited: Shareholder Analysis Tables
 Register date: 31 July 2010
 Issued share capital: 246 320 271

ORDINARY SHAREHOLDER SPREAD

	Number of shareholders	%	Number of ordinary shares	%
1 – 1 000 shares	186	31,10	55 711	0,02
1 001 – 10 000 shares	214	35,79	1 023 587	0,42
10 001 – 100 000 shares	142	23,75	5 129 723	2,08
100 001 – 1 000 000 shares	31	5,18	11 438 793	4,64
1 000 001 shares and over	25	4,18	228 672 457	92,84
	598	100,00	246 320 271	100,00

DISTRIBUTION OF SHAREHOLDERS

Banks	2	0,33	42 230	0,02
Close Corporations	8	1,34	437 110	0,18
Empowerment	2	0,33	72 159 449	29,29
Endowment Fund	1	0,17	10 000	0,00
Individuals	513	85,79	39 981 340	16,23
Investment Companies	3	0,50	2 589 978	1,05
Mutual Funds	10	1,67	35 742 491	14,51
Nominees and Trusts	25	4,18	9,257 227	3,76
Other Corporations	11	1,84	210 501	0,09
Private Companies	20	3,34	71 782 839	29,14
Public Companies	2	0,33	2 352	0,00
Treasury Stocks	1	0,17	14 104 754	5,73
	598	100,00	246 320 271	100,00

NON-PUBLIC/PUBLIC SHAREHOLDERS

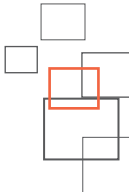
Non-public shareholders	13	2,18	143 080 610	58,09
Directors and Associates of the Company Holdings	9	1,51	14 816 407	6,02
Empowerment	2	0,33	72 159 449	29,29
Strategic Holdings (more than 10%)	1	0,17	42 000 000	17,05
Treasury Stock	1	0,17	14 104 754	5,73
Public shareholders	585	97,82	103 239 661	41,91
	598	100,00	246 320 271	100,00

BENEFICIAL SHAREHOLDERS HOLDING 3% OR MORE

RMB Ventures Five (Proprietary) Limited			42 000 000	17,05
Treacle Investments (Proprietary) Limited			40 413 304	16,41
Treacle Fund II Trust			31 746 145	12,89
The Golden Hind Partnership			17 435 077	7,08
SecureData Administration (Proprietary) Limited			14 104 723	5,73
36ONE Hedge Fund			13 027 773	5,29
Barbicon Investments (Proprietary) Limited			11 540 842	4,69
DTK Brazier			10 398 577	4,22
36ONE Flexible Opportunity Fund			8 415 100	3,42

JSE Limited Statistics

as at 31 July 2010



	2010	2009	2008	2007	2006
Issued number of ordinary shares	246 320 271	242 101 686	242 101 686	180 101 686	179 316 878
Market capitalisation at year-end (Rand)	209 372 230	121 050 843	338 942 360	340 392 187	252 836 798
Total number of transactions recorded	407	322	1 037	2 102	2 426
Total number of ordinary shares traded	35 494 278	40 239 253	45 895 540	46 495 009	71 861 255
Total value of ordinary shares traded (Rand)	23 356 768	12 634 686	83 402 317	75 277 878	117 355 766
Lowest price per ordinary share (cents)	40	20	116	117	132
Highest price per ordinary share (cents)	100	145	215	240	207
Closing price at 31 July (cents)	85	50	140	189	141
Total volume as % of total issued ordinary shares	14.41	16.62	18.96	25.82	40.08

The company is listed on the Main Board of the JSE Limited in the **Information Technology: Software and Computer Services** sector.



Notice of Annual General Meeting

SecureData Holdings Limited

Incorporated in the Republic of South Africa

(Registration number 1998/010017/06)

Share code: SDH ISIN: ZAE000096368

("SecureData" or "the company" or "the Group")



If you are in any doubt as to what action you should take in respect of the following resolutions, please consult your Central Securities Depository Participant ("CSDP"), broker, banker, attorney, accountant or other professional advisor immediately.

Notice is hereby given that the eleventh annual general meeting of shareholders of the company will be held at the boardroom of the company, Medscheme Office Park, Ground Floor South, 10 Muswell Road South, Bryanston, 2021, at 12 noon on Wednesday, 26 January 2011 to conduct the following business:

1. To receive, consider and adopt the annual financial statements of the company and the Group for the financial year ended 31 July 2010, including the Directors' report and the report of the auditors therein.
2. To re-elect, Mr PR Pretorius who, in terms of Article 90 of the company's articles of association, retires by rotation at this annual general meeting but, being eligible to do so, offers himself for re-election.
3. To re-elect, Mr DTK Brazier who, in terms of Article 90 of the company's articles of association, retires by rotation at this annual general meeting but, being eligible to do so, offers himself for re-election.
4. To re-elect, Mr JG du Toit who, in terms of Article 90 of the company's articles of association, retires by rotation at this annual general meeting but, being eligible to do so, offers himself for re-election.

An abbreviated *curriculum vitae* in respect of each director offering himself for re-election appears on pages 12 and 13 of the annual report to which this notice is attached.

5. To confirm the re-appointment of Grant Thornton as independent auditors of the company with Ms VR de Villiers, being the individual registered auditor who has undertaken the audit of the company as lead partner for the ensuing financial year and to authorise the directors to determine the auditors' remuneration.
6. To ratify the non-executive directors' remuneration for the year ended 31 July 2010 as reflected in note 31 to the annual financial statements.

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

7. ORDINARY RESOLUTION NUMBER 1

Control of authorised but unissued ordinary shares

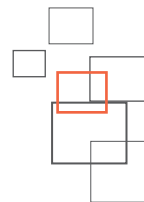
"Resolved by way of a general authority that the authorised but unissued ordinary shares in the capital of SecureData Holdings Limited ("the company") be and are hereby placed under the control and authority of the directors of the company ("directors") and that the directors be and are hereby authorised and empowered to allot and issue all or any of such ordinary shares, or to issue any options in respect of all or any of such ordinary shares, to such person/s on such terms and conditions and at such times as the directors may from time to time and in their discretion deem fit, subject to the provisions of sections 221 and 222 of the Companies Act, 1973 (Act 61 of 1973), as amended, the articles of association of the company and the Listings Requirements of JSE Limited from time to time."

8. ORDINARY RESOLUTION NUMBER 2

Approval to issue ordinary shares, and to sell treasury shares, for cash

"Resolved that the directors of the company and/or any of its subsidiaries from time to time be and are hereby authorised, by way of a general authority, to:

- allot and issue, or to issue any options in respect of, all or any of the authorised but unissued ordinary shares in the capital of the company; and/or



Notice of Annual General Meeting (continued)

- sell or otherwise dispose of or transfer, or issue any options in respect of, ordinary shares in the capital of the company purchased by subsidiaries of the company, for cash, to such person/s on such terms and conditions and at such times as the directors may from time to time in their discretion deem fit, subject to the Companies Act, 1973 (Act 61 of 1973), as amended, the articles of association of the company and its subsidiaries and the Listings Requirements of JSE Limited ("the JSE Listings Requirements") from time to time.

The JSE Listings Requirements currently provide, *inter alia*, that:

- the securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
- any such issue may only be made to "public shareholders" as defined in the JSE Listings Requirements and not to related parties;
- the number of ordinary shares issued for cash shall not in any one financial year in the aggregate exceed 15% (fifteen percent) of the number of issued ordinary shares. The number of ordinary shares which may be issued shall be based, *inter alia*, on the number of ordinary shares in issue, added to those that may be issued in future (arising from the conversion of options/convertibles) at the date of such application, less any ordinary shares issued, or to be issued in future arising from options/convertible ordinary shares issued during the current financial year; plus any ordinary shares to be issued pursuant to a rights issue which has been announced, is irrevocable and is fully underwritten, or an acquisition which has had final terms announced;
- this general authority will be valid until the earlier of the company's next annual general meeting or the expiry of a period of 15 (fifteen) months from the date that this authority is given;
- an announcement giving full details, including the impact on net asset value per ordinary share, net tangible asset value per ordinary share, earnings per ordinary share and headline earnings per ordinary share and, if applicable, diluted earnings and headline earnings per share, will be published when the company has issued ordinary shares representing, on a cumulative basis within 1 (one) financial year, 5% (five percent) or more of the number of ordinary shares in issue prior to the issue;
- in determining the price at which an issue of ordinary shares may be made in terms of this authority, the maximum discount permitted will be 10% (ten percent) of the weighted average traded price on the JSE Limited of the ordinary shares over the 30 (thirty) business days prior to the date that the price of the issue is agreed between the issuer and the party subscribing for the securities;
- whenever the company wishes to use ordinary shares, held as treasury stock by a subsidiary of the company, such use must comply with the JSE Listings Requirements as if such use was a fresh issue of ordinary shares."

Under the JSE Listings Requirements, Ordinary Resolution Number 2 must be passed by a 75% (seventy-five percent) majority of the votes cast in favour of the ordinary resolution by all members present or represented by proxy at the annual general meeting.

9. SPECIAL RESOLUTION NUMBER 1

General approval to acquire shares

"Resolved by way of a general approval that SecureData Holdings Limited ("the company") and/or any of its subsidiaries from time to time be and are hereby authorised to acquire ordinary shares in the company in terms of sections 85 to 89 of the Companies Act, 1973 (Act 61 of 1973), as amended, the articles of association of the company and its subsidiaries and the Listings Requirements of JSE Limited ("the JSE Listings Requirements") from time to time.

The JSE Listings Requirements currently provide, *inter alia*, that:

- the acquisition of the ordinary shares must be effected through the order book operated by the JSE Limited ("JSE") trading system and done without any prior understanding or arrangement between the company and the counter-party;
- this general authority shall only be valid until the earlier of the company's next annual general meeting or the expiry of a period of 15 (fifteen) months from the date of passing of this special resolution;
- in determining the price at which the company's ordinary shares are acquired in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be 10% (ten percent) of the weighted average of the market value at which such ordinary shares are traded on the JSE, as determined over the 5 (five) business days immediately preceding the date on which the transaction is effected;



Notice of Annual General Meeting (continued)

- the acquisitions by the company of ordinary shares in the aggregate in any one financial year may not exceed 20% (twenty percent) of the company's issued ordinary share capital;
- the company or its subsidiaries may not acquire ordinary shares during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements;
- an announcement will be published once the company has cumulatively repurchased 3% (three percent) of the number of the ordinary shares in issue at the time this general authority is granted ("initial number"), and for each 3% (three percent) in aggregate of the initial number acquired thereafter;
- at any point in time, the company may only appoint one agent to effect any acquisition/s on its behalf."

9.1 Reason for and effect of Special Resolution Number 1

The reason for and effect of Special Resolution Number 1 is to obtain an authority for, and to authorise, the company and the company's subsidiaries, by way of a general authority, to acquire the company's issued ordinary shares.

It is the intention of the directors of the company to use such authority should prevailing circumstances (including tax dispensations and market conditions) in their opinion warrant it.

9.2 Other disclosure in terms of paragraph 11.26 of the JSE Listings Requirements

The JSE Listings Requirements require the following disclosure, which are contained in the annual report of which this notice forms part:

- directors and management – pages 12 and 16;
- major beneficial shareholders of SecureData Holdings Limited – page 66;
- directors' interests in securities – page 26; and
- share capital of the company – note 17.

9.3 Litigation statement

There are no legal proceedings against the Group nor, as far as the directors are aware, are there any legal or arbitration proceedings pending or threatened against the Group which may have, or have had, in the 12 months preceding the date of this annual report, a material effect on the company's financial position.

9.4 Material change

There have been no material changes in the affairs or financial position of SecureData Holdings Limited and its subsidiaries since the company's financial year-end and the date of this notice.

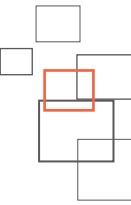
9.5 Directors' responsibility statement

The directors, whose names are given on pages 12 and 13 of the annual report of which this notice forms part, collectively and individually, accept full responsibility for the accuracy of the information pertaining to Special Resolution Number 1 and certify that to the best of their knowledge and belief there are no facts in relation to Special Resolution Number 1 that have been omitted which would make any statement in relation to Special Resolution Number 1 false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that Special Resolution Number 1 together with this notice contains all information required by law and the JSE Listings Requirements in relation to Special Resolution Number 1.

9.6 Adequacy of working capital

At the time that the contemplated repurchase is to take place, the directors will ensure that, after considering the effect of the maximum repurchase and for a period of twelve months after the date of this notice of annual general meeting:

- the company and its subsidiaries will be able to pay their debts as they become due in the ordinary course of business;
- the consolidated assets of the company and its subsidiaries, fairly valued in accordance with International Financial Reporting Standards, will be in excess of the consolidated liabilities of the company and its subsidiaries;
- the issued share capital and reserves of the company and its subsidiaries will be adequate for the purpose of the ordinary business of the company and its subsidiaries; and
- the working capital available to the company and its subsidiaries will be sufficient for the Group's requirements.



Notice of Annual General Meeting (continued)

The company may not enter the market to proceed with the repurchase until its sponsor, Merchantec (Proprietary) Limited, has discharged of all of its responsibilities in terms of the JSE Listings Requirements insofar as they apply to working capital statements for the purposes of undertaking an acquisition of its issued ordinary shares.

10. ORDINARY RESOLUTION NUMBER 3

Signature of documents

“Resolved that each director of SecureData Holdings Limited be and is hereby individually authorised to sign all such documents and do all such things as may be necessary for or incidental to the implementation of those resolutions to be proposed at the annual general meeting convened to consider the resolutions which are passed, in the case of ordinary resolutions, or are passed and registered by the Companies and Intellectual Property Registration Office (formerly the Registrar of Companies), in the case of the special resolution.”

11. OTHER BUSINESS

To transact such other business as may be transacted at the annual general meeting of the company.

VOTING AND PROXIES

A shareholder entitled to attend and vote at the annual general meeting is entitled to appoint a proxy or proxies to attend and act in his/her stead. A proxy need not be a member of the company. For the convenience of registered members of the company, a form of proxy is enclosed herewith.

The enclosed form of proxy is only to be completed by those ordinary shareholders who:

- hold ordinary shares in certificated form; or
- are recorded on the sub-register in “own name” dematerialised form.

Ordinary shareholders who have dematerialised their ordinary shares through a CSDP or broker without “own name” registration and who wish to attend the annual general meeting, must instruct their CSDP or broker to provide them with the relevant Letter of Representation to attend the annual general meeting in person or by proxy and vote. If they do not wish to attend in person or by proxy, they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.

Forms of proxy should be forwarded to reach the transfer secretaries, Computershare Investor Services (Proprietary) Limited, at least 48 hours, excluding Saturdays, Sundays and South African public holidays, before the time of the annual general meeting.

By order of the Board

Merchantec (Proprietary) Limited
Company Secretary

30 November 2010
Johannesburg



Administration

SECUREDATA HOLDINGS LIMITED AND REGISTERED OFFICE

Incorporated in the Republic of South Africa
(Registration number 1998/010017/06)
Share code: SDH ISIN: ZAE000096368
Website: www.securedataholdings.com
e-mail: info@securedata.co.za

COMPANY SECRETARY

Merchantec (Proprietary) Limited
(Registration number 2008/027362/07)
2nd Floor, North Block
Hyde Park Office Tower
Corner Sixth Road and Jan Smuts Avenue
Hyde Park, Johannesburg, 2196
(PO Box 41480, Craighall, 2024)

SPONSOR

Merchantec (Proprietary) Limited
(Registration number 2008/027362/07)
2nd Floor, North Block
Hyde Park Office Tower
Corner Sixth Road and Jan Smuts Avenue
Hyde Park, Johannesburg, 2196
(PO Box 41480, Craighall, 2024)

TRANSFER SECRETARIES

Computershare Investor Services (Proprietary) Limited
(Registration number 2004/000364/07)
Ground Floor, 70 Marshall Street, Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

ATTORNEYS

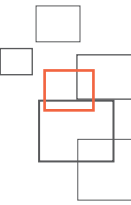
Fluxmans Inc.
(Registration number 2000/024775/21)
11 Bierman Avenue
Rosebank, Johannesburg, 2196
(Private Bag X41, Saxonwold, 2032)

AUDITORS

Grant Thornton
137 Daisy Street, corner Grayston Drive
Sandown, 2196
(Private Bag X28, Benmore, 2010)

COMMERCIAL BANKERS

First National Bank of Southern Africa Limited
50 Wierda Road West, Wierda Valley
Sandton, 2146
(PO Box 787428, Sandton, 2146)



Form of Proxy

SecureData Holdings Limited

Incorporated in the Republic of South Africa
(Registration number 1998/010017/06)

Share code: SDH ISIN: ZAE000096368

("SecureData" or "the company" or "the Group")

SecureData HOLDINGS LIMITED

For use only by ordinary shareholders who:

- hold ordinary shares in certificated form ("certificated ordinary shareholders"); or
- have dematerialised their ordinary shares ("dematerialised ordinary shareholders") and are registered with "own-name" registration,

at the eleventh annual general meeting of ordinary shareholders of the company to be held at boardroom of the company, Medscheme Office Park, Ground Floor South, 10 Muswell Road South, Bryanston, 2021, at 12 noon on Wednesday, 26 January 2011 and any adjournment thereof.

Dematerialised ordinary shareholders holding ordinary shares, other than with "own-name" registration who wish to attend the annual general meeting, must inform their Central Securities Depository Participant ("CSDP") or broker of their intention to attend the annual general meeting and request their CSDP or broker to issue them with the relevant Letter of Representation to attend the annual general meeting in person or by proxy and vote. If they do not wish to attend the annual general meeting in person or by proxy, they must provide their CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker. **These ordinary shareholders must NOT use this form of proxy.**

I/We (full name in BLOCK LETTERS please)

of (address)

Telephone work () Telephone home ()

being the holder/custodian of ordinary shares in the company, hereby appoint (see note 3):

1. _____ or failing him/her,

2. _____ or failing him/her,

3. the Chairperson of the annual general meeting,

as my/our proxy to attend and act for me/us on my/our behalf at the annual general meeting of the company convened for purpose of considering and, if deemed fit, passing, with or without modification, the ordinary and special resolutions to be proposed thereat and at each postponement or adjournment thereof and to vote for and/or against such resolutions, and/or abstain from voting, in respect of the ordinary shares in the issued share capital of the company registered in my/our name/s in accordance with the following instructions:

	Number of ordinary shares		
	For	Against	Abstain
1. To receive, consider and adopt the annual financial statements of the company and Group for the financial year ended 31 July 2010			
2. To approve the re-election as director of Mr PR Pretorius who retires by rotation			
3. To approve the re-election as director of Mr DTK Brazier who retires by rotation			
4. To approve the re-election as director of Mr JG du Toit who retires by rotation			
5. To confirm the re-appointment of Grant Thornton as auditors of the company with Ms VR de Villiers as the individual auditor for the ensuing financial year			
6. To ratify the non-executive directors' remuneration for the financial year ended 31 July 2010			
7. Ordinary resolution number 1 Control of authorised but unissued ordinary shares			
8. Ordinary resolution number 2 Approval to issue ordinary shares, and to sell treasury shares, for cash			
9. Special resolution number 1 General approval to acquire shares			
10. Ordinary resolution number 3 Signature of documents			

Please indicate instructions to proxy in the space provided above by the insertion therein of the relevant number of votes exercisable. A member entitled to attend and vote at the annual general meeting may appoint one or more proxies to attend and act in his/her stead. A proxy so appointed need not be a member of the company.

Signed at _____ on _____

Signature _____

Assisted by (if applicable) _____

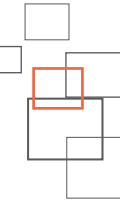
Please read the notes on the reverse hereof.



Notes:

1. This form of proxy must only be completed by shareholders who hold shares in certificated form or who are recorded on the sub-register in electronic form in "own name".
 2. All other beneficial owners who have dematerialised their shares through a CSDP or broker and wish to attend the annual general meeting must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.
 3. A shareholder entitled to attend and vote at the annual general meeting may insert the name of a proxy or the names of two alternate proxies of the shareholder's choice in the space provided, with or without deleting "the Chairperson of the annual general meeting". The person whose name stands first on this form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those proxy(ies) whose names follow.
 4. A shareholder is entitled to one vote on a show of hands and, on a poll, one vote in respect of each ordinary share held. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate space provided. If an "X" has been inserted in one of the blocks to a particular resolution, it will indicate the voting of all the shares held by the shareholder concerned. Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the shareholder's votes exercisable thereat. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholder or by the proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or the proxy.
 5. A vote given in terms of an instrument of proxy shall be valid in relation to the annual general meeting, notwithstanding the death, insanity or other legal disability of the person granting it, or the revocation of the proxy, or the transfer of the ordinary shares in respect of which the proxy is given, unless an intimation in writing as to any of the aforementioned matters shall have been received by the transfer secretaries of SecureData not less than forty-eight hours before the commencement of the annual general meeting.
 6. If a shareholder does not indicate on this form of proxy that his/her proxy is to vote in favour of or against any resolution or to abstain from voting, or gives contradictory instructions, or should any further resolution(s) or any amendment(s) which may properly be put before the annual general meeting be proposed, such proxy shall be entitled to vote as he/she thinks fit.
 7. The Chairperson of the annual general meeting may reject or accept any form of proxy which is completed and/or received, other than in compliance with these notes.
 8. A shareholder's authorisation to the proxy including the Chairperson of the annual general meeting, to vote on such shareholder's behalf, shall be deemed to include the authority to vote on procedural matters at the annual general meeting.
 9. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
 10. Documentary evidence establishing the authority of a person signing the form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the company's transfer secretaries or waived by the Chairperson of the annual general meeting.
 11. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by the transfer secretaries of the company.
 12. Where there are joint holders of ordinary shares:
 - any one holder may sign this form of proxy;
 - the vote(s) of the senior ordinary shareholders (for that purpose seniority will be determined by the order in which the names of ordinary shareholders appear in the company's register of ordinary shareholders) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).
 13. **Forms of proxy should be lodged with or mailed to Computershare Investor Services (Proprietary) Limited**

Hand deliveries to: Computershare Investor Services (Proprietary) Limited Ground Floor, 70 Marshall Street Johannesburg, 2001	Postal deliveries to: Computershare Investor Services (Proprietary) Limited PO Box 61051 Marshalltown, 2107
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- to be received by no later than 12 noon on Monday 24 January 2011 (or 48 hours before any adjournment of the annual general meeting which date, if necessary, will be released on SENS).
14. A deletion of any printed matter and the completion of any blank space need not be signed or initialled. Any alteration or correction must be signed and not merely initialled.



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