



Ukhamba

Message from the CEO and Chairman of the Trust

My Resignation from Ukhamba

I would like to inform members that I have resigned from my formal employment with Ukhamba and as a result, I am also resigning as a Trustee and Chairman of Ukhamba Trust.

The reason for my resignation is to pursue private business interests. I have been with Ukhamba since February 2000 which has been a great experience for me and enabled me to fulfill my long cherished ambition of going into business.

I am currently in discussion with Ukhamba and Imperial about a continued business relationship. My last formal day in office was 15th December 2010. However, I will be available for whatever needs to be actioned until the end of February 2011.

I have confidence in the Trustees and the Board of Directors that they will continue doing their best for the members.

I also have confidence in Cedar who is our administrators that they are competent in handling matters of the trust.

Rose Mahlophe will from now on resume the responsibility of going around to the various group companies to address Ukhamba Trust members and provide them with an update on the scheme. HR managers or whoever is responsible should contact Ukhamba offices to request a presentation to members.

Lastly, I would like to thank members who elected me as a Trustee and chairman of the Trust, the Trustees and the board for allowing me the opportunity to work with them looking after the interest of the members and would like to assure you all that you will always be in good hands with the various teams.

Time has passed very quickly and in a matter of months from now it will be seven years since the “B” scheme was launched on 5th March 2004. With time many things have happened to the world especially the recession experienced by most our families in the past two year or so. Most of our investments had both positive and negative experiences, some of Ukhamba Investee companies that weakened substantially due to the recession are now recovering very well.



Many of our members have left their employment in Imperial whilst some of them have passed on, to all of you who are reading this newsletter we urge you to please come forward with any information you may have regarding deceased members.

The recession continues to result in many companies closing down even at this stage of recovery, not only in South Africa but worldwide. Members have enquired about payment of dividends, although we received dividends from Imperial, the money was very little to distribute and would have cost more in bank charges and administration costs than what members would realise.

As regards the possible payout of members' interests, please note that this will only be effected if a suitable structure can be found which will realize the maximum value for members, and which will comply with the rules of the Trust.

Please note that there is no obligation on Ukhamba or the Trust to do the payout this year, but all the parties are trying their best to achieve this.

The Imperial and Ukhamba Community Development Trust has had a wonderful successful year especially with integrating all the new schools adopted.

Members who have left the Group

Members who have left Imperial Group are assured that they remain part of the scheme and that they are entitled to the same benefits with those who are still in the Group. They are encouraged to keep their addresses and telephone numbers updated by contacting Cedar Employee Benefits & Consultants on 011 547 8600.

Deceased Members

Families of members who are deceased are also encouraged to get in touch with Cedar Employee Benefits & Consultants to ensure that details of the rightful heirs are captured on the database. Families should submit all legal paperwork they may have to prove entitlement.



Estimated "B" Units value as at 30 June 2010

Based on the financial statement of Ukhamba Holdings at 30 June 2010, the Net Asset Value of the Trust's share amounts to approximately R750 million, and a unit is worth approximately R17 000. Members who have been employed in the group on 5th March 2004 for less than 3 years are entitled to 2 units, 3 to 10 years: 3 units, 10 to 20 years: 4 units and more than 20 years: 6 units.

NB: Please note that the estimated value above can vary according to market conditions and will be subject to Capital Gains Tax.

Deceased Member's Estate Requirements:

- Original certified copy of death certificate.
- Original certified copy of marriage certificate, if applicable.
- Original certified copy of ID clearly showing proof of age.
- Original certified copies of dependants and beneficiaries' IDs.
- Original copy of a Letter of Authority from the High Court.
- Banking details of the Executor of the estate and copy of ID
- Contact details, and any other information that will help us provide prompt service.

INVESTMENTS UPDATE



Ikaheng HR Services (Pty) Ltd (100%) provides various training courses i.e. vocational, driver, technical, ABET and HIV/AIDS training, the company had experienced some tough challenges in the past year, among others, SETAs not funding training. At the beginning of 2010 a new CEO, David Townsend was appointed, and together with his team they are aggressively marketing the company to provide support services



Imperial Holdings Ltd (10.1%) performed extremely well in the past year. This was largely due to a strong balance sheet positioned for a market upswing and distributorship business that did very well. The World Cup and improved car sales have also contributed to improved results. The company's earnings at end of June 2010 were 40% higher compared to the same period last year.



Probe Corporation (Pty) Ltd (49.95%) remanufactures starters and alternators in a world-class remanufacturing facility. Probe is in the top 5 battery distributors in South Africa, and distributes all kinds of batteries for cars, trucks, mining locomotives, forklifts etc. Late last year, the company started to focus on safety related products that improve production efficiency and offer improved safety features for mines.

In March 2010, Ukhamba increased its shareholding from 26% to 49.95%. The company continues to perform well and the future prospects are looking good.



Tran-Send Container Logistics (Pty) Ltd (26%) was established in 1987 as a transport broking and marketing company aimed at servicing the diverse distribution needs of larger South African companies. The general container traffic has decreased in volume and as a result, Tran-Send has been affected. Although the company has not picked up as expected last year there are encouraging signs that the market is picking up. Earlier in the year the company secured few new large customers



DAWN Ltd (31%) distributes building material and consumables to the retail market. DAWN continues to experience tough market conditions that affected the construction and building industry. We are confident that the company will overcome the tough trading conditions. Ukhamba's confidence in the company is demonstrated by exercising 80% of the rights offered in Dec 2009. Ukhamba has been working very closely with management in terms of marketing and addressing transformation issues.

INVESTMENTS UPDATE



EQSTRA Holdings Ltd (5.1%)

EQSTRA continues to experience difficult trading conditions. In the past year, the company experienced a long rainy season and industrial action at MCC amongst others. Also the slow capex spending on larger infrastructure projects resulted in lower revenue. During the year, the company successfully raised R650m through a right offer. Part of the funds will be utilised for Benga Coal project in Mozambique.



Cedar Employee Benefits and Consultants (Pty) Ltd (30%)

is one of the leading employee benefits, consulting and administration organisations in South Africa. The company also manages the administration of Ukhamba Trust. Cedar provides the most cost-effective and appropriate health care solutions available, also provides a full spectrum of employee benefits: pension administration, death benefits, payroll etc. Last year the company acquired Capital Campus. We are very positive about the future of the company and expect good things to come out of it.



Giuricich Bros Construction (Pty) Ltd (20%)

is involved in the building and construction sector. The company is also offering design and turnkey packages, land acquisition, property development, negotiated contracts, and has formed joint-ventures with similar companies in order to undertake major contracts. We are happy with the company's performance considering the current tough market conditions that resulted in the slowing down of activity in the building sector.



Executive Carport (Pty) Ltd (100%)

offers convenient, and secure parking at OR Tambo International Airport. Executive Carport operates and manages the valet parking on behalf of ACSA. The contract expired in January 2009, therefore, Ukhamba is currently managing the business on a month to month basis until further notice from ACSA.



Amasondo Fleet Services (Pty) Ltd (51%)

is an innovative fleet management company with a competitive edge that differentiates it from a host of other South African fleet management companies. The company has been winding down its operations in the past two years. Existing contracts are still being managed and no new business is generated.



Ukhamba Green Services (Pty) Ltd (33.3%)

produces instant lawn, does landscape construction, maintenance and interior plants. Ukhamba Green benefited significantly from the development of the various World Cup Stadiums. The company was contracted to prepare pitches for Soccer City in Johannesburg, 2 stadiums in Bloemfontein, the new stadium in Durban and a few others. The company has also developed a number of sports fields for schools and municipalities.



Accordian Investments (Pty) Ltd (20%)

is an importer, distributor and retailer of motor vehicles and related services. The company continues to experience challenges in current economic climate. Ukhamba is confident that with market improvement, Accordian will eventually pick up.



Via Capital (Pty) Ltd (26%)

this business focuses primarily on the transport sector and related activities; integrating the full spectrum of merchant banking trading and advisory products into a single niche market delivery platform. The slow market recovery continues to adversely affect the company; resulting in slow demand for debt instruments. In addition, the deterioration of customer credit profiles and rating has impacted on the deal flow.



Pandae Storage (Pty) Ltd (49%)

sells and installs specialized storage systems and industrial furniture. Pandae Storage supplies all steel related equipment to hospitals. Pandae's management is pursuing various expansion opportunities. The home market is the new focus area, and still services traditional markets like dealerships, warehouses, mines etc.



Tankers Services (Pty) Ltd – Gas and Fuel Division (40%)

was established in 1967 with a small fleet and today the company has one of the largest modern tanker fleets in the country, dedicated to the fuel and gas industry. It is performing well and we do expect the company to continue going strongly.



RP Logistix (Pty) Ltd (20%)

specialises in the supply of reliable primary transport of superlink and bulk liquid (non-chemical) loads. RP Logistix operates nationally and across-borders throughout South Africa. The company is experiencing some tough trading conditions but we are positive that it will turn things around.

Project Manager's Report

It seems like it was only yesterday when we first adopted our two schools – Inkululeko Yesizwe Primary School and Igugulethu Primary School, and yet, it was five years ago.

At the time, these schools were in dire need for assistance: the teachers were demoralised, the learners were unruly and the general environment was not conducive to learning. At the time there was a general preconception that the quality of education in our country was on a decline due to one factor only, that is lack of commitment by educators. While this was and still may be true in some cases, a greater problem rests in the environment at our schools.

If you don't have books or worksheets and the classrooms are dirty and the furniture broken, there is simply no way in which any individual would be motivated to work, let alone impart knowledge to a child. As a Trust, our priority was to address the basics. Our focus primarily was to improve numeracy and literacy skills at all levels, with greater emphasis on the foundation phase. Our driving force lies in our commitment to enhance the level of teaching and learning in the schools we adopt. These must be schools which need assistance, in return for which they must make a commitment to the developmental goals that, the school, the Gauteng Department of Education and the Trust – jointly make.

Our approach has been to develop each aspect of the curriculum progressively and to spread our resources gradually to other schools. Our view of education is a holistic one that seeks to stimulate the intellectual, physical and emotional aspects of our learners. To this end: we have introduced courses for our educators in the areas of natural science, literacy and mathematics; we have provided stationery, work books, reading materials, teaching aids.

We assess our learners at the beginning and at the end of each academic year to measure and monitor progress. We have upgraded classrooms and surrounding areas, built an administration block and resource centre at Inkululeko Yesizwe, built a hall and resource centre at Tshepana Primary, established sporting facilities and play gyms at most of our schools. We have also introduced extra-curricular activities with the support of the staff and management of both Imperial Holdings and Ukhamba Holdings. We started with two schools in 2005 but had to relinquish our association with Igugulethu Primary School due to lack of cooperation from the teachers.



Shayda Arbee -
*Imperial and Ukhamba
Community
Development Trust's
Project Manager*

In 2007, we adopted two more schools – Tshepana Primary School and Finetown Primary School. At the end of 2009, we added Rekhutlile Primary School. The beginning of 2010 saw us adopt three high schools: Qalabotjha High School, Leshata High School and Moses Marin Technical High School, bringing the total number of our adopted schools to seven.

It has been remarkable to see the impact of some of the interventions we made; by simply installing paving, for example, which is to many people something to be taken for granted, we had significantly reduced the absenteeism rate. Both the teachers and the learners were being adversely affected by the dust, hence the high absenteeism levels. Even though the road has been challenging, I am pleased to report a marked improvement in the lives of the children and educators we have partnered with in the last five years.

The 30% improvement in literacy and numeracy at our schools illustrates what can be achieved when human beings work together to achieve jointly stated goals. I look to the future with optimism and a firm belief that together with our partners in the ministry of education, our sponsors, our educators and our learners, we can contribute significantly to the education of our country.





Building Partnerships



All organisations need extra help now and then to boost their efforts. These are the organisations who help us achieve so much more at our adopted schools:

SANZUF has developed vegetable gardens and green houses at our schools and annually assists the Trust with its winter warmth project.



Learners in their new tracksuits



The garden project

Deloitte has committed to supporting projects at our schools on an annual basis.



Establishment of a new library



Upgrade of Grade R classroom and play area

Heinemann Publishers donates books to our libraries each year. This means we are able to fill out libraries faster, give teachers supplementary readers, books can be taken home and we have books for parents and gradparents.



Some of the books donated



ABET classes



**UKHAMBBA
HOLDINGS**
(PTY) LTD

BALANCE SHEET

Below we outline a Balance Sheet summary that shows the current financial position of the company

	30 June 2010 R million	30 June 2009 R million
Shareholders' Equity	1,589	1,220
Non - Current and Current Liabilities	570	472
TOTAL ASSETS	2,159	1,692

CONTACT DETAILS

Ukhamba Holdings

Tel: 011 454 1710

Fax: 011 454 4594

138 Boeing Road East
Bedfordview

Contact Person:

Rose Mahlophe

Email: rosem@ukhamba.co.za

Website: www.ukhamba.co.za



Cedar Employee Benefits

Tel: 011 547 8600

Fax: 086 673 8112

11 Park Lane, Parktown

Contact Person:

Lizzie Mkhando or

Adelaide Ndimande

Email: lizzie@cedareb.co.za

adelaide@cedareb.co.za