



SA French Limited
Annual Report for the year ended 30 June 2011
Corporate Information

Full name S A French Limited
Registration number 1982/009174/06
JSE abbreviated name SAFRENCH
JSE code SFH
Sector AltX
Exchange Alternative exchange
Date of incorporation 1982
Listed on JSE 7 November 2007
Website www.safrench.co.za

DESIGNATED ADVISER

PSG Capital
Ground Floor, DM Kisch House
Inanda Greens Business Park
54 Wierda Road West
Wierda Valley
Sandton

Registration Number: 1970/008484/06

PO Box 987
Parklands
2121

COMPANY SECRETARY AND REGISTERED OFFICE

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Germiston, 1400
(PO Box 2144, Kempton Park, 1620)

ATTORNEYS

DLA Cliffe Dekker Hofmeyr
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Sandown
Sandton
2196

Registration number: 2008/018923/21

Private Bag X7
Benmore
2010

TRANSFER SECRETARIES

Computershare Investor Services (Proprietary) Limited
(Registration number 2004/003647/07)
Ground Floor
70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

COMMERCIAL BANKERS

FNB Corporate, a division of FirstRand Limited
(Registration number 1929/001225/06)
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(Postnet Suite 334, Private Bag X19, Garden View, 2047)

AUDITORS

RSM Betty & Dickson (Johannesburg)
Executive City
Corner of Cross Street and Charmaine Avenue
President Ridge
Randburg
2125

Practice Number: 900435

PO Box 1734
Randburg
2125

DIRECTORS

Q C A van Breda
(Executive Chairman and Chief Executive Officer)
W van Breda
(Commercial Director)
P van Zyl
(Financial Director)
W M Mashaba
(Executive Director)
J M Poluta
(Non-executive Director)
J Fizelle
(Non-executive Director)

CORPORATE ADVISER

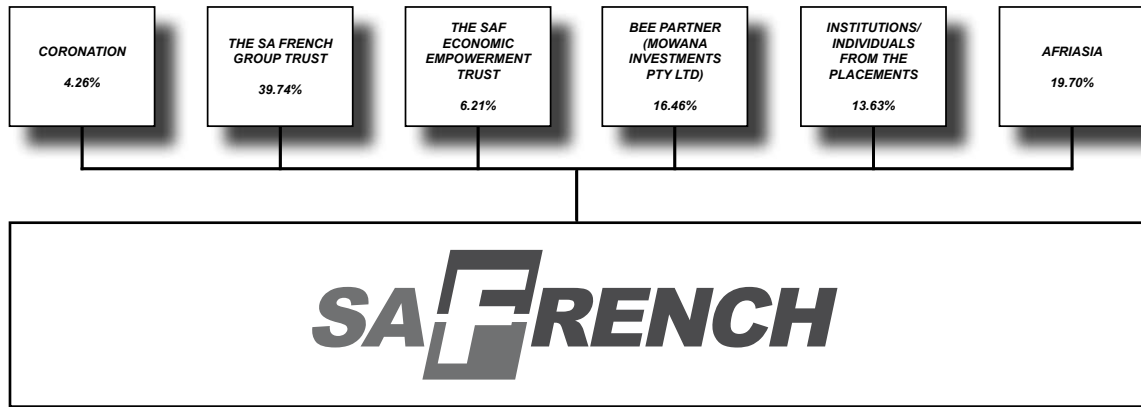
AfrAsia Corporate Finance (Pty) Ltd
AfrAsia House
Block F, The Terraces
1 Silverwood Close
Steenberg Office Park
Tokai, Cape Town, S.A

Registration Number: 2007/015289/07

PO Box 31340
Tokai, Cape Town, S.A



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Group Structure



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Company Directorate

EXECUTIVE DIRECTORS

Q C A van Breda – Executive Chairman

Prof Eng Technician, CPFA

Quentin began his career as a trainee draftsman in 1970, progressing to design draftsman and section leader by 1974. He joined Potain SA, a wholly-owned subsidiary of Potain France, in 1975 as a draftsman/production controller. The Potain agency was given to Triplejay Equipment later that year when the French owned parent company disinvested from South Africa. Quentin remained with Triplejay as a production engineer for four years thereafter.

In 1980, Quentin was promoted to Triplejay's head office where he was employed as the product manager for the Potain agency until 1982.

In 1982, Quentin established SA French Limited, taking over the sole distribution for Potain in South Africa. In 2002, he furthered his professional engineering qualifications and in 2004 completed a certificate programme in finance and administration at Wits Business School.

W van Breda – Operations Director

LLB, LLM

Warwick completed his legal qualifications at the University of Stellenbosch in 2004, going on to work within the profession for three years in, amongst others, the corporate finance department of Clifford Chance in London (UK). He joined SA French Limited as its general manager and legal adviser in February 2007, having worked part-time at the company during educational vacations for over ten years.

P Van Zyl

Financial Director

Peter completed a BCom at UNISA with distinction in Accounting and Financial Management.

Peter has wide-ranging operational experience in Financial Management and Financial Director roles and has entrepreneurial experience, with a particular focus on the ICT industry. From 2004–2009 Peter was Commercial Director of Sekunjalo Investments Ltd, where he managed a wide range of transactions, including Sekunjalo Health Care Rights Issue, the acquisition of a BEE stake in British Telecom and Marine Growers from Transnet, as well as the restructuring of Sekunjalo Financial Services.

W M Mashaba – Director

Mmetja was appointed to the board on 1 October 2007 by The SAF Economic Empowerment Trust. She joined SA French Limited in 2004 and currently holds the position of rental administration co-ordinator. She became an employee representative to the SA French Limited empowerment initiative in 2006, and was appointed as a trustee of The SAF Economic Empowerment Trust in 2006. Mmetja is the operational liaison between the SA French Limited tower crane operators and management. She is trained on the Pastel accounting system and VIP Payroll and is responsible for wages and billing of rentals.



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Company Directorate

NON-EXECUTIVE DIRECTORS

J M Poluta – Independent non-executive

CA (SA)

John was appointed to the board as a non-executive director on 1 October 2007. He qualified as a Chartered Accountant after completing his articles at Deloitte & Touche. He then worked as an investment analyst for six years at Barnard Jacobs Mellet and JP Morgan. John co-founded Mowana (Propriety) Limited Investments in 2004.

Joseph Fizelle – Independent non-executive Director

BCom, HDipPrAcc, FCA (Ireland)

Joseph was appointed as an independent non-executive director and a member of the audit committee of SA French on 1 July 2009. Joseph is a fellow of the Irish Institute of Chartered Accountants and began his career in the audit and advisory division of PriceWaterhouseCoopers in 1993. He joined Mowana Investments (Proprietary) Limited, a black empowerment investment holding company, as an executive director in 2004. Prior to this, Joseph gained extensive experience in corporate finance at JPMorgan Chase (Johannesburg) and Standard Bank.

Sandile Swana

Sandile was born in Johannesburg and matriculated at St John's College, Umtata. He completed a B.Comm under the Anglo American Scholarship Programme at Wits University, Johannesburg and later completed the Business Advisors Programme at WBS-Centre for Developing Business.

He holds an MBA from the University of Pretoria as well as a B.Th in Ethics from UNISA. He has received sponsorship from the Department of Transport for part of the degree Honors B.Comm Logistics) at UNISA which he completed.

Sandile has prepared and presented conference papers for IPSA, Supply Chain Council and SAPICS. He spent seven years in the retail sector with Caltex Oil and Zenex Oil where he gained experience in business planning, oil retail and general management. He has also worked as group operations manager for the JSE listed, Don Group.

He is presently non-executive director of JSE listed Gold One International Ltd, ConvergeNet Holdings Ltd and Queensgate Hotels & Leisure Ltd and is a member of the Institute of Directors.

Janine de Bruyn

Janine obtained a BCompt degree from UNISA while completing her articles at PriceWaterHouseCoopers. Later in her career Janine completed a BCom (Hons) in Financial Analysis and Portfolio Management from UCT.

After working in accounting and financial management roles for large corporates and law firms, Janine spent three years at Sanlam Investment

Management where she was on a two person team managing a fund of R2-billion. Following this, she worked for Futuregrowth Asset Management as Head: Empowerment Equities and was a member of the management committee. Janine has held various directorships and has been a member of the Ethos Private Equity Advisory Board.

Janine has spent the past ten years working on corporate finance deals and restructurings for some of South Africa's top BEE firms. She has a keen interest in rural development and is a trustee on the Nozala Trust – an organisation that supports projects led by women in rural areas. The Trust was created by and is a shareholder of Nozala Investments, a leading Women-owned and led BEE Entity.

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Industry Overview

Introduction

The period June 2010 to June 2011 has seen the spotlight, created by the football world cup, shine brightly on South Africa and the country responded by hosting one of the most successful tournaments to date. Running up to the completion of the major stadia and infrastructure related projects the old hands in the construction industry warned of a “hangover” period that would require clever management of costs and innovative thinking to generate revenue. The promise of an R 800 billion budget for infrastructure and related government projects was enough to motivate SA French Limited (“SA French” or “the Group”) to consolidate on past successes and manage its restatement of financial position with the assistance of stakeholders and advisors.

International trends

The market for tower cranes in Europe showed some positive signs of improvement and the Manitowoc Crane Group (“Manitowoc”) has weathered the economic conditions better than most with a cost conscious program of lean production while relying on its extensive worldwide dealer network to provide regional market intelligence. As a result the service and delivery of new products has been greatly improved and traditional distribution relationships have been reinforced in key markets. Significantly there has been investment by Manitowoc in the BRICS members with new production facilities as well as devoted regional offices to provide dealer support and assist with the unique challenges that arise in each different territory.

The opportunities exist in these developing economies for greater levels of cooperation and the sharing of stock and spare parts. The global outlook on the year from Manitowoc was positive, with the tough decisions regarding manufacturing capacity and efficiencies paying dividends in this period. There is a marked move toward higher capacity tower cranes for use on infrastructural projects such as the construction of dams, power generation and alternative energy.

Regional market

The last six months of 2010 resulted in a contraction in the construction industry with margins under pressure due to increases in the cost of raw materials as well as uncertainty with regard to future projects and the increase in competition. The major infrastructure under construction, namely the Medupi and Kusile Power Stations, De Hoop Dam and freeway improvement programs have kept many in the industry afloat.

Positively, the progress made in partnerships with the energy regulator and suppliers of alternative energy initiatives have been exciting. The construction and maintenance of solar farms, wind farms and hydro electric installations makes commercial and environmental sense.

Expanding this regional analysis to the commodity sector and the outlook is extremely positive. New mines in the DRC as well as power generation in Zimbabwe, Tanzania and Mozambique have provided opportunities for companies with the abilities required to complete these contracts working in these countries to great effect. The establishment and maintenance of regional cooperation structures is vital to the ongoing development of the Southern African region and provides South African companies the opportunity to benefit from these projects.

Conclusion

There is no doubt that in order to succeed as a country South Africa must invest in its infrastructure. The year gone by has been a foundation year for many new initiatives like public private partnership and well capitalised firms even securing finance for build operate and transfer deals with government. It has been a year in which sound and steady management is required to make informed strategic decisions. The Group is therefore well placed to benefit from the inevitable upturn in demand for service in both South Africa and the SADC region.



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Management Report

Highlights

The past twelve months have been characterised by a number of successes that have been achieved through finding innovative solutions to challenges, bolstered by high-quality corporate advice and an unwavering commitment from management. The highlights in this period include a successfully implemented statement of financial position restructure resulting in a significant reduction in group liabilities from in excess of R138 million to less than R77 million. The group had an increase in revenue and improved its operating profits in the year under review.

Introduction

The board of directors of SA French (“the directors” or “the Board”) is pleased to present the audited financial results of SA French for the twelve months ended 30 June 2011 (“the period”) which reflect an improvement in the operating performance of the business. This period has seen a restructuring of the statement of financial position through a successful rights issue, the completed implementation of the Manitowoc settlement agreement and the rationalization of instalment sale agreements to term out the debt over a more sustainable period. The business has also embarked on a process of retiring its remaining short term liabilities. The setting and achieving of these milestones has significantly improved the solvency and liquidity of the business. The restructure of the statement of financial position has been completed against the backdrop of an improvement in the operating environment as SA French has focused on its core business, and on the mining and infrastructure sectors in Africa and cut costs. Management are cautiously optimistic on the outlook for the business.

Group profile

SA French was incorporated in 1982 with its main objective being the sale, rental and service of tower cranes in South Africa. The decision to list on the AltX board of the JSE was made in 2007, following which the group entrenched itself as the distributor in sub-equatorial Africa of NYSE listed Manitowoc Crane Group’s Potain brand of tower cranes, the world’s largest crane manufacturer. In addition to 29 years as an expert in the field of tower cranes, the group has diversified into the supply of telescopic handlers and rack and pinion passenger and materials hoists and working platforms from leading European suppliers. This diversification allows the company to offer complementary lifting solutions to its client base. The focus of the company is to offer the best possible solution to a lifting requirement with a high level of service and customer satisfaction.

CEO’s Report

The past twelve months have seen the Group make significant strides in securing its future through raising funding in the form of a fully subscribed and underwritten rights issue, a settlement deal with Manitowoc Crane Group as well as restructuring of banking facilities. Cost saving initiatives and a company wide effort to attain the maximum level of efficiency has had many positive effects, both financial and motivational.

In the domestic civil and commercial construction sectors the Company has been able to offer its clients turn-key solutions to lifting requirements, in particular in power generation and industrial applications. By working in conjunction with project management and consulting engineers to find lifting solutions in these applications the Company further enhanced its reputation, built up over 29 years in the lifting industry.

The mining sector was targeted in 2011 and the team dedicated to compiling technical submissions for tenders, bankable feasibility studies and requests for quotation (RFQ’s) had its hands full keeping up with the volume of enquiries. The validity of most of these submissions is between ninety and one hundred and twenty days and in most cases the company received positive feedback on the high quality and detail of its proposal. The consultants associated with these enquiries are therefore always certain to ask SA French for a submission and it is hoped that in months to come the award of these tenders will yield positive results for the company.



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Particular mention must be made of the extraordinary lengths that our corporate advisors, AfrAsia Corporate Finance, have gone to in order to assist the group in the past year. The addition of Peter van Zyl to the Board, and his team has proved vital in providing high quality management accounts and allowing the executive team to manage in tough conditions with the most up to date and pertinent information. After nine months of tireless effort, in the context of the promulgation of the Companies Act 71 of 2008, to make sure that the rights offer was made to shareholders in compliance with all new requirements of this legislation, the capital raised has been deployed in areas where it is most needed, both operationally as well as strategically.

Similarly the Company's suppliers have remained positive and accommodating throughout this period and much of what has been achieved would not have been possible without their support, understanding and willingness to assist. We thank them and look forward to another year of working together.

Audit Committee Report

In compliance with the Companies Act of 2008 (Act 71 of 2008), (as amended), ("the Act"), the Audit Committee comprising of Mr John Poluta, Mr Joseph Fizelle and Mr Peter van Zyl hereby presents the audit committee's report.

During the financial year ended 30 June 2011, in conjunction with the duties set out in the Audit Committee's Terms of Reference (a summary of which is provided on page 12 of the Corporate Governance Report), the Audit Committee carried out its functions as follows:

- nominated the appointment of RSM Betty & Dickson (Johannesburg) ("RSM") as the registered independent auditor after satisfying itself through enquiry of RSM independence;
- determined the fees to be paid to RSM as well as their terms of engagement;
- ensured that the appointment of RSM complied with the Act and any other legislation relating to the appointment of auditors;
- approved a Non-Audit Services Policy which determines the nature and extent of any non-audit services which RSM may provide to the company; and
- pre-approved any proposed contract with RSM for the provision of non-audit services to the company.

The Audit Committee has satisfied itself through enquiry that RSM and Mr John Jones, the designated auditor, are independent of the company.

The Audit Committee recommended the financial statements for the year ended 30 June 2011 for approval to the Board.

The Board has subsequently approved the financial statements which will be open for discussion at the forthcoming annual general meeting.

In compliance with the Listings Requirements of the JSE Limited, the Audit Committee further executed their responsibility in considering and satisfied themselves to the appropriateness of the expertise and experience of the financial director P van Zyl.



John Poluta

Audit Committee Chairman

1 December 2011



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Basis of preparation

The accounting policies applied in the preparation of the audited group annual financial statements for the year ended 30 June 2011, which are based on reasonable judgments and estimates, are in accordance with International Financial Reporting Standards (“IFRS”) and are consistent with those applied in the annual financial statements for the year ended 30 June 2010. The annual financial statements set out on pages 15 to 57 have been prepared in accordance with the International Financial Reporting Standards, the Companies Act, 2008 as amended, the AC 500 standards as issued by the Accounting Practice Board and its successor, and the Listings Requirements of the JSE. The financial results have been prepared under the supervision of Peter van Zyl, financial director.

Auditor's report

The group's annual financial statements for the year ended 30 June 2011 have been audited by the group's auditors, RSM Betty & Dickson (Johannesburg). The auditors have not reviewed the prospects of the group.

Review of operations

Maintaining solid relationships with existing clients and leveraging these relationships, built on the commitment to service, to expand its geographic footprint and client base was the prevailing strategy for this period. The ability to adapt and provide expert technical advice has been a distinguishing factor in the award of a number of orders to the group. Operational teams and equipment have been utilized in Mali, Rwanda, Mozambique and Botswana while within South Africa there is no corner of the country where lifting is required that has not been visited by this team.

Due to the fact that it can boast the youngest and largest fleet of tower cranes in Africa, the group has been able to provide tailor made lifting solutions to various operators within the industry. Most notably power generation, mining and water infrastructure projects have benefitted from the advice on positioning and execution of lifting equipment as well as the guaranteed 90% availability that is assured when using the products and operators supplied by SA French.

SA French has concluded sales in the Democratic Republic of Congo (DRC) for multinational mining companies and has completed and submitted several tenders for the sale and service of tower cranes throughout sub-Saharan Africa. The Continent of Africa represents a growth opportunity for the Group with significant investment in commodities and the need for infrastructure. This market is vast and SA French has the necessary blend of expertise and experience to provide the lifting solutions that are required to complete these projects. Risk is always mitigated in cross border transactions by partnering with South African based clients or seeking the advice of well placed industry operators.

Statement of going concern

The group annual financial statements for the year ended 30 June 2011 have been prepared on the going concern basis.

All reportable irregularities occurring in previous periods have been addressed by management and have been resolved.

The auditors have provided an unmodified audit report.

On a review of the group's statement of financial position there are three significant issues that should be brought to the attention of the users of these results. The company currently has a computed loss for taxation purposes of R51.1 million. Given the current circumstances of the company, consideration has been made to the provisions of IAS 12 Income Taxes and no deferred taxation asset has been raised on this computed loss in the current period. Secondly the Instalment Sale Agreements have been restructured with the various banks to ensure they are brought back in line with the provisions of the new agreements. A number of the agreements have been amended to include extended repayment periods which result in a lower monthly cash outflows. The Statement of Financial Position therefore now reflects a non-current portion which reflects the implementation of the restructured Instalment Sale Agreements. Finally the settlement arrangement with Manitowoc Crane Group has been implemented during the period resulting in a significant reduction in inventory and trade payables thus reducing the overall risk in the company.



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Skills development

The Engineering Council of South Africa (“ECSA”) has conferred the status of Lifting Machinery Entity (“LME”) on SA French and it continues to, under the auspices of ECSA, assist its technicians to register as candidate Lifting Machinery Inspectors (“LMI”) while boasting the largest number of inspectors in a single lifting entity. It is an active member of the steering committee tasked with establishing a South African National Standard for the crane industry.

In order to maintain the high standard of service and quality that it has set within the industry SA French has appointed a full time quality audit manager to audit the work that has been done by its technicians. This audit is available, unedited, to its clients. There has also been the successful completion, by two candidates, of the TUV ISO9000 external audit accreditation which has given the group the additional ability to audit its suppliers to ensure the quality of the products that are supplied.

The training facility established under the auspices of the Transport Education and Training Authority (“TETA”) enables the group to provide operator training and certification for clients, third parties as well as internally. This accreditation has been audited and confirmed by TETA during the reporting period.

A permanent position of Health and Safety Officer within the group has been advertised and filled within this period and the values added to clients and internal operations have been immediately apparent with the creation of this position as well as providing a number of opportunities with the additional training of staff.

FINANCIAL RESULTS

Revenue

The revenue grew during the period primarily as a result of the Manitowoc settlement agreement which required the sale of inventory back to the supplier. The group’s core focus on tower crane sales, service and rental has seen it survive the economic downturn and absorb the costs associated with the importation and storage of this additional stock.

Operating costs

SA French has managed its operating costs, reducing them wherever possible, while ensuring that operating efficiencies have been increased. There were a number of once off costs during the current period which resulted from the restructure of the debt, the Manitowoc settlement agreement and the raising of fresh capital. Management continues to review the operating cost base of the business to ensure that maximum value is extracted from its operational efforts.

Manitowoc Settlement

In the current reporting period, SA French concluded a settlement agreement with its major supplier, Manitowoc Crane Group (“Manitowoc”), in which it agreed to return a significant number of unutilized and unsold inventory which it had held due to the cancellation of orders at the height of the economic downturn. The full settlement agreement was implemented during the current period. This has resulted in a material impact on the financial results. Firstly and most importantly approximately R53m worth of inventory has been returned to the supplier in exchange for the settlement of the debt owed to that supplier. The deal removed significant financial risk from the Group through the reduction of both its inventory holdings and its current liabilities. As a consequence, and as a result of the material strengthening of the Rand against the Euro, the offset agreement has resulted in non-cash restructuring costs in excess of R12.3m. This is essentially the reversal of the foreign exchange gains that were made in the previous 2 years on the outstanding amount to the creditor as the Rand strengthened. In addition, it must be highlighted that the structure of the settlement agreement has driven the growth in the revenue and the cost of sales and has resulted in a significant reduction in the margin of the business.

Movement in borrowings

The company’s non-current liabilities increased from R17 million at 30 June 2010 to R34 million as at 30 June 2011. This is due to the reclassification of the Instalment Sale Agreements from current back to non-current as a result of the restructure of these agreements.

Current liabilities have decreased from R122 million as at 30 June 2010 to R42 million as at 30 June 2011. This is due to the settlement of trade payables under the Manitowoc deal, the reclassification of the current portion of the Instalment Sale Agreements and a general reduction in current liabilities through the restructure and settlement of debt. The business has



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been supported by its trade creditors over the past 24 months and the understanding and flexibility of these partners has been, and continues to be, greatly appreciated by the board.

In addition to the above, SA French has been systematically reducing its bank overdraft in keeping with its policy of financial discipline.

Prospects

Within the Southern African Development Community (“SADC”) there are a number of opportunities for the supply of all forms of lifting machinery. SA French has tendered on numerous jobs in this region and is confident of its prospects as well as the opportunity to regionally diversify. The company continues to leverage its long-term relationships with its blue chip clients in the mining sector in order to take advantage of infrastructural and development projects in the region. Within South Africa, the company’s national footprint, services capabilities and competitive pricing makes it the tower crane supplier of choice.

Projects that had stalled due to lack of funding in 2008 and 2009 are being revisited and there is opportunity to advise and supply lifting solutions in this area. This source of revenue is dependent on the private sector and takes issues such as business and consumer confidence, interest rates and the availability of funding into account.

Power generation remains an anticipated source of revenue and the group looks to the award of a number of tenders that have been delayed from as far back as March 2008 where it had worked closely with the winning tenderers and is now in a position to directly benefit from work on these projects, consisting of new builds or maintenance of facilities.

The government allocation that has been earmarked for infrastructural development between 2010 and 2014 of R800 billion is an incentive to stay positive. The group will continue to invest in and retain skilled staff in order to be in a position to take maximum benefit from any future infrastructure spending both directly as well as through its clients. There are also opportunities that are being investigated in wind farms and discussions with key role players in the alternative energy sector are ongoing.

Subsequent events

The business concluded a number of restructuring deals with lenders and creditors to ensure a sustainable ongoing reduction of its debt. Most notable of these agreements was the settlement of the outstanding liability to the South African Revenue Service (“SARS”) as well as the restructure and regularizing of the Instalment Sale Agreements with the various banks that have provided asset backed finance to the Company.

Dividend policy

No dividend has been declared for the period.

Directorate

Mr Peter van Zyl was appointed as financial director of SA French with effect from 22 March 2011.

Appreciation

We thank our employees for their continued loyalty, hard work and commitment to the vision of the group. Furthermore, we thank our non-executive directors and designated advisers for their wise counsel and our stakeholders for their consistent faith in the group. The board is confident in the company’s inherent value, as well as its future prospects.

On behalf of the board



Quentin van Breda
Chief Operating Officer



Peter van Zyl
Financial Director

1 December 2011



SA French Limited
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Corporate Governance Report

1. Introduction

SA French Limited (“SA French”) is listed on the Alternative Exchange (“AltX”) of the JSE Limited (“JSE”). The Board of directors of SA French (“the Board”) is committed to ensuring that the Group adheres to the highest standards of corporate governance in the conduct of its business and is committed to the principles of openness, integrity and accountability. The Board supports the principles contained in the Code of Corporate Practices and Conduct recommended by the King Report on Corporate Governance for South Africa (“King III”) as well as the Listings Requirements of the JSE.

2. Improvements made during the past year and plans for the year ahead

The Board’s governance policies and procedures are continually updated to ensure ongoing adherence to the Listings Requirements of the JSE, King III and current legislation. During the period under review the Audit Committee took cognizance of the signing into effect of the Companies Act 71 of 2008 (“the New Companies Act”). The Board will comply fully with the changes and recommendations that have been enacted within the prescribed periods.

During the financial year ended 30 June 2011, the Board made the following changes:

- the process for appointments to the Board was reviewed and recommendations for the appointments of additional, independent Non Executive Directors were made;
- the Audit Committee set principles for recommending the use of external auditors for non-audit services;
- a communications policy was adopted recording SA French’s procedure with regard to communication with the media and investment community, and other audiences, to avoid selective disclosure of material information;
- a trading policy was formalised and adopted by the Board setting out the steps to be followed by directors who wish to trade in their shares; and
- a remuneration policy was approved by the Board.

3. Statement of compliance

The Board has reviewed the 2010 governance framework and also the New Companies Act and has effected the changes as mentioned in paragraph 2 above. SA French has reviewed the rules and regulations of the Listings Requirements of the JSE and King III and is satisfied that it complied in all material respects with King III.

4. Board of Directors

4.1 Changes to the Board of Directors

- Peter van Zyl was appointed Financial Director on 22 March 2011.
- It was proposed and agreed that Janine De Bryn and Sandile Tswana be appointed as Independent Non Executive Directors of SA French Limited as of 1 January 2012.



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4.2 Composition of the Board

As at the date of the notice of the annual general meeting, the Board comprised of six directors which include four executive directors, and two independent non-executive directors. The guidelines contained in the Listings Requirements of the JSE were used to determine the category most applicable to each director.

The Board has developed a policy to ensure that there is a clear division of responsibilities at board level to ensure an appropriate balance of power and authority amongst directors.

The names of the directors as at the date of this report are set out on page 18 of this Annual Report.

4.3 The Chairman and Chief Executive Officer

The Chairman and Chief Executive Officer is Quentin van Breda. In terms of the Listings Requirements of the JSE for AltX companies, the separation of the Chairman and the Chief Executive Officer is not required. Quentin leads the Board and is responsible for representing the Board to shareholders. He is further responsible, with the assistance of the other executive directors and management, for the running of the day-to-day business of the Group, for the implementation of policies and strategies adopted by the Board and takes full responsibility for all operations. The directors are experienced business people and are required to exercise leadership, enterprise, integrity and judgement based on the principles of good governance.

4.4 Appointment of the Board

The Board has adopted a formal and transparent policy on the procedures for the appointment of directors. Directors are invited to assist with the identification and nomination of potential candidates. The Company Secretary ensures that individual appointees, and existing directors, are free of any conflict of interest between the duties he/she owes to the Company and their private interest.

4.5 Directors' share dealings

Directors may not deal in the Company's shares without first advising and obtaining clearance from the Chairman and the financial director. The chairman and financial director may not deal in the Company's shares without first advising and obtaining clearance from the Board. No director or member of senior management may trade in SA French shares during closed periods as defined in the JSE Listings Requirements. The directors of the Company keep the Company Secretary advised of all their dealings in securities.

4.6 Interest in contracts

Directors are required to inform the Board timeously of potential conflicts of interests they may have in relation to particular items of business and recuse themselves from discussions or decisions on matters in which they have a conflicting interest. The register of interests of directors in contracts, is updated on a regular basis.

4.7 Induction and development

All of the directors, have attended the AltX Directors' induction program. The Company Secretary ensures that the Board is regularly updated with changes to legislation, regulation and best practice and further assists the Chairman with the induction and orientation of directors, including arranging specific training, if required. The Company is also committed to continuing director development in order to build on their expertise and develop an ever more detailed understanding of the business and the markets in which the company operates.



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4.8 Retirement and re-election of directors

All directors are subject to retirement and re-election by shareholders every three years. In addition, all directors are subject to election by shareholders at the first opportunity after their initial appointment. The names of directors submitted for election or re-election are accompanied by brief biographical details to enable shareholders to make an informed decision in respect of their election.

4.9 Independent advice

Individual directors may, after consulting with the Chairman or the managing director, seek independent professional advice, at the expense of the company, on any matter connected with the discharge of their responsibilities as directors.

4.10 Board attendance

The Board meets regularly, at least once a quarter and when circumstances may require. The Company Secretary acts as secretary to the Board and its Committees and attends all meetings. Details of attendance at the meetings is provided in the table overleaf.

4.11 The Company Secretary

The Company Secretary is responsible for providing the Board collectively, and each director individually, with guidance on the discharge of their responsibilities in terms of the legislation and regulatory requirements of the relevant jurisdictions. The Company Secretary ensures that the Board and its committees are supplied with comprehensive and timely information, to ensure that the directors have all the relevant information and facts, to enable them to discharge their responsibilities.

5. Audit Committee

While the Board remains accountable and responsible for the performance and affairs of the company, it delegates to management and board committees certain functions to assist it to properly discharge its duties.

The Board has one committee, being the audit committee, during the period under review. The Chairman of the Audit Committee reports at each scheduled meeting and attends all annual general meetings to answer questions raised by shareholders. During the twelve months ended 30 June 2011, the Audit Committee comprised of John Poluta (Chairman), Joseph Fizelle and Peter van Zyl. The Audit Committee Report is set out on page 6 of the Annual Report. Attendance at Audit Committee meetings is set out in the table in paragraph 6 below:

The responsibilities of the Audit Committee are as follows:

- the effectiveness of the Company's information systems and other systems of internal control;
- the effectiveness of the internal audit function;
- the reports of both the external and internal auditors;
- the Annual Report and specifically the Annual Financial Statements included therein;
- the accounting policies of the Company and any proposed revisions thereto;
- the external audit findings, reports and fees and the approval thereof;
- ensuring that non-audit services will not be obtained from the external auditors where the provisions of such services could impair audit independence; and
- compliance with applicable legislation and requirements of regulatory authorities.



SA French Limited
Annual Report for the year ended 30 June 2011
Corporate Governance Report

6. Board and Audit Committee meeting attendance

Representatives of the appointed Designated Adviser, PSG Capital attend all Board and Audit Committee meetings. Details of the attendance at meetings are provided in the table below.

Director	Designation	Board	Audit Committee
Q C A van Breda	Executive Chairman and Chief Executive Officer	3/3	2/3+
W van Breda	Commercial director	3/3	3/3+
P Van Zyl ~	Financial director	3/3	3/3
W M Matlala	Executive director	3/3	N/A
J M Poluta	Independent non-executive director	3/3	3/3
J Fizelle	Independent non-executive director	3/3	3/3

+ *Attended by invitation*

~ *Appointed to the board on 22 March 2011*

7. Communication

The Company is committed to transparent, timeous and consistent communication with shareholders and aims to present in all its communications a balanced assessment of the group's position. Shareholders' attendance at annual general meetings is encouraged.

Company announcements are released on SENS and posted on the Company's website. Communications with institutional shareholders and investment analysis are maintained through presentation of financial results, trading statement, press announcements and one-on-one visits.

8. Employment equity

An affirmative action programme forms part of the Group's business plan. The Group offers equal opportunities to all employees. It seeks to provide a work environment in which individuals of ability and commitment are able to develop their careers regardless of their background, race, religion or gender. The Group fully supports the government's initiative to achieve greater equity in the workplace and management of all Group companies is fully committed to complying with the Employment Equity Act, 1998 (Act 55 of 1998).

9. Going concern

The Annual Financial Statements set out in this Annual Report have been prepared in accordance with International Financial Reporting Standards. They are based on appropriate accounting policies that have been consistently applied. The directors report that, after making enquiries, they have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Group continues to adopt the going concern basis in preparing the Annual Financial Statements.



SA French Limited
Annual Financial Statements for the year ended 30 June 2011
Index

The reports and statements set out below comprise the annual financial statements presented to the members:

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Level of assurance

These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.

Preparer

These annual financial statements have been prepared under the supervision of P van Zyl.



SA French Limited
Annual Financial Statements for the year ended 30 June 2011
Independent Auditors Report

To the members of SA French Limited and subsidiary

We have audited the annual financial statements of SA French Limited and subsidiary, which comprise the statement of financial position as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 15 to 57.

Directors' Responsibility for the Annual Financial Statements

The Group's directors are responsible for the preparation and fair presentation of these annual financial statements in accordance with International Financial Reporting Standards, the AC 500 standards as issued by the Accounting Practice Board and its successor, and the requirements of 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.

Auditor's Responsibility

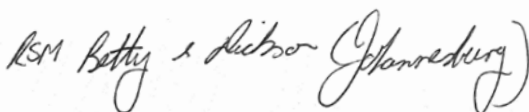
Our responsibility is to express an opinion on these annual financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance 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 management, as well as evaluating the overall presentation of the annual financial statements.

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

Opinion

In our opinion, the annual financial statements present fairly, in all material respects, the financial position of SA French Limited and subsidiary as at 30 June 2011, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, the AC 500 standards as issued by the Accounting Practice Board and its successor, and the requirements of the Companies Act of South Africa.



RSM Betty & Dickson (Johannesburg)
Registered Auditors
Per: John Jones CA(SA), RA
RANDBURG
1 December 2011

SA French Limited
Annual Financial Statements for the year ended 30 June 2011
Directors' Responsibilities and Approval

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

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

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and all employees are required to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Group is on identifying, assessing, managing and monitoring all known forms of risk across the Group. While operating risk cannot be fully eliminated, the Group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The directors have reviewed the Group's cash flow forecast for the year to 30 June 2012 and, in the light of this review and the current financial position, they are satisfied that the Group has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Group's annual financial statements. The annual financial statements have been examined by the Group's external auditors and their report is presented on page 18.

The annual financial statements set out on pages 15 to 57, which have been prepared on the going concern basis, were approved by the board and were signed on its behalf by:



Quentin van Breda
Chief Executive Officer
1 December 2011



Warwick van Breda
Operations Director
1 December 2011

Declaration by the Company Secretary

In terms of the Companies Act, I certify that, to the best of my knowledge and belief, the Company has, in respect of the financial year reported upon, lodged with the Companies and Intellectual Property Registration Office all returns required of a public Company in terms of the Act and that all such returns are true, correct and up to date.



W van Breda
Company Secretary
1 December 2011



SA French Limited
Annual Financial Statements for the year ended 30 June 2011
Directors' Report

The directors submit their report for the year ended 30 June 2011.

1. Review of activities

Main business and operations

SA French is the exclusive Southern African distributor of Europe's top brands of tower cranes, telescopic forklifts, rough terrain self loading concrete mixers and rack and pinion materials and passenger hoists. The Group provides its clients with a wide range of services in the lifting industry including purchase, rental and all ancillary services relating to the machinery that it markets. The year in review has seen the quality of service provided to the larger corporations within the African region enable it to gain access to emerging markets such as Mali, the DRC and Mozambique. Using its existing relationships throughout the region, it is able to operate in these areas without the ancillary risks that are normally associated with work in other jurisdictions. The Group's geographic footprint has allowed it to provide South African, Chinese and European clients with both cost efficiencies, as travel and labour are relatively inexpensive from South Africa, and reliable service, thereby enhancing its reputation on the continent.

Due in most part to the reversal of a provision for foreign exchange gains when the Rand was stronger against the Euro, and as a result of the repurchase agreement with Manitowoc, that was concluded in Euro, the net loss of the Group was R14 549 558 (2010: R4 902 231), after taxation of R - (2010: R776 083). Operationally however the Group has succeeded in breaking even, and is cautiously optimistic about the year to June 2012.

2. Going concern

We draw attention to the fact that at 30 June 2011, the Group had accumulated losses of R15 249 276 (2010: R1 651 118).

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern.

This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

On a review of the Group's statement of financial position, there are three significant issues that should be brought to the attention of the users of these results. The repurchase of non-moving stock by Manitowoc Crane Group has been finalised and the result of this transaction has been that redundant stock was resold to the supplier, resulting in a reduction to trade and other payables and inventory levels. Secondly, the asset based finance providers have been approached and the agreements have been restructured in order to provide both the Group and its financial institutions with certainty. It was previously mentioned that capital would be required by the Group and after much consideration the board chose equity funding, completing its rights offer in June 2011.

As a result at the actions and plans presented above, the annual financial statements have been prepared on the going concern basis as the directors are the view that the Group has adequate resources in place to continue in operation for the foreseeable future.

3. Accounting policies

The annual financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year.

4. Authorised and issued share capital

In order to complete its rights issue the Issued share capital of the Group during the year under review was increased in accordance with the circular to shareholders dated 13 June 2011. The issued share capital of the Group is now R566 375 689.

5. Borrowing limitations

In terms of the articles of association of the Group, the directors may exercise all the powers of the Group to borrow money, subject to the JSE Listing Requirements and any regulations made from time to time by the Group at a general meeting.

6. Non-current assets

There have been no major changes in the non-current assets during the period nor any changes in the policy relating to their use.

Refer note 3 of the Annual Financial Statements for any additions or disposals made during the year under review.

7. Dividends

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

SA French Limited
Annual Financial Statements for the year ended 30 June 2011
Directors' Report

8. Directors

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

Name	Changes
Q C A van Breda	
W van Breda	
P van Zyl	Appointed - 22 March 2011
R Erasmus	Resigned - 14 July 2010
W M Mashaba	
J M Poluta (non executive)	
J Fizelle (non executive)	

The directors interest in the share capital of SA French is disclosed on page 57. There have been no changes in the directors interest between the end of the financial year and the date of approval of the financial statements.

9. Secretary

The secretary of the Group is W van Breda of:

Business address

461 Flower Close
 Tunney Ext 9
 Germiston
 1400

10. Interest in subsidiaries

Name of subsidiary	Comments	Net income / (loss) after tax
Construction Handling Equipment (Proprietary) Limited	Dormant	-

The subsidiary was dormant in the current year and no transactions occurred during the year.

Details of the Company's investment in subsidiaries are set out in note 4.

11. Auditors

RSM Betty & Dickson (Johannesburg) will continue in office in accordance with the Companies Act.



Quentin van Breda
 Chief Executive Officer
 1 December 2011



Warwick van Breda
 Operations Director
 1 December 2011



SA French Limited
Annual Financial Statements for the year ended 30 June 2011
Statement of Financial Position

Figures in Rand	Note(s)	Group		Company	
		2011	2010	2011	2010
Assets					
Non-Current Assets					
Property, plant and equipment	3	97 938 011	86 388 683	97 938 011	86 388 683
Investment in subsidiary	4	-	-	200	200
Financial assets	5	-	1 362 000	-	1 362 000
		97 938 011	87 750 683	97 938 211	87 750 883
Current Assets					
Inventories	6	9 432 375	86 128 940	9 432 375	86 128 940
Loans to shareholders	7	723 159	-	723 159	-
Financial assets	5	1 803 318	-	1 803 318	-
Current tax receivable		-	528 645	-	528 645
Trade and other receivables	8	16 245 554	12 380 451	16 245 554	12 380 451
Cash and cash equivalents	9	4 075 452	34 175	4 075 452	34 175
		32 279 858	99 072 211	32 279 858	99 072 211
Total Assets		130 217 869	186 822 894	130 218 069	186 823 094
Equity and Liabilities					
Equity					
Equity Attributable to Equity Holders of Parent					
Share capital	11	68 815 550	49 329 571	68 815 550	49 329 571
Reserves		162 275	162 275	162 275	162 275
Accumulated loss		(15 249 276)	(1 651 118)	(15 245 865)	(1 647 707)
		53 728 549	47 840 728	53 731 960	47 844 139
Non-controlling interest		200	200	-	-
		53 728 749	47 840 928	53 731 960	47 844 139
Liabilities					
Non-Current Liabilities					
Loans from shareholders	7	6 920 071	11 173 680	6 917 061	11 170 670
Financial liabilities	12	-	6 100 112	-	6 100 112
Instalment sale agreements	14	27 255 394	-	27 255 394	-
		34 175 465	17 273 792	34 172 455	17 270 782
Current Liabilities					
Loans from shareholders	7	1 507 939	450 000	1 507 939	450 000
Financial liabilities	12	495 895	495 895	495 895	495 895
Current tax payable		-	165 000	-	165 000
Instalment sale agreements	14	10 398 197	41 359 384	10 398 197	41 359 384
Operating lease liability		146 942	1 284 849	146 942	1 284 849
Trade and other payables	16	26 848 244	71 759 316	26 848 243	71 759 315
Dividend payable	15	-	786 400	-	786 400
Bank overdraft	9	2 916 438	5 407 330	2 916 438	5 407 330
		42 313 655	121 708 174	42 313 654	121 708 173
Total Liabilities		76 489 120	138 981 966	76 486 109	138 978 955
Total Equity and Liabilities		130 217 869	186 822 894	130 218 069	186 823 094
Net asset value per share	35	9.49	9.49	28.75	28.75

SA French Limited
Annual Financial Statements for the year ended 30 June 2011
Statement of Comprehensive Income

Figures in Rand	Note(s)	Group		Company	
		2011	2010	2011	2010
Revenue	18	97 414 281	65 629 929	97 414 281	65 629 929
Cost of sales	19	(78 703 099)	(50 059 505)	(78 703 099)	(50 059 505)
Gross profit		18 711 182	15 570 424	18 711 182	15 570 424
Other income		14 346 565	13 601 113	14 346 565	13 601 113
Operating expenses		(27 484 231)	(26 293 482)	(27 484 231)	(26 293 482)
Operating profit	20	5 573 516	2 878 055	5 573 516	2 878 055
Investment revenue	21	6 762	1 712 039	6 762	1 712 039
Restructuring costs		(12 374 927)	-	(12 374 927)	-
Fair value adjustments	22	(227 000)	(1 362 000)	(227 000)	(1 362 000)
Finance costs	23	(7 527 909)	(7 354 242)	(7 527 909)	(7 354 242)
Loss before taxation		(14 549 558)	(4 126 148)	(14 549 558)	(4 126 148)
Taxation	24	-	(776 083)	-	(776 083)
Loss for the year		(14 549 558)	(4 902 231)	(14 549 558)	(4 902 231)
Other comprehensive income		-	-	-	-
Total comprehensive loss		(14 549 558)	(4 902 231)	(14 549 558)	(4 902 231)
Total comprehensive loss attributable to:					
Owners of the parent		(14 549 558)	(4 902 231)	(14 549 558)	(4 902 231)
Earnings per share					
Basic and diluted loss per share (cents)	34	(8.52)	(2.95)	(8.52)	(2.95)



SA French Limited
Annual Financial Statements for the year ended 30 June 2011
Statement of Changes in Equity

	Share capital / Stated capital	Share premium	Total share capital	Revaluation reserve	Accumulated profit / (loss)	Total attributable to equity holders of the Group / Company	Non- controlling interest	Total equity
	R	R	R	R	R	R	R	R
Group								
Balance at 01 July 2009	1 663 757	47 665 814	49 329 571	162 275	3 251 113	52 742 959	200	52 743 159
Changes in equity								
Total comprehensive loss for the year	-	-	-	-	(4 902 231)	(4 902 231)	-	(4 902 231)
Balance at 01 July 2010	1 663 757	47 665 814	49 329 571	162 275	(1 651 118)	47 840 728	200	47 840 928
Changes in equity								
Total comprehensive loss for the year	-	-	-	-	(14 549 558)	(14 549 558)	-	(14 549 558)
Rights issue	20 000 000	-	20 000 000	-	-	20 000 000	-	20 000 000
Rights issue costs	-	(514 021)	(514 021)	-	-	(514 021)	-	(514 021)
Absolution of dividends payable	-	-	-	-	951 400	951 400	-	951 400
Balance at 30 June 2011	21 663 757	47 151 793	68 815 550	162 275	(15 249 276)	53 728 549	200	53 728 749
Note(s)	11	11	11					
Company								
Balance at 01 July 2009	1 663 757	47 665 814	49 329 571	162 275	3 254 524	52 746 370	-	52 746 370
Changes in equity								
Total comprehensive loss for the year	-	-	-	-	(4 902 231)	(4 902 231)	-	(4 902 231)
Balance at 01 July 2010	1 663 757	47 665 814	49 329 571	162 275	(1 647 707)	47 844 139	-	47 844 139
Changes in equity								
Total comprehensive loss for the year	-	-	-	-	(14 549 558)	(14 549 558)	-	(14 549 558)
Rights issue	20 000 000	-	20 000 000	-	-	20 000 000	-	20 000 000
Rights issue costs	-	(514 021)	(514 021)	-	-	(514 021)	-	(514 021)
Absolution of dividends payable	-	-	-	-	951 400	951 400	-	951 400
Balance at 30 June 2011	21 663 757	47 151 793	68 815 550	162 275	(15 245 865)	53 731 960	-	53 731 960
Note(s)	11	11	11					

SA French Limited
Annual Financial Statements for the year ended 30 June 2011
Statement of Cash Flows

Figures in Rand	Note(s)	Group		Company	
		2011	2010	2011	2010
Cash flows from operating activities					
Cash receipts from customers		94 196 478	73 560 979	94 196 478	73 560 979
Cash paid to suppliers and employees		(90 850 121)	(45 513 185)	(90 850 121)	(45 513 185)
Cash generated in operations	26	3 346 357	28 047 794	3 346 357	28 047 794
Interest income		6 762	1 712 039	6 762	1 712 039
Finance costs		(3 434 838)	(3 253 093)	(3 434 838)	(3 253 093)
Taxation received	28	528 645	-	528 645	-
Net cash from operating activities		446 926	26 506 740	446 926	26 506 740
Cash flows from investing activities					
Purchase of property, plant and equipment	3	(4 385)	(15 750 625)	(4 385)	(15 750 625)
Proceeds on sale of property, plant and equipment		4 862 772	5 673 568	4 862 772	5 673 568
Movement in financial assets		(441 318)	-	(441 318)	-
Net cash from investing activities		4 417 069	(10 077 057)	4 417 069	(10 077 057)
Cash flows from financing activities					
Proceeds on share issue	11	20 000 000	-	20 000 000	-
Rights issue costs (Repayment) / proceeds from financial liabilities		(514 021)	-	(514 021)	-
Movement in loans with shareholders		(6 100 112)	2 489 855	(6 100 112)	2 489 855
Instalment sale agreement payments		(3 918 829)	505 994	(3 918 829)	505 994
		(7 798 864)	(15 475 406)	(7 798 864)	(15 475 406)
Net cash from financing activities		1 668 174	(12 479 557)	1 668 174	(12 479 557)
Total cash movement for the year		6 532 169	3 950 126	6 532 169	3 950 126
Cash at the beginning of the year		(5 373 155)	(9 323 281)	(5 373 155)	(9 323 281)
Total cash at end of the year	9	1 159 014	(5 373 155)	1 159 014	(5 373 155)



SA French Limited
Annual Financial Statements for the year ended 30 June 2011
Accounting Policies

1. PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been prepared in accordance with International Financial Reporting Standards, the AC 500 standards as issued by the Accounting Practice Board and its successor and the Companies Act of South Africa, 2008. The annual financial statements have been prepared on the historical cost basis, except for certain financial instruments at fair value, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period except for the adoption of new standards and interpretations as noted in note 2.

1.1 Significant judgements and sources of estimation uncertainty

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

Trade receivables and Loans and receivables

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

Allowance for slow moving, damaged and obsolete inventory

Judgment is used to write inventory down to the lower of cost or net realisable value. Management has made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operating profit note.

Any inventory that is physically identified as slow moving, damaged or obsolete is written off when discovered.

Fair value estimation

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values.

Impairment testing

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

The Group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each Group of assets. Expected future cash flows used to determine the value in use of tangible assets are inherently uncertain and could materially change over time.

Provisions

Provisions were raised and management determined an estimate based on the information available.



SA French Limited
Annual Financial Statements for the year ended 30 June 2011
Accounting Policies

1.1 Significant judgements (continued)

Taxation

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

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

Property, plant and equipment

Management has made certain estimations with regard to the determination of estimated useful lives and residual value of items of property, plant and equipment, as discussed further in note 1.2.

Allowance for doubtful debts

Past experience indicates a reduced prospect of collecting debtors over the age of three months. Debtors balances older than three months are regularly assessed by management and provided for at their discretion.

Leases

Management has applied its judgement to classify all lease agreements that the Group is party to. In some cases, the lease transaction is not always conclusive, and management uses judgement in determining whether the lease is a finance lease arrangement that transfers substantially all the risks and rewards incidental to ownership or an operating lease agreement.

1.2 Property, plant and equipment

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

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

Property, plant and equipment is initially measured at cost.

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

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.



SA French Limited
Annual Financial Statements for the year ended 30 June 2011
Accounting Policies

1.2 Property, plant and equipment (continued)

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

Subsequent to initial recognition, property, plant and equipment is carried at cost less accumulated depreciation and any accumulated impairment losses.

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

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

Item	Average useful life
Tower Cranes	15 years
Plant and machinery	5 years
Tools and machinery	5 years
Commercial vehicles and trailers	5 years
Office equipment	6 years
IT equipment	3 years
Furniture and fixtures	6 years
Leasehold improvements	Period of lease
Rental equipment	5-20 years

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

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

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

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

1.3 Investments in subsidiary

Company annual financial statements

In the Company's separate annual financial statements, the investment in a subsidiary is measured at cost less any accumulated impairment.

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

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

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

Group annual financial statements

The Group's annual financial statements include those of the holding Company and its subsidiary. The results of the subsidiary are included from the effective date of acquisition.

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

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1.4 Financial instruments

Classification

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

- Loans and receivables
- Available-for-sale financial assets
- Financial assets and liabilities at fair value through profit or loss - designated
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition.

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

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

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

Available-for-sale financial assets are subsequently measured at fair value. This excludes equity investments for which a fair value is not determinable, which are measured at cost less accumulated impairment losses.

Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in equity until the asset is disposed of or determined to be impaired. Interest on available-for-sale financial assets calculated using the effective interest method is recognised in profit or loss as part of other income.

Changes in fair value of available-for-sale financial assets denominated in a foreign currency are analysed between translation differences resulting from changes in amortised cost and other changes in the carrying amount.

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

Fair value determination

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



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1.4 Financial instruments (continued)

Impairment of financial assets

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

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

Impairment losses are recognised in profit or loss.

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

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

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

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

Loans from / to shareholders

Loans from shareholders are initially recognised at fair value. Subsequently, these loans are measured at amortised cost using the effective interest rate method.

Loans to shareholders are initially measured at fair value less direct transaction costs. Subsequently, these loans are measured at fair value through profit or loss - designated.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

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

Trade and other receivables are classified as loans and receivables.

Trade and other payables

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

Cash and cash equivalents

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

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1.4 Financial instruments (continued)

Bank overdraft and borrowings

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

1.5 Taxation

Income tax assets and liabilities

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

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

Deferred taxation assets and liabilities

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

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

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

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

Taxation expenses

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

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

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

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

Secondary tax on companies is accounted for through profit or loss for the year.

1.6 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership.

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

Finance leases – lessee

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



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1.6 Leases (continued)

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

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

Operating leases - lessor

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

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in profit or loss.

Operating leases - lessee

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

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

1.7 Inventories

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

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

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

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

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

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

The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.8 Impairment of assets

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

Irrespective of whether there is any indication of impairment, the Group also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

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

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

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

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1.8 Impairment of assets (continued)

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An impairment loss is recognised for cash-generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

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

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

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

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

1.9 Share capital and equity

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

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

1.10 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and bonuses), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

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

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the Group's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

1.11 Provisions and contingencies

Provisions are recognised when:

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

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

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



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1.11 Provisions and contingencies (continued)

Provisions are not recognised for future operating losses.

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

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised.

1.12 Revenue

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

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

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

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

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

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

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

Dividends are recognised, in profit or loss, when the Company's right to receive payment has been established.

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1.13 Cost of sales

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

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

1.14 Borrowing costs

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

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

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

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

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

Borrowing costs on non-qualifying assets are recognised as an expense in the period in which they are incurred.

1.15 Translation of foreign currencies

Foreign currency transactions

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

At the end of the reporting period:

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

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

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

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



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2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

2009 Annual Improvements Project: Amendments to IFRS 8 Operating Segments

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

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

The Group has adopted the amendment for the first time in the 2011 annual financial statements.

The impact of the amendment is not material.

2009 Annual Improvements Project: Amendments to IAS 7 Statement of Cash Flows

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

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

The Group has adopted the amendment for the first time in the 2011 annual financial statements.

The impact of the amendment is not material.

2009 Annual Improvements Project: Amendments to IAS 17 Leases

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

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

The Group has adopted the amendment for the first time in the 2011 annual financial statements.

The impact of the amendment is not material.

2.2 Standards and Interpretations early adopted

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

2.3 Standards and interpretations in issue but not yet effective

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Group's accounting periods beginning on or after 01 July 2011 or later periods:

IFRS 9 Financial Instruments

This new standard is the first phase of a three phase project to replace IAS 39 Financial Instruments: Recognition and Measurement. Phase one deals with the classification and measurement of financial assets.

The effective date of the standard is for years beginning on or after 01 January 2013.

The Group expects to adopt the standard for the first time in the 2014 annual financial statements.

The impact of this standard is currently being assessed.

IAS 24 Related Party Disclosures (Revised)

The revisions to IAS 24 include a clarification of the definition of a related party as well as providing a partial exemption for related party disclosures between government-related entities.

The effective date of the amendment is for years beginning on or after 01 January 2011.

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2. New standards and interpretations (continued)

The Group expects to adopt the amendment for the first time in the 2012 annual financial statements.

It is unlikely that the amendment will have a material impact on the Company's annual financial statements.

2010 Annual Improvements Project: Amendments to IFRS 7 Financial Instruments: Disclosures

Additional clarification is provided on the requirements for risk disclosures.

The effective date of the amendment is for years beginning on or after 01 January 2011.

The Group expects to adopt the amendment for the first time in the 2012 annual financial statements.

The adoption of this amendment is not expected to impact on the results of the Company, but may result in more disclosure than is currently provided in the annual financial statements.

2010 Annual Improvements Project: Amendments to IAS 1 Presentation of Financial Statements

The amendment now requires that an entity must present, either in the statement of changes in equity or in the notes, an analysis of equity by item.

The effective date of the amendment is for years beginning on or after 01 January 2011.

The Group expects to adopt the amendment for the first time in the 2012 annual financial statements.

The adoption of this amendment is not expected to impact on the results of the Company, but may result in more disclosure than is currently provided in the annual financial statements.

IFRS 12: Disclosure of Interests in Other Entities

This new standard provides comprehensive guidance on the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

The effective date of the standard is for years beginning on or after 01 January 2013.

The Group expects to adopt the standard for the first time in the 2012 annual financial statements.

It is unlikely that the standard will have a material impact on the Company's annual financial statements.

IFRS 13: Fair Value Measurements

This new standard provides new guidance on fair value measurement and disclosure requirements.

The effective date of the standard is for years beginning on or after 01 January 2013.

The Group expects to adopt the standard for the first time in the 2014 annual financial statements.

It is unlikely that the amendment will have a material impact on the Company's annual financial statements.

2010 Annual Improvements Project: Amendments to IAS 34: Interim Financial Reporting

This amendment provides clarification of the disclosure requirements around significant events and transactions including financial instruments.

The effective date of the amendment is for years beginning on or after 01 January 2011.

The Group expects to adopt the amendment for the first time in the 2013 annual financial statements.

It is unlikely that the amendment will have a material impact on the Company's annual financial statements.

2.4 Standards and interpretations not yet effective or relevant

All other standards and interpretations that have been published and are mandatory for the Group's accounting periods beginning on or after 01 July 2011 or later periods are not relevant to its operations.

It is therefore unlikely that these standards and interpretations will have a material impact on the Group's annual financial statements.



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	2011			2010		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
3. Property, plant and equipment						
Group						
Plant and machinery	4 062 816	(3 352 266)	710 550	3 912 816	(2 883 620)	1 029 196
Furniture and fixtures	781 573	(524 405)	257 168	781 573	(425 654)	355 919
Office equipment	135 219	(118 676)	16 543	130 834	(113 435)	17 399
IT equipment	1 023 983	(939 211)	84 772	1 023 983	(848 024)	175 959
Leasehold improvements	-	-	-	954 796	(671 716)	283 080
Trucks, LDV's and trailers	2 875 832	(2 108 283)	767 549	3 786 911	(1 886 316)	1 900 595
Rental equipment	111 402 855	(15 301 426)	96 101 429	93 457 625	(10 831 090)	82 626 535
Total	120 282 278	(22 344 267)	97 938 011	104 048 538	(17 659 855)	86 388 683
Company						
IT equipment	1 023 983	(939 211)	84 772	1 023 983	(848 024)	175 959
Furniture and fixtures	781 573	(524 405)	257 168	781 573	(425 654)	355 919
Leasehold improvements	-	-	-	954 796	(671 716)	283 080
Office equipment	135 219	(118 676)	16 543	130 834	(113 435)	17 399
Rental equipment	111 402 855	(15 301 426)	96 101 429	93 457 625	(10 831 090)	82 626 535
Plant and machinery	4 062 816	(3 352 266)	710 550	3 912 816	(2 883 620)	1 029 196
Trucks, LDV's and trailers	2 875 832	(2 108 283)	767 549	3 786 911	(1 886 316)	1 900 595
Total	120 282 278	(22 344 267)	97 938 011	104 048 538	(17 659 855)	86 388 683

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	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
3. Property, plant and equipment (continued)						
Reconciliation of property, plant and equipment - Group and Company - 2011						
Plant and machinery	1 029 196	-	-	150 000	(468 646)	710 550
Furniture and fixtures	355 919	-	-	-	(98 751)	257 168
Office equipment	17 399	4 385	-	-	(5 241)	16 543
IT equipment	175 959	-	-	-	(91 187)	84 772
Leasehold improvements	283 080	-	(8 506)	-	(274 574)	-
Trucks, LDV's and trailers	1 900 595	-	(511 916)	-	(621 130)	767 549
Rental equipment	82 626 535	-	(4 896 612)	23 374 593	(5 003 087)	96 101 429
	86 388 683	4 385	(5 417 034)	23 524 593	(6 562 616)	97 938 011

Reconciliation of property, plant and equipment - Group and Company - 2010

	Opening balance	Additions	Disposals	Depreciation	Total
Plant and machinery	1 680 766	-	-	(651 570)	1 029 196
Furniture and fixtures	456 108	2 453	-	(102 642)	355 919
Office equipment	17 754	6 319	-	(6 674)	17 399
IT equipment	355 704	9 816	-	(189 561)	175 959
Leasehold improvements	557 831	-	-	(274 751)	283 080
Trucks, LDV's and trailers	2 702 811	-	(105 263)	(696 953)	1 900 595
Tools	234 652	-	(154 295)	(80 357)	-
Rental equipment	79 153 654	15 732 037	(5 360 343)	(6 898 813)	82 626 535
	85 159 280	15 750 625	(5 619 901)	(8 901 321)	86 388 683

Pledged as security

Carrying value of assets pledged as security (Refer note 14):

Motor vehicles and rental equipment	51 237 602	38 935 029	51 237 602	38 935 029
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4. Investments in subsidiary

Name of Company	Held by	% voting power 2011	% voting power 2010	% holding 2011	% holding 2010	Carrying amount 2011	Carrying amount 2010
Construction Handling Equipment (Proprietary) Limited	Shares	50.00%	50.00%	50.00%	50.00%	200	200

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



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	2011	2010	2011	2010
5. Financial assets				
At fair value through profit or loss - designated				
SA French Economic Empowerment Trust	517 500	621 000	517 500	621 000
The loan is unsecured, interest-free and no fixed terms of repayment have been determined. An accumulated downward fair value adjustment of R3 082 000 (2010: R2 979 000) has been accounted for at the end of the year.				
SA French Share Purchase Scheme	617 500	741 000	617 500	741 000
The loan is unsecured, interest-free and no fixed terms of repayment have been determined. An accumulated downward (2010: upward) fair value adjustment of R78 150 (2010: R45 350) has been accounted for at the end of the year.				
Speedprops 70 (Proprietary) Limited	668 318	-	668 318	-
The loan is unsecured, interest-free and no fixed terms of repayment have been determined.				
	1 803 318	1 362 000	1 803 318	1 362 000
Non-current assets				
At fair value through profit or loss - designated	-	1 362 000	-	1 362 000
Current assets				
At fair value through profit or loss - designated	1 803 318	-	1 803 318	-
	1 803 318	1 362 000	1 803 318	1 362 000

Fair value information

The following classes of financial assets at fair value through profit or loss are measured to fair value:

- Unlisted loans receivable linked to quoted market prices are measured using quoted market prices.

The carrying amount of the Speedprops 70 (Proprietary) Limited is a reasonable approximation of its fair value.

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Figures in Rand	Group		Company	
	2011	2010	2011	2010

5. Financial assets (continued)

Fair value hierarchy of financial assets at fair value through profit or loss

The following fair value hierarchy reflects the significance of the inputs used to make the measurements related to the classes noted above.

Level 1 represents those assets which are measured using unadjusted quoted prices for identical assets.

Level 2 applies inputs other than quoted prices that are observable for the assets either directly (as prices) or indirectly (derived from prices).

Level 3 applies inputs which are not based on observable market data.

Level 1

Unlisted loans receivable linked to quoted market prices	1 135 000	1 362 000	1 135 000	1 362 000
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Level 3

Unlisted loans receivable not linked to quoted market prices	668 318	-	668 318	-
	1 803 318	1 362 000	1 803 318	1 362 000

Reconciliation of financial assets at fair value through profit or loss measured at level 3

Group and Company - 2011

	Opening balance	Additions	Closing balance
Unlisted loans receivable not linked to quoted market prices	-	668 318	668 318

Total gains or losses for the year included in profit or loss for assets held at the end of the reporting year

Unlisted loans receivable linked to quoted market prices	227 000	1 362 000	227 000	1 362 000
Unlisted loans receivable not linked to quoted market prices	-	-	-	-
	227 000	1 362 000	227 000	1 362 000

6. Inventories

Components on hand	9 432 375	24 812 348	9 432 375	24 812 348
Work in progress	-	200 000	-	200 000
Merchandise	-	61 073 210	-	61 073 210
Demonstration inventory	-	43 382	-	43 382
	9 432 375	86 128 940	9 432 375	86 128 940

The amount of inventory recognised as an expense during the current period amounted to R66 253 828 (2010: R50 059 504).



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Figures in Rand	Group		Company	
	2011	2010	2011	2010
7. Loans to / (from) shareholders				
SA French Group Trust	(7 978 010)	(11 173 680)	(7 975 000)	(11 170 670)
The loan is unsecured, bears interest at a rate per annum linked to the prime bank overdraft rate and is repayable in semi-annual instalments over the next six years (2010: No fixed terms of repayment). The loan arose to enable the Company to repay debt and facilitate cash flow requirements. This loan has been subordinated in favour of ABSA Bank Limited.				
During the 2011 financial year, the lender reduced the amount of capital to be repaid by the Company by R3,170,670.				
Mowana Investments (Proprietary) Limited.	(450 000)	(450 000)	(450 000)	(450 000)
The loan is unsecured, interest-free and has no formal, fixed terms of repayment.				
SA French Group Trust	723 159	-	723 159	-
The loan is unsecured, interest-free and has no formal, fixed terms of repayment.				
	(7 704 851)	(11 623 680)	(7 701 841)	(11 620 670)
Current assets	723 159	-	723 159	-
Non-current liabilities	(6 920 071)	(11 173 680)	(6 917 061)	(11 170 670)
Current liabilities	(1 507 939)	(450 000)	(1 507 939)	(450 000)
	(7 704 851)	(11 623 680)	(7 701 841)	(11 620 670)
Fair value of loans to and from shareholders				
Loans to shareholders	723 159	-	723 159	-
Loans from shareholders	(8 428 010)	(11 623 680)	(8 425 000)	(11 620 670)
The carrying values of the above loans to and from shareholders are reasonable approximations of their fair values.				
8. Trade and other receivables				
Trade receivables	14 959 328	11 741 525	14 959 328	11 741 525
Deposits	301 058	409 397	301 058	409 397
Staff loans	151 861	229 529	151 861	229 529
Other receivables	833 307	-	833 307	-
	16 245 554	12 380 451	16 245 554	12 380 451

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Figures in Rand	2011	2010
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8. Trade and other receivables (continued)

Group and Company

Credit quality of trade and other receivables

The historic level of customer default is minimal and, as a result, the credit quality of all trade receivables not past due at year end is considered to be high.

The table below shows the credit limit and balance of the four major trade receivables at the statement of financial position date. No ratings were obtained from banks. There are no other debtors with a balance in excess of five percent of the Group's trade receivables balance:

Significant trade receivables

Debtor A	10 814 000	1 460 528
Debtor B	738 631	1 053 166
Debtor C	717 783	904 981
Debtor D	545 830	900 251
	12 816 244	4 318 926

The table below illustrates the trade receivable analysis:

Counterparties without external credit rating

Less than 30 days	13 847 536	5 835 839
31 to 60 days	872 579	2 438 454
61 to 90 days	272 706	684 418
91 to 120 days	307 851	1 251 519
Over 120 days	3 188 774	4 453 460
	18 489 446	14 663 690

Fair value of trade and other receivables

There is no material difference between the fair value of trade and other receivables and their book value.

Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2011, R - (2010: R2 782 814) were past due but not impaired.

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

2 months past due	-	2 782 714
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Trade and other receivables impaired

The amount of the provision was R3 530 118 as of 30 June 2011 (2010: R 2 922 165). The ageing of these receivables is as follows:

More than one month past due	3 530 118	2 922 165
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Reconciliation of provision for impairment of trade and other receivables

Opening balance	2 922 165	1 634 212
Provision for impairment	2 026 898	4 052 365
Amounts written off as uncollectable	(1 418 945)	(2 764 412)
	3 530 118	2 922 165



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Figures in Rand	Group		Company	
	2011	2010	2011	2010
9. Cash and cash equivalents				
Cash and cash equivalents consist of:				
Bank balances	4 071 716	34 175	4 071 716	34 175
Petty cash	3 736	-	3 736	-
Bank overdraft	(2 916 438)	(5 407 330)	(2 916 438)	(5 407 330)
	1 159 014	(5 373 155)	1 159 014	(5 373 155)
Current assets	4 075 452	34 175	4 075 452	34 175
Current liabilities	(2 916 438)	(5 407 330)	(2 916 438)	(5 407 330)
	1 159 014	(5 373 155)	1 159 014	(5 373 155)

The carrying value is a reasonable approximation of the fair value. The Groups' bankers hold the following collateral or issue the following facilities:

- Unlimited suretyship provided by Mr Q C van Brenda;
- Guarantees issued in favour of other creditors of R54 770; and
- Overdraft facility amounting to R3 150 000. The undrawn amount relating to this facility was R450 435 of 30 June 2011.

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	Loans and receivables	Fair value through profit or loss - designated	Total	
10. Financial assets by category				
The accounting policies for financial instruments have been applied to the line items below:				
Group - 2011				
Cash and cash equivalents	4 075 452	-	4 075 452	
Loan to shareholder	-	723 159	723 159	
Trade and other receivables	16 245 554	-	16 245 554	
Other financial assets	-	1 803 318	1 803 318	
	20 321 006	2 526 477	22 847 483	
Group - 2010				
Cash and cash equivalents	34 175	-	34 175	
Trade and other receivables	12 380 451	-	12 380 451	
Other financial assets	-	1 362 000	1 362 000	
	12 414 626	1 362 000	13 776 626	
Company - 2011				
	Loans and receivables	Fair value through profit or loss - designated	Available-for- sale	Total
Cash and cash equivalents	4 075 452	-	-	4 075 452
Investment in subsidiary	-	-	200	200
Loan to shareholder	-	723 159	-	723 159
Trade and other receivables	16 245 554	-	-	16 245 554
Other financial assets	-	1 803 318	-	1 803 318
	20 321 006	2 526 477	200	22 847 683
Company - 2010				
Cash and cash equivalents	34 175	-	-	34 175
Investment in subsidiary	-	-	200	200
Trade and other receivables	12 380 451	-	-	12 380 451
Other financial assets	-	1 362 000	-	1 362 000
	12 414 626	1 362 000	200	13 776 826



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Figures in Rand	Group		Company	
	2011	2010	2011	2010
11. Share capital				
Authorised				
500 000 000 Ordinary shares of R0.01 each	5 000 000	5 000 000	5 000 000	5 000 000
500 000 000 Ordinary shares at no par value	-	-	-	-
	5 000 000	5 000 000	5 000 000	5 000 000
Reconciliation of number of shares issued:				
Reported at the end of the prior financial year	166 375 689	166 375 689	166 375 689	166 375 689
Rights issue	400 000 000	-	400 000 000	-
	566 375 689	166 375 689	566 375 689	166 375 689
433 624 311 (2010: 333 624 311) of the unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.				
Issued				
166 375 689 Ordinary shares of R0.01 each	1 663 757	1 663 757	1 663 757	1 663 757
400 000 000 shares at no par value	20 000 000	-	20 000 000	-
Share premium	49 861 121	49 861 121	49 861 121	49 861 121
Share issue costs written off against share premium	(2 709 328)	(2 195 307)	(2 709 328)	(2 195 307)
	68 815 550	49 329 571	68 815 550	49 329 571
12. Financial liabilities				
At fair value through profit or loss				
Speedprops 70 (Proprietary) Limited	-	6 100 112	-	6 100 112
The loan was unsecured, interest-free and no fixed terms of repayment had been determined.				
Held at amortised cost				
Other financial liabilities	495 895	495 895	495 895	495 895
The loans are unsecured, interest-free and no fixed terms of repayment have been determined.				
	495 895	6 596 007	495 895	6 596 007
Non-current liabilities				
Fair value through profit or loss	-	6 100 112	-	6 100 112
Current liabilities				
At amortised cost	495 895	495 895	495 895	495 895
	495 895	6 596 007	495 895	6 596 007

The carrying values of the financial liabilities are a reasonable approximation of their fair values.

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Figures in Rand	Group		Company	
	2011	2010	2011	2010
13. Deferred Taxation				
Deferred tax asset / (liability)				
Allowance for credit losses	741 325	613 655	741 325	613 655
Income received in advance	-	18 004	-	18 004
Property, plant and equipment	(14 684 081)	(9 528 022)	(14 684 081)	(9 528 022)
Provisions	614 547	458 080	614 547	458 080
Unutilised tax losses	13 328 209	8 438 283	13 328 209	8 438 283
	-	-	-	-
Reconciliation of deferred taxation asset / (liability)				
At beginning of the year	-	776 083	-	776 083
Increase in taxation losses available for set off against future taxable income	4 889 926	3 835 835	4 889 926	3 835 835
Originating temporary difference on property, plant and equipment	(5 156 059)	(3 995 754)	(5 156 059)	(3 995 754)
Originating / (Reversing) temporary difference on provisions	156 467	(208 812)	156 467	(208 812)
Reversing temporary difference on allowance for obsolete inventory	-	(261 944)	-	(261 944)
Reversing temporary difference on income received in advance	(18 004)	(415 887)	(18 004)	(415 887)
Originating temporary difference on allowance for credit losses	127 670	270 479	127 670	270 479
	-	-	-	-
14. Instalment sale agreements				
Minimum lease payments due				
- within one year	13 003 332	17 921 743	13 003 332	17 921 743
- in second to fifth year inclusive	30 734 713	28 152 519	30 734 713	28 152 519
	43 738 045	46 074 262	43 738 045	46 074 262
less: future finance charges	(6 084 454)	(4 714 878)	(6 084 454)	(4 714 878)
Present value of minimum lease payments	37 653 591	41 359 384	37 653 591	41 359 384
Present value of minimum lease payments due				
- within one year	10 398 197	15 031 424	10 398 197	15 031 424
- in second to fifth year inclusive	27 255 394	26 327 960	27 255 394	26 327 960
	37 653 591	41 359 384	37 653 591	41 359 384
Non-current liabilities	27 255 394	-	27 255 394	-
Current liabilities	10 398 197	41 359 384	10 398 197	41 359 384
	37 653 591	41 359 384	37 653 591	41 359 384



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14. Instalment sale agreements (continued)

The instalment sale agreement liabilities are secured by certain rental cranes and motor vehicles (refer note 3), bear interest at effective interest rates ranging between 7% and 9.75% (2010: 7% and 9.75%) per annum and are repayable in monthly instalments of R1 083 611 (2010: R1 565 964). These agreements are held with ABSA Bank Limited, Nedbank Limited, Standard Bank of South Africa Limited and Wesbank, a division of Firstrand Bank Limited. Instalment sale agreements arose to facilitate the purchase of property, plant and equipment.

During the prior year, the Company defaulted on certain of its instalment sale agreement payments due to cash flow restraints, resulting in the disclosure of the full liability as a current liability.

The carrying value of the assets held under instalment sale agreements is R51 237 602 (2010: R38 935 029). The average lease term is three to five years.

15. Dividend payable

During the current year, the dividend payable to original shareholders was written off.

Figures in Rand	Group		Company	
	2011	2010	2011	2010
16. Trade and other payables				
Trade payables	16 922 914	58 769 762	16 922 913	58 769 761
Value added taxation	5 026 475	7 320 058	5 026 475	7 320 058
Staff loans	-	491 583	-	491 583
Accrued leave pay	730 156	730 156	730 156	730 156
Accrued bonus	-	417 610	-	417 610
Accrued expenses	2 157 565	595 722	2 157 565	595 722
Provision for audit fees	190 326	190 326	190 326	190 326
Deposits received	-	64 300	-	64 300
Other payables	1 820 808	3 179 799	1 820 808	3 179 799
	26 848 244	71 759 316	26 848 243	71 759 315

Trade and other payables are classified as financial liabilities held at amortised cost.

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



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	Financial liabilities at amortised cost	Fair value through profit or loss - designated	Total
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17. Financial liabilities by category

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

Group - 2011

Loans from shareholders	7 978 010	450 000	8 428 010
Instalment sale agreements	37 653 591	-	37 653 591
Other financial liabilities	495 895	-	495 895
Trade and other payables	21 821 769	-	21 821 769
Bank overdraft	2 916 438	-	2 916 438
	70 865 703	450 000	71 315 703

Group - 2010

Loans from shareholders	11 173 680	450 000	11 623 680
Other financial liabilities	495 895	6 100 112	6 596 007
Trade and other payables	64 439 258	-	64 439 258
Bank overdraft	5 407 330	-	5 407 330
Instalment sale agreements	41 359 384	-	41 359 384
	122 875 547	6 550 112	129 425 659

Company - 2011

Loans from shareholders	7 975 000	450 000	8 425 000
Instalment sale agreements	37 653 591	-	37 653 591
Other financial liabilities	495 895	-	495 895
Trade and other payables	21 821 769	-	21 821 769
Bank overdraft	2 916 438	-	2 916 438
	70 862 693	450 000	71 312 693

Company - 2010

Loans from shareholders	11 170 670	450 000	11 620 670
Other financial liabilities	495 895	6 100 112	6 596 007
Trade and other payables	64 439 258	-	64 439 258
Bank overdraft	5 407 330	-	5 407 330
Instalment sale agreements	41 359 384	-	41 359 384
	122 872 537	6 550 112	129 422 649

Figures in Rand	Group		Company	
	2011	2010	2011	2010

18. Revenue

Crane sales	72 097 515	29 364 093	72 097 515	29 364 093
Crane rentals	22 680 981	33 057 180	22 680 981	33 057 180
Financing element of revenue	811 786	537 707	811 786	537 707
Transport and insurance recoveries	1 823 999	2 670 949	1 823 999	2 670 949
	97 414 281	65 629 929	97 414 281	65 629 929



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Figures in Rand	Group		Company	
	2011	2010	2011	2010
19. Cost of sales				
Cost of cranes sold	68 397 340	24 874 801	68 397 340	24 874 801
Cost of crane rentals	4 020 134	14 177 602	4 020 134	14 177 602
Depreciation	5 822 536	8 327 694	5 822 536	8 327 694
Other cost of sales	463 089	2 679 408	463 089	2 679 408
	78 703 099	50 059 505	78 703 099	50 059 505
20. Operating profit				
Operating profit for the year is stated after accounting for the following:				
Operating lease charges				
Premises				
• Straight-line amounts	1 888 906	5 109 058	1 888 906	5 109 058
Equipment				
• Straight-line amounts	268 758	250 135	268 758	250 135
	2 157 664	5 359 193	2 157 664	5 359 193
(Loss) / Profit on sale of property, plant and equipment	(554 262)	53 667	(554 262)	53 667
Loss / (Profit) on exchange differences	210 987	(9 500 796)	210 987	(9 500 796)
Depreciation on property, plant and equipment	6 562 616	8 901 321	6 562 616	8 901 321
Employee costs	16 631 256	11 929 930	16 631 256	11 929 930
Gain on absolution of loan payable	12 021 213	-	12 021 213	-
21. Investment revenue				
Interest revenue				
Loans	4 402	277 478	4 402	277 478
Interest on discounting of loans	-	1 640 724	-	1 640 724
Bank	2 360	494	2 360	494
Interest charged on trade and other receivables	-	(206 657)	-	(206 657)
	6 762	1 712 039	6 762	1 712 039
22. Fair value adjustments				
Other financial assets	(227 000)	(1 362 000)	(227 000)	(1 362 000)
23. Finance costs				
Shareholders	-	1 131 421	-	1 131 421
Trade and other payables	736 598	242 142	736 598	242 142
Instalment sale agreements	4 093 071	4 101 149	4 093 071	4 101 149
Bank	523 417	596 095	523 417	596 095
South African Revenue Services	-	1 251 860	-	1 251 860
Other interest paid	2 174 823	31 575	2 174 823	31 575
	7 527 909	7 354 242	7 527 909	7 354 242

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Figures in Rand	Group		Company	
	2011	2010	2011	2010
24. Taxation				
Major components of the taxation expense				
Deferred				
Originating and reversing temporary differences	-	776 083	-	776 083
Reconciliation of the taxation expense				
Reconciliation between applicable taxation rate and average effective taxation rate.				
Applicable tax rate	28.00 %	28.00 %	28.00 %	28.00 %
Disallowable charges	(27.64) %	(9.17) %	(27.64) %	(9.17) %
Capital gains tax	(9.73) %	- %	(9.73) %	- %
Unrecognised tax loss asset	(13.55) %	(37.64) %	(13.55) %	(37.64) %
Exempt income	22.92 %	18.81 %	22.92 %	18.81 %
Effective taxation rate	- %	- %	- %	- %
No provision has been made for 2011 taxation as the Group has no taxable income. The estimated taxation loss available for set off against future taxable income is R51 166 524 (2010: R 36 363 727).				
25. Auditors' remuneration				
Fees	276 350	307 330	276 350	307 330
	276 350	307 330	276 350	307 330
26. Cash (used in) generated from operations				
Loss before taxation	(14 549 558)	(4 126 148)	(14 549 558)	(4 126 148)
Adjustments for:				
Depreciation and amortisation	6 562 616	8 901 321	6 562 616	8 901 321
Loss on sale of property, plant and equipment	554 262	(53 667)	554 262	(53 667)
Interest received	(6 762)	(1 712 039)	(6 762)	(1 712 039)
Finance costs	7 527 909	7 354 242	7 527 909	7 354 242
Fair value adjustments	-	1 362 000	-	1 362 000
Movements in operating lease assets and accruals	(1 137 907)	685 238	(1 137 907)	685 238
Changes in working capital:				
Inventories	53 171 972	17 526 918	53 171 972	17 526 918
Trade and other receivables	(3 865 103)	7 886 851	(3 865 103)	7 886 851
Trade and other payables	(44 911 072)	(9 776 922)	(44 911 072)	(9 776 922)
	3 346 357	28 047 794	3 346 357	28 047 794



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Figures in Rand	Group		Company	
	2011	2010	2011	2010
27. Dividends paid				
Balance at beginning of the year	(786 400)	(786 400)	(786 400)	(786 400)
Dividends written off	786 400	-	786 400	-
Balance at end of the year	-	786 400	-	786 400
	-	-	-	-
28. Taxation refunded				
Balance at beginning of the year	363 645	363 645	363 645	363 645
Balance at end of the year	-	(363 645)	-	(363 645)
Secondary tax on companies	165 000	-	165 000	-
	528 645	-	528 645	-
29. Related parties				
Relationships				
Subsidiary		Refer to note 4		
Shareholders with significant influence		SA French Group Trust Mowana Investments (Proprietary) Limited		
Entities under common control or influence		Speedprops 70 (Proprietary) Limited SA French Economic Empowerment Trust SA French Share Purchase Scheme		
Directors		Refer to directors' report		
Related party balances				
Loan accounts - Owing (to) / by related parties				
SA French Economic Empowerment Trust			517 500	621 000
SA French Share Purchase Scheme			617 500	741 000
Speedprops 70 (Proprietary) Limited			668 317	(6 100 112)
SA French Group Trust			(7 975 000)	(11 173 680)
Mowana Investments (Proprietary) Limited			(450 000)	(450 000)
SA French Group Trust			720 149	-
Q C A van Breda			-	(1 642 231)
W van Breda			-	(129 684)
The terms and conditions of the loans above have been disclosed in notes 5, 7 and 12.				
Related party transactions				
Interest paid to related parties				
SA French Group Trust			-	1 131 421
Speedprops 70 (Proprietary) Limited			-	25 678
Rent paid to related parties				
Speedprops 70 (Proprietary) Limited			-	846 600

SA French Limited
Annual Financial Statements for the year ended 30 June 2011
Notes to the Annual Financial Statements

	Emoluments	Travel allowance	Fringe benefits	Total
30. Directors' emoluments				
Executive				
2011				
QCA van Breda	868 500	144 000	211 615	1 224 115
W van Breda	490 500	117 000	130 235	737 735
JMW Mashaba	147 060	8 125	77 810	232 995
R Erasmus	156 764	-	1 083	157 847
	1 662 824	269 125	420 743	2 352 692
2010				
QCA van Breda	1 133 875	188 000	235 737	1 557 612
W van Breda	640 375	152 750	154 575	947 700
JMW Mashaba	147 060	7 500	23 184	177 744
R Erasmus	255 000	-	37 500	292 500
	2 176 310	348 250	450 996	2 975 556

No fees were paid to non executive directors during the year.

31. Risk management

Capital risk management

The board of directors has approved strategies for the management of financial risk, which are in line with corporate objectives. These guidelines set up the short-term and long-term objectives and action to be taken in order to manage the financial risks that the Company and Group face.

The major guidelines of the policy are the following:

- Minimise interest rate, currency and market risks for all kinds of transactions;
- All financial risk management activities are carried out and monitored centrally; and
- All financial risk management activities are carried out on a prudent, consistent basis and follow the best market practices.

Only items stated as equity on the Statement of Financial Position are considered to be capital for risk management purposes.

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

Financial risk management

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

Liquidity risk

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

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

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

The table below analyses the Group's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.



SA French Limited
Annual Financial Statements for the year ended 30 June 2011
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	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
31. Risk management (continued)				
Group				
At 30 June 2011				
Loans from shareholders	2 204 659	1 754 659	5 263 977	1 754 659
Trade and other payables	21 821 769	-	-	-
Bank overdraft	2 916 438	-	-	-
Other financial liabilities	495 895	-	-	-
Instalment sale agreements	13 003 332	13 003 332	17 731 381	-
At 30 June 2010				
Loans from shareholders	450 000	-	-	11 173 680
Trade and other payables	64 439 257	-	-	-
Bank overdraft	5 407 329	-	-	-
Other financial liabilities	495 895	-	-	6 100 112
Instalment sale agreements	46 074 262	-	-	-
Dividend payable	786 400	-	-	-
Company				
At 30 June 2011				
Loans from shareholders	2 204 659	1 754 659	5 263 977	1 754 659
Trade and other payables	21 821 769	-	-	-
Bank overdraft	2 916 438	-	-	-
Other financial instruments	495 895	-	-	-
Instalment sale agreements	13 003 332	13 003 332	17 731 381	-
At 30 June 2010				
Loans from shareholders	450 000	-	-	11 170 670
Trade and other payables	64 439 257	-	-	-
Bank overdraft	5 407 329	-	-	-
Other financial liabilities	495 895	-	-	6 100 112
Instalment sale agreements	46 074 262	-	-	-
Dividend payable	786 400	-	-	-

Interest rate risk

The Group's exposure to interest rate risk mainly concern financial liabilities. Financial liabilities are floating rate and non-interest bearing. At present, the Group does not hold loans and receivables that are long-term in nature. The following table analyses the breakdown of liabilities by type of interest rate:

SA French Limited
Annual Financial Statements for the year ended 30 June 2011
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	Group		Company	
	Non-interest bearing	Floating	Non-interest bearing	Floating
31. Risk management (continued)				
2011				
Financial assets				
Trade and other receivables	16 245 554	-	16 245 554	-
Cash and cash equivalents	-	4 075 452	-	4 075 452
Loans to shareholders	723 159	-	723 159	-
Other financial assets	1 803 318	-	1 083 318	-
Financial liabilities				
Trade and other payables	21 821 769	-	21 821 769	-
Bank overdraft	-	2 916 438	-	2 916 438
Instalment sale agreements	-	37 653 591	-	37 653 591
Other financial liabilities	450 000	-	450 000	495 895
2010				
Financial assets				
Trade and other receivables	12 380 451	-	12 380 451	-
Other financial assets	1 362 000	-	1 362 000	-
Cash and cash equivalents	-	34 175	-	34 175
Financial liabilities				
Trade and other payables	64 439 257	-	64 439 257	-
Bank overdraft	-	5 407 329	-	5 407 329
Instalment sale agreement	-	46 074 262	-	46 074 262
Other financial liabilities	6 596 007	-	6 596 007	-
Loans from shareholder	-	11 623 680	-	11 620 670

Sensitivity analysis

A hypothetical increase/decrease in interest rates by 50 basis points, with other variables remaining constant, would decrease/increase profits after tax by R174 773 (2010: R210 194).

A hypothetical increase/decrease in interest rates by 100 basis points, with other variables remaining constant, would decrease/increase profits after tax by R349 546 (2010: R420 389).

The analysis has been performed for floating interest rate financial liabilities. The impact of a change in interest rates on floating interest rate financial liabilities has been assessed in terms of changing of their cash flows and therefore in terms of the impact on net expenses.

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes market interest rates.



SA French Limited
Annual Financial Statements for the year ended 30 June 2011
Notes to the Annual Financial Statements

Figures in Rand	Group		Company	
	2011	2010	2011	2010

31. Risk management (continued)

Credit risk

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

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

No credit limits were exceeded during the reporting period, and management does not expect any losses from nonperformance by these counterparties.

Financial instrument

Trade and other receivables	16 245 554	12 380 451	16 245 554	12 380 451
Cash and cash equivalents	4 075 452	-	4 075 452	-
Loan to shareholder	723 159	-	723 159	-

Foreign exchange risk

The Group does not hedge foreign exchange fluctuations.

At 30 June 2011, if the currency had weakened/strengthened by 10% against the Euro with all other variables held constant, post-taxation profit for the year would have been R - (2010: R 2 158 591) higher, mainly as a result of foreign exchange gains or losses on translation of Euro denominated trade receivables, financial assets at fair value through profit or loss, debt securities classified as available-for-sale and foreign exchange losses or gains on translation of Euro denominated borrowings.

Foreign currency exposure at the end of the reporting period

Liabilities

Trade and other payables Euro - (2010: 5 077 676)	-	47 587 979	-	47 587 979
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Exchange rates used for conversion of foreign items were:

Euro	-	9.37	-	9.37
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SA French Limited
Annual Financial Statements for the year ended 30 June 2011
Notes to the Annual Financial Statements

Figures in Rand	Group		Company	
	2011	2010	2011	2010
32. Commitments				
Operating leases - as lessee (expense)				
Minimum lease payments due				
- within one year	2 291 915	3 570 632	2 291 915	3 570 632
- in second to fifth year inclusive	5 229 765	12 409 405	5 229 765	12 409 405
- later than five years	-	6 612 173	-	6 612 173
	7 521 680	22 592 210	7 521 680	22 592 210

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated for nine years and rentals are fixed for an average of one year. No contingent rent is payable.

Operating leases - as lessor (income)

Minimum lease payments due

- within one year	20 265 917	10 282 905	20 265 917	10 282 905
- in second to fifth year inclusive	22 765 917	14 315 457	22 765 917	14 315 457
	43 031 834	24 598 362	43 031 834	24 598 362

Certain of the Group's equipment is held to generate rental income. Lease agreements are non-cancellable and have terms from one month to three years. There are no contingent rents receivable. Operating lease income is being based on estimates in relation to signed contracts and the timing of those contracts. However, based on experience over the last 2 to 3 years some of these contracts get delayed and thus the lease income relating to them can also be delayed.

33. Retirement benefits

Defined contribution plan

It is the policy of the Group to provide retirement benefits to certain of the Group's employees. The Group is a member of a provident fund which provides benefits on a defined contribution basis. The fund is subject to the Pension Fund Act of 1956 as amended. The Group's contribution to the provident fund for the year, which was charged to the Statement of Comprehensive Income, was R1,050,306 (2010: R240,999)

Certain of the Group's equipment is held to generate rental income. Lease agreements are non-cancellable and have terms from one month to three years. There are no contingent rents receivable.



SA French Limited
Annual Financial Statements for the year ended 30 June 2011
Notes to the Annual Financial Statements

Figures in Rand	2011	2010
34. Loss per share		
Group and Company		
Reconciliation of attributable loss to headline loss		
Loss for the year attributable to equity holders of parent	(14 549 558)	(4 902 231)
Restructuring costs	12 374 927	-
Gains from loan write-off	(12 021 213)	-
Loss/(Gain) on disposal of plant and equipment	554 262	(53 667)
Impairment of financial assets	227 000	1 362 000
Tax effect	-	(366 333)
Headline loss	(13 414 582)	(3 960 231)

Basic and diluted loss per share of 8.52 cents (2010: 2.95 cents) is calculated on the weighted average number of shares in issue during the year of 170 759 251 (2010: 166 375 689), based on earnings to ordinary shares.

Basic and diluted headline loss per share of 7.86 cents (2010: 2.38 cents) is calculated on the weighted average number of shares in issue during the year of 170 759 251 (2010: 166 375 689), based on headline loss.

35. Net asset value per share		
Number of shares issued	566 375 689	166 375 689
Net asset value per share	9.49	28.75
Net tangible asset value per share	9.49	28.75

Trading update policy

Due to the nature of SA French's business, the policy of using net asset value per share has been adopted for calculating trading updates.

SA French Limited
Annual Financial Statements for the year ended 30 June 2011
Notes to the Annual Financial Statements

Figures in Rand	2011	2010
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36. Segment Report

For management purposes the Group is organised into 2 major operating divisions: Rental and sale of cranes. Such structural organisation is determined by the nature of risks and returns associated with each business segment and defines the management structure as well as the internal reporting system. The Group operates principally in South Africa and therefore does not present a geographical segment.

Segment revenue

Rental	22 680 981	33 057 180
Sale	72 097 515	28 075 974
Other	2 635 785	4 496 775
	97 414 281	65 629 929

Segment cost of sales

Rental	9 842 670	22 505 296
Sale	68 397 340	24 874 801
Other	463 089	2 679 408
	78 703 099	50 059 505

Segment gross profit

Rental	12 838 311	10 551 884
Sale	3 700 175	3 201 173
Other	2 172 696	1 817 367
	18 711 182	15 570 425

Segment assets

Rental	96 101 429	82 626 535
Sale	9 432 375	86 128 940
<i>Unallocated assets:</i>		
Property, plant and equipment	1 836 582	3 762 148
Loans to shareholders	723 159	-
Financial assets	1 803 318	1 362 000
Trade and other receivables	16 245 554	12 380 451
Current tax receivable	-	528 645
Cash and cash equivalents	4 075 452	34 175
	130 217 869	186 822 894

Segment liabilities

The Groups liabilities are not allocated to any particular segment.



SA French Limited
Annual Financial Statements for the year ended 30 June 2011
Shareholders Diary

Register date: 29 July 2011
 Issued Share Capital: 566,375,689 shares

SHAREHOLDER SPREAD	No. of shareholders	%	No. of Shares	%
1 - 1,000 shares	39	6.79	23 291	0.00
1,001 - 10,000 shares	214	37.28	983 148	0.17
10,001 - 100,000 shares	205	35.71	8 128 350	1.44
100,001 - 1,000,000 shares	101	17.60	29 440 020	5.20
1,000,001 shares and over	15	2.62	527 800 880	93.19
Total	574	100	566 375 689	100

DISTRIBUTION OF SHAREHOLDERS

Banks	1	0.17	750 000	0.13
Broker	2	0.35	169 920 260	30.00
Close Corporations	13	2.26	1 597 470	0.28
Empowerments	2	0.35	35 990 000	6.35
Individuals	504	87.82	36 493 772	6.46
Investment Companies	4	0.70	1 704 305	0.30
Mutual Funds	2	0.35	24 377 949	4.30
Nominees and Trusts	20	3.48	4 273 047	0.75
Other Corporations	6	1.05	653 216	0.12
Pension Funds	1	0.17	737 800	0.13
Private Companies	17	2.96	64 697 870	11.42
Public Companies	1	0.17	100 000	0.02
Share Trusts	1	0.17	225 080 000	39.74
Total	574	100	566 375 689	100

PUBLIC / NON - PUBLIC SHAREHOLDERS

Non - Public Shareholders	7	1.20	383 863 006	67.77
Directors	3	0.52	29 562 844	5.22
The SA French Group Trust	1	0.17	225 080 000	39.74
The SAF Economic Empowerment Trust	1	0.17	35 190 000	6.21
Mowana Investments (Proprietary) Limited	1	0.17	800 000	0.14
Genbel Securities Limited Debt Structuring Unit	1	0.17	93 230 162	16.46
Public Shareholders	567	98.80	182 512 683	32.23
Total	574	100	566 375 689	100

BENEFICIAL SHAREHOLDERS HOLDING OF 4% OR MORE

The SA French Group Trust			225 080 000	39.74
Genbel Securities Limited Debt Structuring Unit			93 230 162	16.46
Pershing Securities Ltd Client Safe Custody Asset Account			76 690 098	13.54
The SAF Economic Empowerment Trust			35 190 000	6.21
Afrasia Corporate Finance (Pty) Ltd			34 900 000	6.16
Speedprops 70 (Pty) Ltd			27 200 000	4.80
Coronation Optimum Growth Fund			24 151 193	4.26

Directors Interests in securities as at 29 July 2011	Direct	Indirect	Total No. of Shares	%
Van Breda, QCA & W	-	252 280 000	252 280 000	44.54
The SA French Group Trust	-	225 080 000		
Speedprops 70 (Pty) Ltd	-	27 200 000		
Poluta, J	2 000 000	46 615 081	48 615 081	8.58
Poluta, J	2 000 000			
50% of Genbel Securities Limited Debt Structuring Unit	-	46 615 081		
Fizelle, J	362 844	46 615 081	46 977 925	8.29
Fizelle, J	362 844	-		
50% of Genbel Securities Limited Debt Structuring Unit	-	46 615 081		
Total			347 873 006	61.42

SA French Limited
Notice of Annual General Meeting

SA FRENCH LIMITED

Incorporated in the Republic of South Africa

(Registration number 1982/009174/06)

Share code: SFH ISIN: ZAE000108890

("SA French" or "the company")

Notice is hereby given that the Annual General Meeting of members of SA French ("the AGM") will be held at the registered office of the Company, being 461 Flower Close (off Sam Green) Tunney Ext, Germiston at 10:00 on 5 January 2012 to, if approved, pass the following resolutions with or without modification:

Purpose

The purpose of the meeting is to transact the business set out in the agenda below. For the avoidance of doubt, the memorandum and articles of association of the Company are referred to as the Memorandum of Incorporation in accordance with the terminology used in the new Companies Act 2008 (Act 71 of 2008), as amended ("the Companies Act"), which became effective on 1 May 2011.

Agenda

1. Presentation of the audited annual financial statements of the Company, including the reports of the directors and the audit committee for the year ended 30 June 2011 as set out in the Company's Annual Report 2011 of which this notice forms part of.
2. In terms of articles 3 and 4 of the Company's Memorandum of Incorporation, directors of the Company so elected shall retain office only until the next annual general meeting of the Company and shall then retire and be eligible for re-election.
3. To consider and, if deemed fit; approve, with or without modification, the following ordinary and special resolutions:

Notes:

For any of the ordinary resolutions numbers 1 to 9 to be adopted, more than 50% of the voting rights exercised on each such ordinary resolution must be exercised in favour thereof.

For the ordinary resolution number 10 to be adopted, 75% of the shareholders present in person or by proxy and entitled to vote at the AGM must cast their vote in favour of this resolution.

1. RATIFICATION OF DIRECTORS' FEES

Ordinary Resolution Number 1

"Resolved that the directors' fees amounting to R0.00 paid for the year ended 30 June 2011 in terms of article 3 of the Company's Memorandum of Incorporation be confirmed and ratified."

The reason for ordinary resolution number 1 is that article 3 of the Company's Memorandum of Incorporation requires that directors' fees be confirmed by the Company at a General Meeting.

2. RE-APPOINTMENT OF AUDITORS

Ordinary Resolution Number 2

"Resolved that the appointment of RSM Betty & Dickson (Johannesburg), as independent auditors of the Company with John Jones, being the individual registered auditor who has undertaken the audit of the Company for the ensuing financial year, be confirmed on the recommendation of the Company's Audit and Risk Committee."

The reason for ordinary resolution number 2 is that the Company, being a public listed company, must have its financial results audited and such auditor must be appointed or re-appointed each year at the AGM of the Company as required by the Companies Act.



SA French Limited
Notice of Annual General Meeting

3. AUDITOR'S REMUNERATION

Ordinary resolution Number 3

“Resolved that the auditor’s remuneration for the year ended 30 June 2011 as determined by the audit and risk committee of the Company be and is hereby confirmed”.

The reason for ordinary resolution number 3 is that article 4 of the Memorandum of Incorporation of the Company further read with section 94 (7) (b) of the Companies Act requires that the remuneration of the auditor be considered at the AGM.

4. RE-ELECTION OF DIRECTORS

Ordinary Resolution Number 4

“Resolved that Quentin CA van Breda, who retires by rotation in terms of article 6 of the Company’s Memorandum of Incorporation and who has offered himself for re-election, be hereby re-elected as director of the Company.”

An abbreviated curriculum vitae in respect of Mr. QCA van Breda may be viewed on page 2 of the annual report of which this notice forms part.

The reason for ordinary resolution number 4 is that article 5 of the Memorandum of Incorporation of the Company and, to the extent applicable, the Companies Act, requires that a component of the non- executive directors rotate at the AGM and, being eligible may offer themselves for re-election as directors.

5. ELECTION OF THE MEMBERS TO THE AUDIT AND RISK COMMITTEE

Ordinary Resolution Number 5

“Resolved that Janine De Bryn be elected a member of the Audit and Risk Committee, with effect from the conclusion of this AGM in terms of section 94(2) of the Companies Act.”

An abbreviated curriculum vitae in respect of Mrs. De Bryn may be viewed on page 3 of the annual report of which this notice forms part.

Ordinary Resolution Number 6

“Resolved that Sandile Tswana be elected a member of the Audit and Risk Committee, with effect from the conclusion of this AGM in terms of section 94(2) of the Companies Act.”

An abbreviated curriculum vitae in respect of Mr. Tswana may be viewed on page 3 of the annual report of which this notice forms part.

Ordinary Resolution Number 7

“Resolved that “Resolved that John Poluta be elected a member of the Audit and Risk Committee, with effect from the conclusion of this meeting in terms of section 94(2) of the Companies Act.”

An abbreviated curriculum vitae in respect of Mr. Poluta may be viewed on page 3 of the annual report of which this notice forms part.

The reason for ordinary resolution numbers 5 to 7 is that the Company, being a public listed company, must appoint an audit committee as prescribed by sections 66(2) and 94(2) of the Companies Act, which also requires that the members of such audit committee be appointed, or re-appointed, as the case may be, at each annual general meeting of a Company.

Ordinary Resolution Number 8

“Resolved that Peter van Zyl be elected a member of the Audit and Risk Committee, with effect from the conclusion of this AGM in terms of section 94(2) of the Companies Act.”

An abbreviated curriculum vitae in respect of Mr. van Zyl may be viewed on page 3 of the annual report of which this notice forms part.



SA French Limited
Notice of Annual General Meeting

6. AUTHORISED DIRECTORS AND /OR THE COMPANY SECRETARY

Ordinary Resolution Number 9

“**Resolved that** any one director of the Company is hereby authorised to do all such things and sign all such documents as deemed necessary to implement the ordinary and special resolutions as set out in this notice convening the AGM at which these resolutions will be considered.”

The reason for ordinary resolution number 8 is to ensure that the resolutions voted favourably upon is duly implemented through the delegation of powers provided for in terms of article 7 of the Company’s Memorandum of Incorporation.

7. UNISSUED SHARES PLACED UNDER CONTROL OF THE DIRECTORS

Ordinary resolution number 10

“**Resolved that** the unissued shares in the Company, limited to 50% of the number of shares in issue at 5 January 2012, be and are hereby placed under the control of the directors until the next annual general meeting and that they be and are hereby authorised to issue any such shares as they may deem fit, subject to the Companies Act, the Memorandum of Incorporation of the Company, and the provisions of the Listings Requirements of the JSE Limited (“JSE”), save that the aforementioned 50% limitation shall not apply to any shares issued in terms of a rights offer.”

The reason for ordinary resolution number 9 is that the board requires authority from shareholders in terms of article 10 of its Memorandum of Incorporation to issue shares in the Company. This general authority, once granted, allows the board from time to time, when it is appropriate to do so, to issue ordinary shares as may be required inter alia in terms of capital raising exercises and to maintain a healthy capital adequacy ratio that may be required from time to time. This general authority is subject to the restriction that it is limited to 50% of the number of shares in issue at 5 January 2012 on the terms more fully set out in ordinary resolution number 9 and subject to the further restrictions set out in ordinary resolution number 10 below.

8. GENERAL AUTHORITY TO ISSUE SHARES FOR CASH

Ordinary Resolution Number 11

“**Resolved that** the directors of the Company be and are hereby authorised by way of a general authority, to allot and issue any of its unissued shares for cash placed under their control as they in their discretion may deem fit, without restriction, subject to the provisions of the Listings Requirements of the JSE, and subject to the proviso that the aggregate number of ordinary shares able to be allotted and issued in terms of this resolution, shall be limited to 50% of the issued share capital at 30 December 2011, provided that:

- the approval shall be valid until the date of the next annual general meeting of the Company, provided it shall not extend beyond fifteen months from the date of this resolution;
- a paid press announcement giving full details, including the impact on net asset value and earnings per share, will be published after any issue representing, on a cumulative basis within any one financial year, 5% or more of the number of shares in issue prior to such issue;
- the general issues of shares for cash in the aggregate in any one financial year may not exceed 50% of the Company’s issued share capital of that class. For purposes of determining whether the aforementioned 50% has been or will be reached, the securities of a particular class will be aggregated with the securities that are compulsorily convertible into securities of that class and, in the case of the issue of compulsorily convertible securities, aggregated with the securities of that class into which they are compulsorily convertible. The number of securities of a class which may be issued shall be based on the number of securities of that class in issue at the date of such application less any securities of the class issued during the current financial year, provided that any securities of that class to be issued pursuant to a rights issue (announced and irrevocable and underwritten) or acquisition (concluded up to the date of application) may be included as though they were securities in issue at the date of application;
- in determining the price at which an issue of shares will be made in terms of this authority the maximum discount permitted will be 10% of the weighted average traded price of such shares, as determined over the 30 trading days prior to the date that the price of the issue is agreed between the Company and the party subscribing for the securities. The JSE should be consulted for a ruling if the securities have not traded in such 30 business day period;
- any such issue will only be made to public shareholders as defined in paragraphs 4.25 to 4.27 of the Listings Requirements of the JSE and not to related parties; and
- any such issue will only be securities of a class already in issue or, if this is not the case, will be limited to such securities or rights that are convertible into a class already in issue.”



SA French Limited

Notice of Annual General Meeting

For listed entities wishing to issue shares, it is necessary for the board not only to obtain the prior authority of the shareholders as may be required in terms of their Memorandum of Incorporation contemplated in ordinary resolution number 9 above but it is also necessary to obtain the prior authority of shareholders in accordance with the Listings Requirements of the JSE. The reason for this resolution is accordingly to obtain a general authority from shareholders to issue shares in compliance with the Listings Requirements of the JSE. The authority granted in terms of this resolution number 10 must accordingly be read together with authority granted in terms of ordinary resolution number 9 above and any exercise thereof will be subject to the conditions contained in ordinary resolution number 10.

At least 75% of the shareholders present in person or by proxy and entitled to vote at the AGM must cast their vote in favour of this resolution.

REMUNERATION OF NON-EXECUTIVE DIRECTORS TO 30 JUNE 2012

Special Resolution Number 1

“Resolved that the remuneration of non-executive directors for the year ending 30 June 2012 be approved on the following basis”

- Chairman of the Board: R0.00 per annum, payable quarterly;
- Non-executive director’s fee: R75, 000.00 per annum, payable quarterly;
- Chairman of the Audit and Risk Committee: R75 000.00per annum, payable quarterly;
- Members of the Audit and Risk Committee; R75 000.00 per annum, payable quarterly;
- Chairman of the Remuneration and Nominations Committee: R75, 000.00 per annum, payable quarterly;
- Members of the Remuneration and Nominations Committee; R75, 000.00 per annum, payable quarterly.

Reasons for and effect of Special Resolution Number 1

The reason for the proposed special resolution is to comply with section 66(9) of the Companies Act, which requires the approval of directors fees prior to the payment of such fees.

The effect of special resolution number 1 is that the Company will be able to pay its non-executive directors for the services they render to the Company as directors without requiring further shareholder approval until the next AGM.

In terms of the Companies Act, 75% of the votes cast by shareholders present or represented by proxy at this meeting must be cast in favour of this special resolution for it to be adopted.

AUTHORITY TO REPURCHASE SHARES BY THE COMPANY AND ITS SUBSIDIARIES

Special Resolution Number 2

“Resolved that as a special resolution that the Company be and is hereby authorised, as a general approval, to repurchase any of the shares issued by the Company, upon such terms and conditions and in such amounts as the directors may from time to time determine, but subject to the provisions of section 46 and 48 of the Companies Act, the Memorandum of Incorporation of the Company, the Listings Requirements of the JSE and the requirements of any other stock exchange on which the shares of the Company may be quoted or listed, namely that:

- the general repurchase of the shares may only be implemented on the open market of the JSE and done without any prior understanding or arrangement between the Company and the counterparty;
- this general authority shall only be valid until the next annual general meeting of the Company, provided that it shall not extend beyond fifteen months from the date of this resolution;
- an announcement must be published as soon as the Company has acquired shares constituting, on a cumulative basis, 3% of the number of shares in issue prior to the acquisition, pursuant to which the aforesaid 3% threshold is reached, containing full details thereof, as well as for each 3% in aggregate of the initial number of shares acquired thereafter;
- the general authority to repurchase is limited to a maximum of 20% in the aggregate in any one financial year of the Company’s issued share capital at the time the authority is granted;
- a resolution has been passed by the board of directors approving the purchase, that the Company has satisfied the solvency and liquidity test as defined in the Companies Act and that since the solvency and liquidity test was applied there have been no material changes to the financial position of the Group;
- the general repurchase is authorised by the Company’s memorandum of incorporation;

SA French Limited

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- repurchases must not be made at a price more than 10% above the weighted average of the market value of the shares for five business days immediately preceding the date that the transaction is affected. The JSE should be consulted for a ruling if the applicants securities have not traded in such five business day period;
- the Company may at any point in time only appoint one agent to effect any repurchase(s) on the Company's behalf;
- the Company may not effect a repurchase during any prohibited period as defined in terms of the Listings Requirements of the JSE unless there is a repurchase programme in place as contemplated in terms of 5.72(g) of the Listings Requirements of the JSE; and
- the Company must ensure that its sponsor provides the JSE with the required working capital letters before it commences the repurchase of any shares.”

Reasons for and effect of Special Resolution Number 2

The reason for and effect of special resolution number 2 is to grant the directors a general authority in terms of its Memorandum of Incorporation and the Listings Requirements of the JSE for the acquisition by the Company of shares issued by it on the basis reflected in the special resolution.

In terms of the Listings Requirements of the JSE any general repurchase by the Company must, inter alia, be limited to a maximum of 20% of the Company's issued share capital in any one financial year of that class at the time the authority is granted.

In terms of the Companies Act, 75% of the votes cast by shareholders present or represented by proxy at this meeting must be cast in favour of this special resolution for it to be adopted.

Special Resolution Number 3

“Resolved that as a special resolution that the Company, insofar as it may be necessary to do so, hereby approves, as a general approval, and authorises the acquisition by any subsidiary of the Company (“the subsidiary” or “the acquiree”) of shares issued by such subsidiary and/or shares issued by the Company, upon such terms and conditions and in such amounts as the directors of any such subsidiary may from time to time determine, but subject to the provisions of section 46 and 48 of the Companies Act, the Memorandum of Incorporation of the Company, the Listings Requirements of the JSE and the requirements of any other stock exchange on which the shares of the subsidiary may be quoted or listed, including, inter alia, that:

- the general repurchase of shares may only be implemented on the open market of the JSE and done without any prior understanding or arrangement between the acquiree and the other counterparty;
- this general authority shall only be valid until the next annual general meeting of the Company, provided that it shall not extend beyond fifteen months from the date of this resolution;
- an announcement must be published as soon as the acquiree has acquired shares constituting, on a cumulative basis, 3% of the number of shares of the acquiree Company in issue prior to the acquisition, pursuant to which the aforesaid 3% threshold is reached, containing full details thereof, as well as for each 3% in aggregate of the initial number of shares acquired thereafter;
- this general authority to repurchase is limited to a maximum of 20% in the aggregate in any one financial year of the acquiree's issued share capital at the time the authority is granted, subject to a maximum of 10% in the aggregate in the event that it is the Company's share capital that is repurchased by a subsidiary;
- a resolution has been passed by the board of directors approving the purchase, that the Company has satisfied the solvency and liquidity test as defined in the Companies Act and that since the solvency and liquidity test was applied there have been no material changes to the financial position of the group;
- the general purchase is authorised by the Company's Memorandum of Incorporation;
- repurchases must not be made at a price more than 10% above the weighted average of the market value of the shares for the five business days immediately preceding the date that the transaction is effected. The JSE should be consulted for a ruling if the securities have not traded in such five business day period;
- the Company and/or subsidiary may at any point in time only appoint one agent to effect any repurchase(s) on the subsidiary Company's behalf;
- the subsidiary Company may not effect a repurchase during any prohibited period as defined in terms of the Listings Requirements of the JSE unless there is a repurchase programme in place as contemplated in terms of 5.72(g) of the Listings Requirements of the JSE; and
- the Company must ensure that its sponsor provides the JSE with the required working capital letters before it commences the repurchase of any shares.”



SA French Limited

Notice of Annual General Meeting

Reasons for and effect of Special Resolution Number 3

The reason for and effect of special resolution number 3 is to grant the board of directors of any subsidiary of the Company a general authority in terms of the Listings Requirements of the JSE to acquire shares issued by such subsidiary and/or to acquire shares issued by the Company on the basis reflected in the special resolution.

In terms of the Listings Requirements of the JSE, any general purchase by a subsidiary of shares must, inter alia, be limited to a maximum of 20% of the issued share capital of the acquiree Company in any one financial year of that class at the time the authority is granted, subject to a maximum of 10% in the event that it is the Company's share capital that is repurchased by a subsidiary.

In terms of the Companies Act, 75% of the votes cast by shareholders present or represented by proxy at this meeting must be cast in favour of this special resolution for it to be adopted.

FINANCIAL ASSISTANCE TO SUBSIDIARIES AND OTHER INTER-RELATED ENTITIES

Special Resolution Number 4

"Resolved that, the Company be and is hereby authorised to provide direct or indirect financial assistance to any subsidiary or inter-related company (as defined in the Companies Act) of the Company by way of a general authority in favour of that category of recipients as contemplated in section 45(3)(a)(ii) of the Companies Act, on terms and conditions and for amounts that the board of directors may determine from time to time."

Reasons for and effect of Special Resolution Number 4

The reason for, and effect of this special resolution is, in compliance with section 45(3)(a)(ii) of the Companies Act, to permit the Company to provide direct or indirect financial assistance to entities within the SA French group of companies.

In terms of the Companies Act, 75% of the votes cast by shareholders present or represented by proxy at this meeting must be cast in favour of this special resolution for it to be adopted

OTHER BUSINESS

To transact such other business as may be transacted at an Annual General Meeting or raised by shareholders with or without advance notice to the Company.

INFORMATION RELATING TO THE SPECIAL RESOLUTIONS

1. The directors of the Company or its subsidiaries will only utilise the general authority to purchase shares of the Company and/or the subsidiary as set out in special resolutions numbers 2 and 3 to the extent that the directors, after considering the maximum shares to be purchased, are of the opinion that the Company and its subsidiaries' ("SA French Group") position would not be compromised as to the following:
 - the SA French Group's ability in the ordinary course of business to pay its debts for a period of 12 months after the date of this AGM and for a period of 12 months after the purchase;
 - the consolidated assets of the SA French Group will at the time of the AGM and at the time of making such determination be in excess of the consolidated liabilities of the SA French Group. The assets and liabilities should be recognised and measured in accordance with the accounting policies used in the latest audited annual financial statements of the SA French Group;
 - the ordinary capital and reserves of the SA French Group after the purchase will remain adequate for the purpose of the business of the SA French Group for a period of 12 months after the AGM and after the date of the share purchase; and
 - the working capital available to the SA French Group after the purchase will be sufficient for the SA French Group's requirements for a period of 12 months after the date of the notice of the annual general meeting and the directors have passed a resolution authorising the repurchase, resolving that the Company has satisfied the solvency and liquidity test as defined in the Companies Act and resolving that since the solvency and liquidity test had been applied, there have been no material changes to the financial position of the SA French Group.

SA French Limited
Notice of Annual General Meeting

2. For the purposes of considering special resolution 2 and special resolution 3, and in compliance with paragraph 11.26 of the Listings Requirements, the information listed below has been included in the Annual Report, in which this notice of AGM is included, at the places indicated:
 - Directors and management (page 2 and 3);
 - Major shareholders (page 57);
 - Directors' interests in securities (page 57);
 - Share capital of the Company (page 57);
 - Responsibility statement (page 16);

3. For purposes of special resolution number 4, the board of directors of the Company will only utilise the general authority bestowed upon them to provide direct or indirect financial assistance related to inter related companies to the extent that the directors, after considering the amount of financial assistance to be granted, are of the opinion that:
 - immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test (as defined in the Companies Act, 2008);
 - the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company; and
 - all conditions or restrictions regarding the granting of financial assistance as set out in the Company's Memorandum of Incorporation have been satisfied and that the board of directors have passed a resolution authorising the grant of the said financial assistance ("the board resolution") under their general authority so granted, the Company which will then provide written notice of the board resolution to all shareholders:
 - within 10 days after adoption of the board resolution, if the total value of all loans, debts, obligations or assistance contemplated in that resolution, together with any previous such resolution(s) during the financial year, exceeds one-tenth of 1% of the Company's net worth at the time of the board resolution; or
 - within 30 business days after the end of the financial year, in any other case.

4. The Company is not involved in any legal or arbitration proceedings, nor are any proceedings pending or threatened of which the Company is aware that may have or have had in the previous 12 months, a material effect on the Company's financial position.

5. The directors, whose names are reflected in this annual report of which this notice forms part, collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts that have been made and that the notice contains all information required by the Listings Requirements of the JSE.



SA French Limited
Notice of Annual General Meeting

VOTING

1. The date on which shareholders must be recorded as such in the share register maintained by the transfer secretaries of the Company (“the Share Register”) for purposes of being entitled to receive this notice is 1 December 2011.
2. The date on which shareholders must be recorded in the Share Register for purposes of being entitled to attend and vote at this meeting is 30 December 2011 with the last day to trade being 22 December 2011.
3. Meeting participants will be required to provide proof of identification to the reasonable satisfaction of the chairman of the AGM and must accordingly bring a copy of their identity document, passport or drivers’ license. If in doubt as to whether any document will be regarded as satisfactory proof of identification, meeting participants should contact the transfer secretaries for guidance.
4. Shareholders entitled to attend and vote at the AGM may appoint one or more proxies to attend, speak and vote thereat in their stead. A proxy need not be a member of the Company. A form of proxy, in which are set out the relevant instructions for its completion, is enclosed for the use of a certificated shareholder or own-name registered dematerialised shareholder who wishes to be represented at the AGM. Completion of a form of proxy will not preclude such shareholder from attending and voting (in preference to that shareholder’s proxy) at the AGM.
5. The instrument appointing a proxy and the letter of representation (if any) under which it is signed must reach the transfer secretaries of the Company at the address given below by not later than 10:00 on Tuesday 3 January 2012.
6. Dematerialised shareholders, other than own-name registered dematerialised shareholders, who wish to attend the AGM in person will need to request their Central Securities Depository Participant (“CSDP”) or broker to provide them with the necessary letter of representation in terms of the custody agreement entered into between such shareholders and the CSDP or broker.
7. Dematerialised shareholders, other than own-name registered dematerialised shareholders, who are unable to attend the AGM and who wish to be represented thereat, must provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between themselves and the CSDP or broker in the manner and time stipulated therein.
8. Shareholders present in person, by proxy or by authorised representative shall, on a show of hands, have one vote each and, on a poll, will have one vote in respect of each share held.

By order of the Board



Warwick van Breda
Company Secretary

1 December 2011

Registered Office

461 Flower Close (off Sam Green)
Tunney ext.
Germiston
1400

Transfer Secretaries

Computershare Investor Services (Pty) Limited
Ground Floor
70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown 2107)

SA French Limited Form of Proxy

SA FRENCH LIMITED
Incorporated in the Republic of South Africa
(Registration number 1982/009174/06)
Share code: SFH ISIN: ZAE000108890
("SA French" or "the company")

For use at the annual general meeting of ordinary shareholders of the company to be held at held at the registered office of the Company, being 461 Flower Close (off Sam Green) Tunney Ext, Germiston at 10:00 on 5 January 2012.

I/We (Full name in print)

of (address)

being the registered holder

of ordinary shares hereby appoint:

1. _____ or failing him/her,
 2. _____ or failing him/her,
 3. the chairman of the meeting,

as my proxy to vote for me/us at the annual general meeting for purposes of considering and, if deemed fit, passing, with or without modification, the special resolutions and ordinary resolutions to be proposed thereat and at each adjournment thereof and to vote for and/or against the resolutions and/or abstain from voting in respect of the shares registered in my/our name(s) in accordance with the following instructions (see Notes):

	Number of shares		
	In favour of	Against	Abstain
1. To accept the presentation of the audited annual financial statements.			
2. Ordinary resolution number 1: Ratifying the directors' fees			
3. Ordinary resolution number 2: Confirming re-appointment of the Auditors			
4. Ordinary resolution number 3 :Confirming auditor's remuneration			
5. Ordinary resolution number 4: To re-elect Quentin C A van Breda			
6. Ordinary resolution number 5: To elect Janine de Bryn as member of the Audit and Risk committee			
7. Ordinary resolution number 6: To elect Sandile Tswana as member of the Audit and Risk committee			
8. Ordinary resolution number 7: To elect John Poluta as member of the Audit and Risk committee			
9. Ordinary resolution number 8: To elect Peter van Zyl. as member of the Audit and Risk Committee			
10. Ordinary resolution number 9: Authority to implement resolutions			
11. Ordinary resolution number 10: Unissued shares placed under control of the directors			
12. Ordinary resolution number 11: General authority to the Company to issue shares for cash			
13. Special resolution number 1: Approval of non-executive directors' fees for 2012			
14. Special resolution number 2: Authority to repurchase shares by the Company			
15. Special resolution number 3: Authority to repurchase shares by the subsidiaries of the Company			
16. Special resolution number 4: Approval of financial assistance to subsidiaries and inter- related entities			

Please indicate with an "X" in the appropriate space above how you wish your vote to be cast in respect of the above resolutions.

If you return this form duly signed, without any specific directions, the proxyholder will vote or abstain at his discretion.

Signed this

day of

2011

Signature

Assisted by (where applicable) (state capacity and full name)

Each SA French shareholder is entitled to appoint one or more proxy(ies) (who need not be a shareholder(s) of the company) to attend, speak and vote in his stead at the annual general meeting.



SA French Limited Notes

1. This form or proxy should only be used by certificated shareholders or shareholders who have dematerialised their shares with own name registration.
2. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided, with or without deleting "the Chairman of the meeting", but any such deletion must be initialled by the shareholder. The person whose name stands first on the form of proxy and who is present at the meeting will be entitled to act as proxy to those whose names follow.
3. 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. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the meeting as he/she deemed fit in respect of all of the shareholder's votes exercisable thereat. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or his/her 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 by his/her proxy.
4. Dematerialised shareholders who wish to attend the meeting or to vote by way of proxy, must contact their CSDP or broker who will furnish them with the necessary letter of representation to attend the meeting or to be represented thereat by proxy. This must be done in terms of the agreement between the member and his/her CSDP or broker.
5. Forms of proxy must be lodged at the Company's Transfer Secretaries, Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107) so as to be received by not later than 10:00 on Tuesday 3 January 2012.
6. The completion and lodging of this form of proxy shall not preclude the relevant shareholder from attending the meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
7. Documentary evidence establishing the authority of the person signing this form of proxy in a representative or other legal capacity must be attached to this form of proxy unless previously recorded by the Transfer Secretaries of the Company or waived by the Chairman of the meeting.
8. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
9. The Chairman shall be entitled to reject the authority of a person signing the form of proxy:
 - 9.1 under a power of attorney, or
 - 9.2 on behalf of a company unless that person's power of attorney or authority is deposited at the registered office of the Transfer Secretaries not less than 48 hours before the meeting.
10. Where shares are held jointly, all joint holders are required to sign the form of proxy.
11. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the Transfer Secretaries.
12. On a show of hands, every shareholder present in person or represented by proxy shall have only one vote, irrespective of the number of shares he/she holds or represents.
13. On a poll, every shareholder present in person or represented by proxy shall have one vote for every share held by such shareholder.
14. A resolution put to the vote shall be decided by a show of hands, unless, before or on the declaration of the results of the show of hands, a poll shall be demanded by any person entitled to vote at the Annual General Meeting.

By order of the Board



Warwick van Breda
Company Secretary

1 December 2011

Registered Office
461 Flower Close (off Sam Green)
Tunney ext.
Germiston
1400

Transfer Secretaries
Computershare Investor Services (Pty) Limited
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