

**MOUNT AMANZI  
SHARE BLOCK LIMITED  
Reg No: 1988 / 005182/06**

**NOTICE OF THE TWENTIETH ANNUAL  
GENERAL MEETING**

Notice is hereby given of the Annual General Meeting of the Mount Amanzi Share Block Limited. The meeting will be held at Mount Amanzi on 3 July 2010 at 10h00. (map included).

**AGENDA**

1. Open and Welcome
2. Apologies / Proxies / Quorum
3. Confirmation of the minutes of the previous AGM held on 30 May 2009
4. Matters arising from the previous minutes
5. Acceptance of the Chairman's report
6. Acceptance of the Financial Statements for the year ending 31 August 2009
7. Approval of Auditors Remuneration
8. Appointment of Auditors
9. Approval of Insurance with or without amendments
10. Determination of number of Directors
11. Election of Directors
12. Close

**NOTE**

Every member who is entitled to vote may appoint a proxy by completing the enclosed proxy form and ensuring that it is received at least 48 hours before the scheduled time of commencement of the meeting. Please fax to (012) 253 2667 or mail to P.O. Box 169, Hartbeespoort, 0216.

**BY ORDER OF THE BOARD  
G. OOSTHUIZEN**



**MOUNT AMANZI  
AANDELEBLOK BEPERK  
Reg Nr: 1988 / 005182/06**

**KENNISGEWING VAN DIE TWINTIGSTE ALGEMENE  
JAARVERGADERING**

Hiermee word kennis gegee van die Algemene Jaarvergadering van die Mount Amanzi Aandeleblok Beperk. Die vergadering sal te Mount Amanzi gehou word op 3 Julie 2010 om 10h00 (padkaart ingesluit).

**AGENDA**

1. Opening en Verwelkoming
2. Verskonings / Volmagte / Kworum
3. Bevestiging van die notule van die vorige Jaarvergadering gehou op 30 Mei 2009
4. Sake voortspruitend uit die vorige notule
5. Aanvaarding van die Voorsitters verslag
6. Aanvaarding van die Finansiële State vir die jaar geëindig 31 Augustus 2009
7. Goedkeuring van die Ouditersvergoeding
8. Aanstelling van Ouditere
9. Goedkeuring van Versekering met of sonder wysigings
10. Vasstelling van aantal Direkteure
11. Verkiesing van Direkteure
12. Afsluiting

**NOTA**

Elke lid wat geregtig is om te stem kan 'n gevolmagtigde aanstel deur die ingeslote volmagtorm tot voltooi en te verseker dat dit ten minste 48 uur voor die aanvang van die vergadering ontvang word. Faks asb aan (012) 253 2667 of pos aan Posbus 169, Hartbeespoort, 0216.

**IN OPDRAG VAN DIE RAAD  
G. OOSTHUIZEN**



**DEAR MEMBER**

You are cordially invited by the Management of the Mount Amanzi Share Block Limited to attend the Annual General Meeting to be held at Mount Amanzi on 3 July 2010 at 10h00.

Enclosed herewith the following documents relating to the Annual General Meeting of the Mount Amanzi Share Block Limited.

**GEAGTE LID**

U word hartlik deur die Bestuur van die Mount Amanzi Aandeleblok Beperk uitgenooi na die Algemene Jaar- vergadering wat gehou word te Mount Amanzi op 3 July 2010 om 10h00.

Ons sluit hierby dokumentasie ten opsigte van die Algemene Jaarvergadering van die Mount Amanzi Aandeleblok Beperk in.

**Included the following:****PAGE**

1.	Notice of the Annual General Meeting and Agenda	1
2.	Minutes of the Annual General Meeting held on 30 May 2009	3-9
3.	Chairman's report	10-13
4.	Annual Financial Statements for the year ended 31 August 2009	14-28
5.	Proposed Insurance Schedule	29-30
6.	RSVP	
7.	Proxy form	
8.	Nomination of Directors form	

**Ingesluit die volgende:****BL**

1.	Kennisgewing van die Algemene Jaar- vergadering en Agenda	1
2.	Notule van die Algemene Jaar- vergadering gehou op 30 Mei 2009	3-9
3.	Voorsitters verslag	10-13
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5.	Voorgestelde Versekeringskedule	29-30
6.	Aanvaarding van uitnodiging	
7.	Volmagvorm	
8.	Direkteurs nominasievorm	

Should you wish to have any matter of general interest discussed at the meeting then please submit this in writing to be received at least 48 hours before the meeting commences to Mount Amanzi at P.O. Box 169, Hartbeespoort, 0216 or fax to (012) 253 2667.

Indien daar enige aangeleentheid is van algemene belang wat u graag wil bespreek stel dit asseblief op skrif en stuur, sodat dit ontvang word ten minste 48 uur voor die aanvang van die vergadering, aan Mount Amanzi by Posbus 169, Hartbeespoort, 0216 of faks aan (012) 253 2667.

**Registered Office:** Farm Hartbeesfontein 445  
District Brits  
0250

**Geregistreerde Adres:** Plaas Hartbeesfontein 445  
Distrik Brits  
0250

**MOUNT AMANZI SHARE BLOCK LIMITED**  
**REGISTRATION NO: 1988/005182/06**

**MINUTES OF THE NINETEENTH ANNUAL GENERAL MEETING OF THE SHAREHOLDERS**  
**OF MOUNT AMANZI SHARE BLOCK LIMITED, HELD AT MOUNT AMANZI ON THE**  
**30<sup>TH</sup> MAY 2009, AT 10:00 IN THE VISAREND HALL.**

**1. OPENING AND FORMALITIES**

The Chairperson, Dr JG Swanepoel, welcomed all present, with a special word of welcome to previous Directors, Mr DF Schutte and Mr FW Kellerman. The Chairperson introduced the current Directors to the meeting and opened the meeting with a prayer.

**2. APOLOGIES AND PROXIES**

Apologies were received from, Mr AC Fernandes and Mr MC van Aarde.

It was **NOTED** that the following votes were present at the meeting:

• Registered shareholders	:	43	Votes	:	169
• By proxy and representation	:	1750	Votes	:	4702
<b>Total number of votes</b>	:	<b>4871</b>			

The Chairperson declared the meeting properly constituted, as a quorum of members was present.

**3. APPROVAL OF THE MINUTES OF THE EIGHTEENTH ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF MOUNT AMANZI SHARE BLOCK LIMITED, HELD AT MOUNT AMANZI ON THE 03<sup>RD</sup> OF MAY 2008 AT 10:00 IN THE VISAREND HALL**

The minutes of the previous Annual General Meeting were distributed before the meeting and were read to the meeting by the Chairperson.

Mrs MA Forssman questioned the Chairman as to why the minutes of the previous AGM were not sent together with the Notice as the members were requested to vote on their acceptance. The Chairman stated that the non circulation was an oversight. MF proposed that the minutes of the nineteenth Annual General Meeting be approved at the next Director's meeting and published on the website for member's information.

Mr J Meyer explained that the Use Agreement can only be changed if permission is received from 100% of the shareholders. Mr J Meyer proposed that point 8 of the minutes was thus unconstitutional and could not be passed. The meeting supported the proposal that the decision to change the Use Agreement be revoked.

A suggestion was received that future minutes be more explanatory.

Mr FW Kellerman suggested that 'General' be removed from the Agenda as this could lead to very time consuming discussions. The Chairman mentioned that if time allowed, it could be worthwhile to allow shareholders' to voice their suggestions.

The meeting resolved that the minutes of the previous Annual General Meeting be approved, subject to the amendments proposed.

**CHAIRPERSON'S REPORT**

The Chairperson presented the Chairperson's report to the meeting.

The Chairperson appealed to shareholders to forward their e-mail addresses for the sake of easier and faster communication. Shareholders were also encouraged to visit the website.

The Chairperson explained that there was no increase in levies for the past 2 years, in fact there

was a 2.5% decrease in 2009 levies. The Chairperson mentioned that unfortunately shareholders must be aware that there will be an increase in the 2010 levies.

Mrs MA Forssman asked the following questions:

An explanation regarding the Qualification – in the Auditors report, what the outcome of the Management Audit was and if the declarations of interest register had now been compiled and what the interests of the various directors were.

The Chairperson commented on the Qualification contained in the Auditors report. He informed the meeting that there was apparently some misunderstanding between the Board and the auditors. He explained that a Management Audit was done, because the Board was committed to good corporate governance and such an audit would point out any possible shortcomings.

The Board also felt there was reason to obtain expert advice with regard to the financial control systems. The fact that a Management Audit, a SARS VAT Audit and the annual audit were done practically simultaneously, caused some practical problems due to all information not being available to everyone at the same time.

The Declaration-of-Interest Register was not circulated regularly in the past and was kept in the office. At some point the register went missing and a new register was compiled. The Register had been updated, but when the Auditors wanted to audit the register, it was not available, as it had been locked away and the key went missing. The Auditors were given the assurance that it would be available the following day, but the Audit Clerk did not enquire about it again. The Chairperson was under the impression that the Register had been audited, because it was made available. The Chairperson was therefore quite surprised when he received the Auditor's report. According to the Auditors, the interests were partly declared, but it needed to be more specific and to comply with the provisions of the Act. When the Chairperson received the Auditor's report, it was over the Christmas period and most Board Members were on holiday. The Chairperson requested that the deadline be extended so the matter could be discussed with the other Board Members. The Chairperson submitted a report a couple of days after the deadline and has to date not heard anything. The Declaration-of Interest Register is currently correct and up to date, except for the International Director's information which had not yet been received. The Board has all along been fully aware of their interests.

Mr FW Kellerman wanted to know if the Auditors were happy with the responses and steps taken by the Board, as this is a very serious accusation, although the Chairman indicated that this was more of a misunderstanding.

Mr H Enslin of Grobler, de Klerk and Loots Auditors reported that he was satisfied that a Register was now created and that the Board was working on this issue. He also mentioned that if the Board is committed to sound corporate governance, as stated in his report, then Board Members should distance themselves from activities on the Resort.

Mrs MA Forssmann enquired about the bad debt that had been written off.

The Chairperson commented that last year was a fairly unique situation with the Management Audit, the normal Audit as well as a SARS VAT Audit. Although the amount is shown as a bad debt in the current financials, it will be reflected in the 2009 financial statements that a portion of the bad debt was fully recovered from the Chairperson and an undertaking was received from the USA Board Member J Crouch that they would also settle the levies due on the weeks that had been transferred to him. This would mean that the bad debt will also be recovered in full. The decision of transferring the weeks to the Chairperson and Mr Crouch without payment of the outstanding levy debt and writing off of the levies as bad debt had been revoked at a recent board meeting.

The Chairperson informed the meeting that this had not been reflected in the financial reports, as the decision was only made after the statements were completed.

Mr H Enslin confirmed that at the time the Reports were compiled, the bad debt had already been written off and the decision to revoke the decision was only taken in April 2009.

Mr J Meyer thanked the Auditors for pointing out the conflict of interests and the writing off of the bad debt as that placed the Board in a position to revoke the previous decision, and to recover the money due to the Share Block.

“Summary of financial results for the year ended 31 August 2009” should be changed to 2008

Mr RG Stolze enquired about the operational involvement of the Board.

The Chairperson gave a review of the background: The financial Director, Mr WJ Coetzee retired in the beginning of 2007 and Mr PJ Bouwer passed away at the end of 2007. While Mr Bouwer was sick, the Resort also had no Financial Manager and therefore the Board had to become more operationally involved. The Board had to know what was going on at the Resort. Each Director has his/her own field of expertise and fortunately some of them were in a position where they could devote the required time to attend to the management of the Resort and it was therefore necessary that they incorporated their skills with the Management of the Resort. The Chairperson gave special credit to Mrs JLC Engelbrecht who had often spent seven days a week at the Resort to ensure everything was running smoothly and to ensure that standards improved. After Mr PJ Bouwer passed away, the Board didn't want to make hasty appointments and in the process run the risk of appointing the wrong people.

Mr RG Stolze wanted to know who determined how the Investments should be managed and how this information would be visible to the shareholders.

The Chairperson informed the meeting that the Board was responsible and that it follows a very conservative approach to Investments. The risk is limited to the minimum and the Resort gets the best interest rate possible. Nobody gets commission and the Board negotiates directly with the bank institution. Mr. J Meyer pointed out that the Share Block Act limits the investment of Share Block funds to a registered banking institution.

Mr RG Stolze repeated that he wanted to know how this is visible to him.

The Chairperson mentioned that this information is presented at the Annual General Meetings and is not something that is updated on a daily basis. Information can be obtained from the office.

Mrs MA Forssman proposed the Investments and interests be a point on the agenda for future Board meetings. The Chairperson informed the meeting that this was already the practise.

Mr P Buys enquired why electricity is not indicated on the statements.

Mr H Enslin replied that it is under Municipal Charges. The Chairman advised that there was a problem with waste removal. It will be good if someone from the local Municipality can assist to get this sorted out.

Mr RG Stolze wanted to know about the non-interest bearing loans.

Mr H Enslin explained that this is the shareholder loans. If the Company is liquidated, that is the amount that will be paid out to shareholders.

The Chairperson requested that the report be accepted, but that the proposals and suggestions are noted. The Chairman's report was accepted.

#### **4. THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> AUGUST 2008.**

The Chairperson commented that most questions were already answered. In the past there were allocations between the Business Enterprises and Share Block Company that wasn't allocated correctly. The systems are however now integrated which will make the process more streamlined.

The Chairperson informed the meeting that 6 senior personnel had resigned following hearings arising from the Management Audit and the resort had to appoint new people. There was no decline in salaries, as some of these personnel had accumulated leave that had to be paid out to them.

Mrs MA Forssman asked for a breakdown of the 'Other Services'.

The Chairperson explained that the Board at that point in time, felt that some of the Directors were best equipped to take over the management functions (and be remunerated for it) until suitable personnel could be found and employed. This was accommodated under the heading 'Other Services.' The fees were paid to the directors for their services.

Mrs MA Forssman asked about the % paid to directors as opposed to staff which would have performed the tasks.

Mr H Enslin informed the meeting that this was not easy to calculate. There was a cost saving on salaries, but it wasn't only work that was done by the Board. The Auditor referred the meeting to 'Related Party Transactions' on page 10.

The Chairperson informed the meeting that the cost for the Financial Director and Resort Manager were approximately R840 000 per year and if this is balanced against the difference, the meeting will clearly note the benefit to the Company.

Mr J Meyer enquired why no provision was made for Income Tax.

Mr H Enslin informed the meeting that the Income Tax was previously calculated by the Financial Director. A SARS Audit was done and there is approximately R100 000 outstanding for the 2005 financial year. The assessment will be forwarded to Mr L Havemann.

Mrs MA Forssman enquired about the 34% increase in Housekeeping expenses, 33% increase in Security cost and 47% increase in Gardening services.

The Chairperson explained the above costs to the meeting: Apart from increases in materials etc., the standard of Housekeeping had to be raised and this necessitated inter alia, more labour and cleaning costs. To raise the standard and increase effectiveness of security more costs had to be incurred. More conferences also necessitated to more security costs. The increase in gardening services was due to increased salaries and a step-up in service and equipment.

A shareholder wanted to know about the collection fees. Why were there an increase in the bad debt and a decrease in legal fees? Are the collections now done by the Directors?

The Chairperson explained that the levy collections were presently being done by Mr J Crouch in the USA and by himself. It was previously done by Mr DF Schutte who handed it over to Dr JG Swanepoel. Previous Boards had already investigated all possibilities to collect the outstanding levies in the most effective way at the lowest cost. The collections were then done by Mr J Crouch (USA) and Mr D Schutte (both former directors) for over 10 years at no cost to the Company. Last year in 2008 the Board decided to compensate them for their efforts.

Mr FW Kellerman commented and explained that years ago they handed over the bad debt to different Attorneys. It took 9 months of negotiation, without success and it was a big mess. Mr D Schutte at that time bought the defaulters shares and paid the outstanding levies to decrease the bad debt, as this was the most successful solution to the bad debt problem.

Mr RG Stolze enquired about the 'Related Party Transactions'. If the 2 columns are added up and subtracted, there is a difference of approximately R730 000. Mr Stolze wanted to know if this is a once-off compensation for work done by the Chairman and Mr Crouch or if it's going to be a yearly fee.

The Chairperson informed the meeting that this depended on how the levies are being paid. The better the levies are paid, the lesser the amount will be.

A shareholder asked about the transfer fees paid / received. Was this for shares that were transferred, sold or repossessed?

The Chairperson informed the meeting that if a share exchanges ownership, a transfer fee is payable to the company each time and remarked that Mount Amanzi's transfer fees are amongst the lowest in the industry.

The Financial Statements were approved.

The Chairperson informed the meeting that word had been received from the Water Board that Mount Amanzi's water is the cleanest in the whole Gauteng.

## **5. SCHEDULE OF INSURANCE VALUES**

The Schedule of Insurance values was tabled and the Chairman commented as follows on the "conflict of interest" mentioned in the Auditor's report:

He pointed out the fact that he, when he became a director, was designated to handle the Risk Management portfolio due to the fact that he had been deeply involved in the insurance industry for twenty years. He was also a director of the Insurance Brokers Council of SA and is at present a

director of the Financial Intermediaries Association of SA. He had reviewed the portfolio and made certain recommendations. The Board afterwards appointed him as Broker, not because he was a director, but because of his knowledge and experience. He afterwards became the chairman of the Board. He then went on to explain that a clear distinction should be made between a tied agent and an independent broker. He told the meeting that he was a totally independent broker that he had contracts with at least fourteen insurers and that he had obtained quotes from several insurers at the time he took over the insurance portfolio. At the time of his appointment as broker he had discussed the matter of conflict of interest with the then Chairman of the Board (Dr Benade) who pointed out the fact that the Articles of Association made provision for a director to enter into a contract with the Company. The then Board was also satisfied that there existed no conflict of interest, due to the fact that he was an entirely independent broker and not a tied agent and that he had made all the necessary disclosures to the Board.

The values were discussed and the Chairman informed the meeting that the values had been increased substantially after a sworn valuation had been done. The policy was also restructured so as to ensure better value for money. Due to the effective way the portfolio was managed, the Insurer (Santam) had given very good rates. The Chairman also pointed out that he had recommended that the Share Block remain with their present Insurer (Santam) which had recently (and the previous year) been awarded the award for Insurer of the Year by the FIA of SA.

Mr John Meyer proposed that the Public Liability Insurance be increased to R 50m and the Personal Accident Liability to R 1 320 000. This was generally accepted and the insurance values were approved with the amendments.

#### **7. APPOINTMENT OF AUDITORS**

Resolved that GKL Auditors be re-appointed.

#### **8. APPROVAL OF AUDITORS' REMUNERATION**

Resolved that: The Auditors' remuneration be approved as reflected in the financial statements.

#### **9. DETERMINATION OF NUMBER OF DIRECTORS**

Resolved that the number of directors remain at seven.

#### **10. ELECTION AND APPOINTMENT OF DIRECTORS**

The Chairperson informed the meeting of the number of votes present at the meeting.

Mr DF Schutte questioned the position of Mr G Oosthuizen. The Chairman advised that when Mr DF Schutte resigned as Director, Mr G Oosthuizen was co-opted by the Board. Mr Schutte remarked that a co-opted Director has to step down at the next AGM and Mr DF Schutte wanted to know why Mr G Oosthuizen's name was not listed as a nominee on the ballot paper.

The Chairperson informed the meeting that Mr G Oosthuizen had been appointed as Managing Director by the Board on a term contract and that his Directorship goes with the contract.

Mr DF Schutte expressed the view that a co-opted Director has to be re-elected as Director, before he can then serve as a Managing Director.

The Chairperson informed the meeting that Mr G Oosthuizen was appointed as Managing Director by a majority of votes by the existing Directors and according to the stipulations of the Articles of Association.

Mr FW Kellerman confirmed that a co-opted Director's term officially expires at the next AGM.

The Chairperson informed the meeting, that according to the Articles of Association of the Company, an appointed Managing Director doesn't come into consideration for rotation at the following AGM.

Mr DF Schutte expressed the view that someone who is co-opted has to be elected at the next AGM and therefore, firstly has to be elected as Director, before they can be appointed as Managing Director.

The Chairperson disagreed and assured the meeting that the Board had acted correctly in terms of the Articles of the Company.

Mr DF Schutte suggested that Mr G Oosthuizen's name be added to the ballot paper.

Mr J Meyer explained to the meeting that a Round Robin Resolution had been sent to the directors a couple of days prior to the AGM regarding the appointment of Mr G Oosthuizen as Managing Director. Mr G Oosthuizen was already a Director at that time. Mr J Meyer informed the meeting that he thought the appointment was premature, but that the director to whom he was an alternate voted in favour of the appointment. He therefore had no vote as he was an alternate director at that point in time.

Mr FW Kellerman expressed his concern about the said appointment being contradictory to the Articles of the Company.

The meeting then took a 10 minute break.

The meeting continued and the Chairperson introduced Mr SJ Grober, Labour Relations Practitioner, to elaborate on the matter.

Mr SJ Grobler clearly stated that this is not in his field of expertise, but only his interpretation. Mr SJ Grobler mentioned that he is not going to express a legal opinion, but if there is any exclusion, the exclusion has to be pertinent. Mr SJ Grobler referred to 41.7, 47.4, 50 & 54.2 of the Articles of the Company. The matter can be interpreted to both sides. This is clearly about the process and not the person. The decision that was taken by the Board was correct and in the best interest of the Resort.

Mr FW Kellerman referred the Board to the Companies Act. If the Articles of the Company are indistinct, then the Companies Act will apply. The Companies Act stipulates that an alternate Director has to retire at the next AGM. Mr Kellerman suggested that Mr G Oosthuizen step down as Director and be re-appointed as alternate Director until the matter has been sorted out.

The Chairperson corrected him and stated that Mr G Oosthuizen is not an alternate Director, but a Director who was appointed by the Board after a vacancy arose.

Mr DF Schutte mentioned that a co-opted Director is not an elected Director and the shareholders must have a say.

The Chairperson then referred to the Articles of the Company and stated that it only mentions 'Director'. The Articles define that the Board can appoint someone from their ranks as a Managing Director, (Art 50).

Mr FW Kellerman suggested the Board contact Adv Mac van der Merwe (SC) with regards to this matter.

The Chairperson stated that this was not a solution. The Board appointed Mr G Oosthuizen as Director and this cannot be revoked. The issue is about the number of Directors / number of vacancies.

Mr J Meyer advised the meeting that Mr G Oosthuizen was co-opted by the Board and he fulfilled his duties as Director. He would've been eligible for re-election today, but was a few days previously appointed as Managing Director. As the matter was inconclusive, Mr Meyer proposed that the meeting accept Mr Oosthuizen's co-option and appointment and his position be rectified if based on the legal opinion was not correct. He proposed that the Board be increased to eight members to accommodate the proposal.

Mr K de Klerk of Grobler, de Klerk & Loots Auditors briefed the meeting on the duties of Directors. Board Members are appointed by shareholders to independently serve their interest. He is not comfortable with a Director in a Managing capacity and he suggested the Company be Corporate Governance sensitive.

Mr J Meyer suggested the meeting continue with the election of four new members and that Mr G Oosthuizen be co-opted immediately after the AGM. If this wasn't the right thing to do, Mr G Oosthuizen may have to be appointed in another capacity to perform the same duties.

Mr J Meyer asked Mr G Ooshuizen for his opinion.

Mr G Oosthuizen mentioned that he was a Director and worked on the Resort full time for the past 3 months. A decision was taken, he was approached afterwards and he accepted the offer. He suggested that the Meeting continue with the voting of the Directors and legal advice be obtained afterwards. If there is a contradiction later on, he will be re-appointed on another basis.

The Chairperson remarked that it seems that consensus had been reached and asked whether everyone was in agreement that the meeting continue with the election of the 3 Directors and that Mr G Oosthuizen be co-opted afterwards by the Board of Directors as Executive Director.

*Approved.*

The Chairperson explained the voting procedure and the Chairperson and Mr J Meyer introduced the nominees who had tendered their apologies to the meeting and gave a short resume of each. Mrs Forssman gave a brief resume of her involvement in the industry.

## **11. DIRECTOR'S FEES**

The Chairperson informed the meeting that the Director's fees are currently R1 800 per meeting and R400 for travelling expenses. This was approved approximately 4 years ago.

Mr DF Schutte asked Mr J Meyer for his input. Mr J Meyer explained that some Boards don't have any compensation and some Companies make provision for compensation for the Directors. Remuneration varied between zero and five thousand rand per meeting. He had no specific suggestion.

Mr DF Schutte proposed that the Director's fees be increased to R2 500.00 per meeting. This was approved unanimously.

For travelling costs it was suggested that the AA rate per km be applied. Approved.

## **12. GENERAL**

A shareholder expressed her discontent with the fact that the resort was implicated in the rhino horn story on 50/50 on SABC2. The Chairperson explained that unfortunately Windsor Heights and Mount Amanzi share the same entrance gate. The directors' discontent was brought under the attention of 50/50 who promised to rectify the matter.

Mr J Meyer briefed the meeting on the 2010 World Cup. Mr J Meyer informed the meeting that he was a Director of African Space CC who acted as facilitators for the procurement of timeshare accommodation for MATCH Event Services PTY. The maximum amount of accommodation is required and shareholders are encouraged to place their peak weeks in the rental pool. MATCH will rent the units from the resort for the levy amount times 3. The flexi weeks will be placed in a rental pool and the income will be divided.

The Chairperson once again encouraged the shareholders to visit the website for updates.

Mrs JLC Engelbrecht invited the shareholders to look at the new braai's at the units.

The results of the election of Directors were announced and the Chairperson informed the meeting that Mr J Meyer, Mr AC Fernandes and Mrs MA Forsmann were elected by a vast majority of votes. The Chairperson congratulated the new Directors.

The Chairperson thanked all for their input and closed the meeting with a prayer.

The meeting was adjourned with thanks to the Chairperson.



**CHAIRPERSON**

## Chairman's Report

Dear member,

It is my pleasure to provide you with this chairman's report in respect of the past financial year. During the year we have seen many improvements, extensive investigations into previous transactions as well as pro –active strategic plans as far as the way forward is concerned, and would like to take this opportunity to update our members as to these various aspects.

It is important to advise that the general satisfaction levels relating to the resort based on the RCI feedback questionnaires, as well as the in-house resort questionnaires remain positive, and in this regard we have retained our Silver Crown status for the period ending on August 2010.

You will recall, and if you were not at the last AGM, you will be able to ascertain from the minutes of the previous AGM which is enclosed herewith, that there was quite a controversial discussion regarding the appointment of Gerrie Oosthuizen as the Managing Director. I am extremely happy and proud to advise Mr. Oosthuizen has taken absolute ownership and control of the management and operational aspects of the company, and we're are indebted to him for the restructuring reorganising and also the in-depth investigations which he has conducted to date in respect of various historic aspects. He has also introduced controls which previously were sorely lacking. These have now been implemented, to the extent that all expenditure in terms of our budget is correctly authorised and expensed, and reported on a monthly basis.

Gerrie and Jenette have as a team attended to the operational aspects of running of the resort and a brief resume of the various projects which were tackled during the past financial year is as follows:

### 1. Upgrades:

The restaurant has had a major upgrade and the kitchen has been revamped so as to take advantage of the flow and production of the food from preparation to the completed product, this was done to cut non productive time and to improve service. This will also assist in the handling of larger conference groups.

The upper deck of the restaurant was revamped and the seating capacity increased, which now offers a beautiful panoramic view of the mountain side. The area can be sealed off with canvass drapes to protect against rain and cold weather. The roof of the restaurant was covered with Harvey tile which offers a uniform appearance, in keeping with the rest of the resort, and reduces the risk of fire from lightning.

The IT system was upgraded, by upgrading the server and enhancing the security system, to cater for the changes happening in the IT industry.

The electric cabling was assessed and found to be inadequate for the load it was carrying, and as a result the cabling in Moepel and Dikbas camps had to be replaced at a cost of R 2,244,583.00. The upgraded cable will now be able to handle current and future loads.

The Chalet verandas are being upgraded with UV protected awnings which will increase the utilisation of these areas dramatically.

The mini-market has also been closed off with canvass awnings to protect the patrons against the elements.

The high maintenance plastic chairs and tables are being removed and will be replaced with all weather wooden benches.

The braai's at the chalets have also been rebuilt.

A strategic planning session was held with the heads of department, and various strategies were put in place for 2010 and beyond, and whilst many of these aspects deal with the operational and

financial controls, there are certain other issues which we discussed, and which would lead to a general improvement of the resort, and as funds are budgeted for these items they will be actioned.

As you can see it has been a very busy year as far as the operational aspects are concerned, and once again I would like to thank the Management and their staff for their enthusiastic participation in the program, and also their proactive input into the processes.

Your board took the opportunity of in-depth discussions with the auditors regarding certain financial aspects of the company, and you will note from the financial statements, that unfortunately due to the fact that the previous board agreed to introduce a decrease in levies following on a year with no levy increases, the result of this is a deficit for the past financial year, partly based on this reason, but also based on the fact that the budget process was not strictly applied, and certain expenditure incurred on an ad hoc basis. This practice has been stopped with immediate effect, and strict adherence is now given to purchases and projects. This also means that some of the future projects will have to be slowed down, due to the fact that the deficit has to be funded out of reserves and will therefore impact on the longer-term plan.

Part of the investigations included an investigation into one of our suppliers, and in this regard we wish to advise that it now transpires that the contractor White Sails Interiors was paid deposits but that the goods in respect of these deposits have not been fully delivered. It appears that these deposits were not utilised to source and pay for the material, but were applied against other expenses. Currently the company's exposure in terms of upfront deposits paid for goods not yet delivered is calculated at R517 250.00, and the outstanding delivery based on orders placed is R1 225 510.00 where fortunately no deposit were paid.

After intensive investigations into the orders, the ordering and delivery procedure, linked transactions and meetings with the supplier and her attorney it now transpires that the proprietor who is already under debt review, has now applied for voluntary sequestration. By the time that we hold the AGM, the board will be able to give a further report on this matter, and also other linked issues which are currently being investigated by the management and the relevant authorities.

Due to these investigations and further information obtained, it has also become apparent that other contractors / suppliers and company purchasers need to be investigated, and management is currently investigating various other transactions and your Board would like to assure you that any transaction which may require further investigation will be investigated to its fullest extent, and based on these investigations, the annual general meeting will be appraised of the matter and based on such information, the meeting will be able to direct the board as to any further steps considered necessary.

As far as the rest of financial reports are concerned, the following items require some mention and or explanation.

The Board of Directors decided to amend the accounting policy regarding fixed assets during the year to conform to current industry standards. The reason for the amendment is that a Share Block company has to maintain the assets and therefore depreciation of assets is not seen as being in line with this principle. Also see note 17 to the financial statements regarding a provision for bad debt created due to the deposits paid to White Sails interiors for which goods have not been delivered. The company's reserves decreased due to the deficit incurred, and the additions to fixed assets, by an amount of R1 218 007.00 during the year under review.

I would like to extend a word of thanks to our members who contribute their levies timeously and would also like to point out that strict action has been taken against the levy defaulters, to the extent that once the due collection process has been followed by the company, the weeks will be placed on tender in terms of the Company's lien and pledge over the shares.

It is significant to note that many of the levy defaults offer weird and wonderful reasons as to why they did or should not pay their levies and interest, and your board must again categorically state that the national credit act does not apply to levies thereon in terms of both the provisions of the act, and also High Court judgements, and any shareholders who are using the provisions of the national credit act to attempt to evade or circumvent the payment of either the levies and all charges relating thereto, will be held accountable and denied access or utilisation of their weeks, whilst there is still an outstanding balance due on their account.

In this regard board has also reviewed the previous practices regarding various entities doing collections on behalf of the company and their being paid collection commissions thereon, the company is responsible for the collection of levies, and has the necessary staff and ability to attend to such collections, and to fund same out of its operating costs, and unless special circumstances prevail, without the need to pay third parties additional commissions which at the end of the day merely mean a decrease of income and very often a duplication of the work.

However as far as members who have ceded their rights to third parties, or alternatively have an arrangement through third parties in respect of their timeshare weeks, we note that there has been some confusion as to the levy payment and in this regard we confirm that each shareholder is ultimately responsible for their levies and cannot abdicate such responsibilities to third parties.

Our appreciation is extended not only to the local members, but especially to our international members and their associates who ensure that their levies are paid timeously so they can reap the benefits of RCI exchanges.

A further aspect which was investigated during the course of the year was the fact that there was some confusion as to the operation of the rental pool, and this has been clarified through strict adherence to the statutory documentation of the company. The company in terms of the statutory documentation, and especially the use agreement operates a rental pool in respect of the flexi weeks. The rental pool therefore operates on the basis of default. If a week is not reserved by a members within the specific timeframe as set out in the use agreement, then the week automatically devolves to the rental pool, and the proceeds of the rental pool are then dealt with the terms of use agreement.

However, paid up members are free to contract with third-party rental agents, who will then on the specific instruction from such members, deal with the rental of their timeshare weeks, and the proceeds will then be dealt with between the member and the third party, however on a cautionary note please ensure that the rental agent is duly registered with the Estate Agency Board and accredited with the Company, and additionally with VOASA (the Industry's Trade Association).

As you're aware, despite assurances that timeshare accommodation was required for the World Cup, the event organisers MATCH have returned all the accommodation which they held for the soccer World Cup, and the benefits of participating in this event and the proceeds which would have followed, have fallen away, and therefore these weeks are once again available to our members for personal utilisation.

In terms of the Articles of Association of the company one half of the Directors stand down each year, and this year Peet Oeschger, Dr Jan Swanepoel and Jenette Engelbrecht stand down. Both Dr Swanepoel and Mrs Engelbrecht have indicated that they are prepared to stand for nomination and election. Please refer to the enclosed nomination form and, if you know of somebody whom you believe should be nominated and considered as a director, please complete the nomination form and submit same to the managing director timeously together with the relevant information.

At the previous annual general meeting the meeting confirmed that the statutory provisions of the articles relating to how the nominations and proxy forms should dealt with must be strictly followed, and in this regard please refer to the enclosed proxy form which is valid for the upcoming annual general meeting.

Please note that should you not be able to attend the annual general meeting, we request that you complete the proxy form and either indicate your instructions to your proxy, or alternatively by leaving the relevant sections of the voting form blank, your proxy will then vote as she or he then deems appropriate at the meeting.

Please also note that the board intends adhere strictly to the provisions of the Companies Act and the Articles of Association regarding proxies, and we rely on your cooperation in this regard.

As you can see from this report the past year has certainly been an eventful one, and has set the basis for the future growth and development of the company. I therefore encourage you to attend the annual general meeting and to provide us with your positive and proactive input regarding the affairs of the company. Please also note that if you have any personal issues you wish to raise, please do so by taking same up with management prior to the annual general meeting.

I would like to thank the Board of Directors for their contributions and proactive input, and in this regard, give special thanks to SJ Grobler who acts as an alternate to Peet Oeschger as Peet has not been able to attend any meetings to date, and to Johan van Niekerk who acts as the alternate to Tony Fernandes who has had a medical problem. The alternate directors have been extremely helpful as far as HR and financial matters are concerned and have certainly assisted in clearing up the confusion and anomalies of the past.

By way of appreciation I would like to thank each director individually for their contributions and also their preparedness to assist in directing the company towards a profitable and responsible strategic plan, and I'm sure that if you have been at the resort in the recent months, that you will notice continual upgrade and improvement, and in this regard the efforts of the directors and staff are sincerely appreciated.

I look forward to meeting you at a general meeting, and in the event that you cannot attend, please heed the previous request and complete the proxy form and forward it to the resort so that you or vote and input can be noted. I would like to wish you a very happy 2010, a year in which South Africa faces huge challenges and great exposure, and we look forward to the growth development and positive result which will flow from the World Cup event.

Regards and Blessings

A handwritten signature in black ink, appearing to read 'John Meyer', enclosed within a simple, hand-drawn rectangular border.

John Meyer  
Chairman

**MOUNT AMANZI SHARE BLOCK LIMITED**

REG NO 1988/005182/06

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2009**

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**APPROVAL**

The financial statements which appear on pages 2 to 14 were approved by the board of directors and signed.

  
.....  
**DIRECTOR**

  
.....  
**DIRECTOR**

**BRITS**

15 April 2010

  
GRU  
Oudermoe / Auditors

## REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF MOUNT AMANZI SHAREBLOCK LIMITED

REG NO 1988/005182/06

We have audited the annual financial statements of MOUNT AMANZI SHAREBLOCK LIMITED, which comprise the statement of financial position at 31 August 2009, the statement of comprehensive income, the statement of change in equity and statement of cash flows for the year then ended and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 2 to 14.

### Directors' responsibility for the financial statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards.

This responsibility includes:

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

### Auditors' responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the 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 financial statements.

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

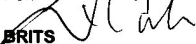
### Audit opinion

In our opinion the financial statements fairly present, in all material respects, the financial position of the company at 31 August 2009 and the results of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act in South Africa.

### GKL AUDITORS

#### Registered Accountants and Auditors

Per:



**BRITS**

20 April 2010

**MOUNT AMANZI SHARE BLOCK LIMITED**

REG NO 1988/005182/06

**REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 AUGUST 2009**

To the shareholders:

In pursuance of the provisions of Section 299 (1) and (3) and paragraphs 59 to 61 of the fourth Schedule of the Companies Act 1973, we wish to report as follows:

**1. NATURE OF BUSINESS**

The company operates as a share block company in terms of the Share Block Control Act. The timesharing resort is situated on the farm Hartbeesfontein 445, district Brits. The activities of the company are reflected in the financial statements.

**2. REVIEW OF BUSINESS ACTIVITIES AND RESULTS FOR THE YEAR**

The company showed a deficit of R928 720 (2008 surplus - R3 104 986) during the year under review. At year end the accumulated surplus amounted to R8 356 859 (2008: R9 574 866).

**3. DIVIDENDS PAID AND PROPOSED**

No dividends were paid nor are any dividend proposed.

**4. SHARES ISSUED DURING THE YEAR**

No shares were issued.

**5. MAJOR CHANGES IN THE FIXED ASSETS OF THE COMPANY**

Fixed assets to the value of R294 987 were purchased during the year (2008: R355 925).

**6. BUSINESS ACTIVITIES MANAGED BY A THIRD PARTY IN TERMS OF AN AGREEMENT**

The resort is being managed under the control of the board since February 2001.

**7. DIRECTORS AND SECRETARY**

The following persons served as directors:

Swanepoel, J G, Dr	(Chairman)	Meyer, JW	(Appointed 30.05.2009) (Previous alternate to Pawlik C)
Boshoff, J	(Retired/Resigned 17.12.2008)	Oescher, JH	
Crouch, V *	(Retired 30.05.2009)	Oosthuizen, GC	(Appointed 29.01.2009)
Crouch, J *	(Retired 30.05.2009)	Pawlik, C *	(Retired 30.05.2009)
Engelbrecht, J C		Schutte, D	(Alternate to Crouch V, 13.02.2009) (Resigned 18.03.2009)
Fernandes, A C	(Appointed 30.05.2009)	Van Niekerk, J	(Alternate to Fernandes AC, 30.07.2009)
Forsman, M	(Appointed 30.05.2009)		
Grobler, S J	(Alternate to J H Oescher 05.11.2008)		

\* USA

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8. **SECRETARY**

Corporate Law Services (Pty) Ltd act as secretary.

9. **CHANGES AFTER BALANCE SHEET**

None.

10. **STATEMENT OF RESPONSIBILITY BY THE DIRECTORS**

The directors are responsible for the preparation, integrity and fair presentation of the financial statements. The financial statements have been prepared in accordance with Generally Accepted Accounting Practice (GAAP) and include amounts based on judgments and estimates made by management. The directors also prepared the other information included in the annual report and are responsible for both its accuracy and its consistency with the financial statements.

The directors are also responsible for the company's system of internal control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements and to adequate safeguard, verify and maintain accountability of assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

11. **DEPARTURE FROM ACCOUNTING PRACTICE**

Assets replacements and additions are charged to the income statement annually and no depreciation is provided for. The accounting treatment differs from the relevant South African Statements of Generally Accepted Accounting Practice (GAAP), which requires that property, plant and equipment be capitalised and depreciated over their useful lives.

Our board considers that the South-African Statements of GAAP in relation to property, plant and equipment is not appropriate for Share block companies in the timeshare industry. Discussions have been initiated with other players in the South-African timeshare industry and the accounting regulators to obtain exemption from compliance with the current Statement of GAAP.

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**MOUNT AMANZI SHARE BLOCK LIMITED**

REG NO 1988/005182/06

**STATEMENT OF FINANCIAL POSITION AT 31 AUGUST 2009**

	<u>Notes</u>	<u>2009</u>	<u>2008</u>
		R	R
<b><u>ASSETS</u></b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	1, 16	22 797 132	22 507 845
<b>Current Assets</b>			
Receivables	2	1 297 617	2 525 286
Cash on hand	3	12 842 191	12 546 848
Inventory	4	282 780	473 141
<b>TOTAL ASSETS</b>		<b>37 219 720</b>	<b>38 053 120</b>
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Capital and Reserves</b>			
Issued share capital	5	2 600	2 600
Non-distributable reserve		6 008 443	5 719 156
Retained earnings		8 356 859	9 574 866
<b>Non-Current Liabilities</b>			
Long-term loans			
- Non-interest bearing loans	6.1	16 788 689	16 788 689
<b>Current Liabilities</b>			
Payables		2 733 334	2 635 071
Receiver of Revenue	7	26 272	-
Levies received in advance		3 303 523	3 332 738
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>37 219 720</b>	<b>38 053 120</b>

**Note:** The attached notes form part of the financial statements.

**BRITS**

15 April 2010

**MOUNT AMANZI SHARE BLOCK LIMITED**

REG NO 1988/005182/06

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 AUGUST 2009**

	<u>Notes</u>	<u>2009</u>	<u>2008</u>
		<u>R</u>	<u>R</u>
Levies		14 917 000	15 277 954
Levy penalties		4 821	306 941
Administration and transfer fees		87 066	216 039
Discount received		2 139	26 665
Rental and other income		383 551	330 779
Net interest received	8	1 547 912	1 479 537
Gross surplus business division		5 000 602	4 101 273
- Turnover		9 432 462	7 568 775
Less: Cost of sales		4 431 860	3 467 502
<b>TOTAL INCOME</b>		<b>21 943 091</b>	<b>21 739 188</b>
<b>Less: TOTAL EXPENSES</b>		<b>22 721 893</b>	<b>18 634 202</b>
Directors remuneration		1 049 286	833 958
- As directors		162 513	100 300
- Other services		886 773	711 258
- Traveling cost		-	22 400
Levies (recovered) / written off		(366 581)	451 652
Administration and operating expenses	10	14 099 752	10 016 383
Business division expenses	11	3 595 162	3 142 015
Replacement and improvement cost	13	4 344 274	4 190 194
<b>NET (DEFICIT) / SURPLUS BEFORE TAX</b>		<b>(778 802)</b>	<b>3 104 986</b>
<b>TAXATION</b>		<b>(149 918)</b>	<b>-</b>
<b>(DEFICIT) / SURPLUS FOR THE YEAR</b>		<b>(928 720)</b>	<b>3 104 986</b>

**MOUNT AMANZI SHARE BLOCK LIMITED**

REG NO 1988/005182/06

**STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED 31 AUGUST 2009**

	Ordinary share capital	Non- distributable reserve	Retained earnings	Total R
<b>EQUITY AT THE END OF THE YEAR 2007</b>	<b>2 600</b>	-	<b>6 282 288</b>	<b>6 284 888</b>
CHANGE IN ACCOUNTING POLICY	-	5 579 353	327 395	5 906 748
<b>RESTATED BALANCE</b>	<b>2 600</b>	<b>5 579 353</b>	<b>6 609 683</b>	<b>12 191 636</b>
SURPLUS FOR THE YEAR 2008	-	-	3 104 986	3 104 986
TRANSFER CAPITAL ADDITIONS	-	139 803	(139 803)	-
<b>EQUITY AT THE END OF THE YEAR 2008</b>	<b>2 600</b>	<b>5 719 156</b>	<b>9 574 866</b>	<b>15 296 622</b>
DEFICIT FOR THE YEAR 2009	-	-	(928 720)	(928 720)
TRANSFER CAPITAL ADDITIONS	-	289 287	(289 287)	-
<b>EQUITY AT THE END OF THE YEAR 2009</b>	<b>2 600</b>	<b>6 008 443</b>	<b>8 356 859</b>	<b>14 367 902</b>

**MOUNT AMANZI SHARE BLOCK LIMITED**

REG NO 1988/005182/06

**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2009**

	<u>2009</u>	<u>2008</u>
	<u>R</u>	<u>R</u>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>590 330</b>	<b>2 613 343</b>
(Deficit) / Surplus on normal activities before taxation	(778 802)	3 104 986
Adjustments for:		
- Deficit on disposal of assets	5 700	3
- Net interest	(1 547 912)	(1 479 537)
<b>NET CASH BEFORE WORKING CAPITAL CHANGES</b>	<b>(2 321 014)</b>	<b>1 625 452</b>
<b>CHANGES IN WORKING CAPITAL</b>	<b>1 487 078</b>	<b>(491 646)</b>
Decrease / ( Increase) in receivables	1 227 669	(661 143)
Decrease / (Increase) in inventory	190 361	(206 410)
Increase in payables	98 263	300 600
(Decrease) / Increase in levies in advance	(29 215)	75 307
<b>NET CASH AVAILABLE FROM OPERATING ACTIVITIES</b>	<b>(833 936)</b>	<b>1 133 806</b>
Taxation paid	(123 646)	-
Interest received	1 547 912	1 479 537
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(294 987)	(355 925)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>295 343</b>	<b>2 257 418</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>	<b>12 546 848</b>	<b>10 289 430</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<b>12 842 191</b>	<b>12 546 848</b>

**MOUNT AMANZI SHARE BLOCK LIMITED**

REG NO 1988/005182/06

**ACCOUNTING POLICY**

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**1. Basis of Preparation**

The financial accounts are prepared on the historical-cost-basis which are consistent with those of the previous years, except where noted. The accounting policy comply with the International Financial Reporting Standards (IFRS).

**2. Property, Plant and Equipment**

All replacements of chalet equipment and additions to property, plant and equipment are expensed in full in the income statement. Additions to property, plant and equipment are debited at cost with a corresponding credit to a non-distributable reserve. Therefore no depreciation is calculated on property, plant and equipment. This represented a change in accounting policy. (Refer to note 14).

**3. Turnover and Revenue Recognition**

Turnover represents levy income, gross sales from business activities and other gross income. Interest income is recognized on an accrual basis. Administration fees are recognized as services rendered.

**4. Retirement Benefits**

The company provides no retirement benefits.

**5. Inventory**

Stock is valued at the lower of cost or net realisable value. Net realisable value is the calculated selling price in the normal business activities, less cost of completion and selling cost.

**6. Financial Instruments**

Financial instruments carried on the balance sheet include cash and bank balances, investments, receivables, trade creditors, leases and borrowings. These instruments are recognised in the financial statements at inception.

**7. Provisions**

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events and 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.

Provision is made for the estimated costs of claims outstanding at year-end, including those incurred but not yet reported to the company at that date.

Employee entitlements to annual leave are recognised as these accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by the employees up to the balance sheet date.

**8. Cash and Cash Equivalents**

For the purposes of the cash flow statement, cash and cash equivalents comprise balances with bankers, but not include deposits and money market securities held for investment, even if nearing maturity, as these will be reinvested in similar investments.

**9. Deferred Tax**

Provision is made for deferred tax attributable to all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes, at applicable tax rates. A deferred tax asset is recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable SURPLUS will be available against which the unused tax Deficits and unused tax credits can be utilised.

Deferred tax liabilities are not discounted.

**10. Comparative Figures**

Where necessary, prior year comparative figures have been reclassified to conform to changes in presentation in the current year.

**11. Change in accounting policy**

Refer to note 14.

**MOUNT AMANZI SHARE BLOCK LIMITED**

REG NO 1988/005182/06

**NOTES THAT FORM PART OF THE ANNUAL STATEMENTS AT 31 AUGUST 2009**

	<u>2009</u>	<u>2008</u>
	R	R
<b>1. <u>NON-CURRENT ASSETS</u></b>		
Property, plant and equipment (note 15)	<b>22 797 132</b>	<b>22 507 845</b>
<b>1.1 <u>Property and buildings</u></b>		
Description of property		
The following portions of portion 7 of the farm Hartbeesfontein 445 JQ, North-West:		<b>Cost</b>
Portions 42, 182, 184, 185, 200, 201, 203, 204, 205 and 206 - Measuring 28,38 hectare	3 544 948	3 544 948
Survey fees capitalised	12 376	12 376
Subdivision cost capitalised	15 482	15 482
Transfer fees capitalised	27 144	27 144
	<b>3 599 950</b>	<b>3 599 950</b>
<b>2. <u>RECEIVABLES</u></b>		
Outstanding levies	79 147	52 321
Other	1 799 062	2 522 965
Provision for doubtful debts	(580 592)	(50 000)
	<b>1 297 617</b>	<b>2 525 286</b>
<b>3. <u>CASH ON HAND</u></b>		
Current bank accounts	1 308 208	712 211
Investments	11 521 795	11 822 626
Other	10 014	12 011
	<b>12 840 017</b>	<b>12 546 848</b>
<b>4. <u>INVENTORY</u></b>		
Trading inventory	<b>282 780</b>	<b>473 141</b>
<b>5. <u>ISSUED SHARE CAPITAL</u></b>		
<b>AUTHORISED</b>		
- 26 000 Ordinary "B" shares of R0,10 each	<b>2 600</b>	<b>2 600</b>
<b>ISSUED</b>		
- 26 000 Ordinary "B" shares of R0,10 each	<b>2 600</b>	<b>2 600</b>

**MOUNT AMANZI SHARE BLOCK LIMITED**

REG NO 1988/005182/06

**NOTES THAT FORM PART OF THE ANNUAL STATEMENTS AT 31 AUGUST 2009**

	<u>2009</u>	<u>2008</u>
	R	R
<b>6. <u>NON-CURRENT LIABILITIES</u></b>		
Unsecured interest free loans		
- Shareholders	<b>16 788 689</b>	<b>16 788 689</b>
(These loans are interest free and only repayable by means of a company resolution or on liquidation).		
<b>7. <u>INCOME TAX</u></b>		
<b>7.1 <u>Income tax expense</u></b>		
South African normal taxation	<b>26 272</b>	-
<b>7.2 <u>Tax reconciliation</u></b>		
Accounting SURPLUS / (Deficit) before tax	<b>(778 802)</b>	<b>3 104 986</b>
Tax at the applicable tax rate of 28%	-	869 396
Tax effect of income that are not taxable in determining taxable surplus	(4 178 110)	(4 363 770)
Tax losses not provided	-	(32 997)
Tax effect of expenses that are not deductible in determining taxable income	4 178 110	3 553 643
	<b>-</b>	<b>26 272</b>
<b>Effective tax rate</b>	<b>0%</b>	<b>0,85%</b>
<b>8. <u>NET INTEREST</u></b>		
Interest received - Receivables	98 505	56 935
Interest received - Investments	1 449 407	1 422 602
	<b>1 547 912</b>	<b>1 479 537</b>
<b>9. <u>RELATED PARTY TRANSACTIONS</u></b>		

During the year the company entered into transactions with certain related parties as follows:

<u>RELATED PARTY</u>	<u>Type of transaction</u>	<u>Amount paid</u>	<u>Amount Received</u>
J Crouch	Collection fee	156 866	-
J Crouch	Bad debt recovered	-	292 505
J L C Engelbrecht	Management services	178 619	-
S J Grobler	Labour consulting	102 000	-
G C Oosthuizen	Management services	251 481	-
J G Swanepoel	Collection fee	150 214	-
J G Swanepoel	Bad debt recovered	-	107 822
J G Swanepoel	Management services	149 593	-
J G Swanepoel	Transfer fee paid	9 750	-
J G Swanepoel	Rental pool commission	-	162 291
J G Swanepoel	Transfer fee received	-	61 800

**MOUNT AMANZI SHARE BLOCK LIMITED**

REG NO 1988/005182/06

**NOTES THAT FORM PART OF THE ANNUAL STATEMENTS AT 31 AUGUST 2009**

	<u>Notes</u>	<u>2009</u>	<u>2008</u>
		R	R
<b>10. ADMINISTRATION AND OPERATING EXPENSES</b>		<b>14 099 752</b>	<b>10 016 383</b>
<b>Administration cost</b>		<b>3 434 663</b>	<b>1 923 838</b>
Bank charges		314 972	272 523
Bad debts	17	530 592	-
Leases		15 394	4 567
Sundry expenses		9 158	17 427
Subscriptions and TV licenses		470 665	331 076
Consultation fees		539 552	94 375
Auditors remuneration	12	89 793	77 500
Legal and collection fees		20 741	432
Computer expenses		173 981	183 756
Stationery, printing and postage		283 107	216 587
Telephones and communication		283 293	246 342
Penalties and interest : SARS	15	225 970	-
Insurance		350 209	361 190
Refreshments and entertainment		127 236	118 063
<b>Operating cost</b>		<b>6 643 063</b>	<b>5 377 329</b>
Swimming pool expenses		68 030	105 527
Chalet maintenance		230 612	217 702
Sundry expenses		14 022	18 818
Facilities maintenance		611 992	156 061
Tools replacement		41 554	54 685
Repairs mechanical equipment		23 373	12 106
Housekeeping expenses		1 052 661	829 498
Housekeeping contract		2 023 099	1 450 548
Maintenance roads and paving		564	9 759
Electrical generator operating costs		12 853	35 093
Municipal charges		1 049 493	1 096 628
Recreational cost		292 745	115 648
Reception cost		32 864	24 882
Security cost		804 323	931 553
Gardening services		115 420	119 773
Uniforms		65 576	80 234
Vehicle operating costs		203 882	118 814
<b>Personnel cost</b>		<b>4 022 026</b>	<b>2 715 216</b>

**MOUNT AMANZI SHARE BLOCK LIMITED**

REG NO 1988/005182/06

**NOTES THAT FORM PART OF THE ANNUAL STATEMENTS AT 31 AUGUST 2009**

	<u>Notes</u>	<u>2009</u>	<u>2008</u>
		<u>R</u>	<u>R</u>
<b>11. <u>BUSINESS DIVISION EXPENSES</u></b>			
Advertising		49 738	77 098
Bank charges		68 419	47 806
Printing and stationery		35 639	60 413
Guest necessities		10 370	107 972
Repairs and maintenance		111 467	64 245
Rental of equipment		439	63 425
Commission paid		284 342	220 152
Discount allowed		3 927	19 755
Subscription and licenses		7 550	250
Bad debts		600 252	113 406
- Current year		381 270	113 406
- Previous years		218 982	-
Entertainment		167	16 167
Training and uniforms		272	27 535
Audit fees	12	33 211	22 750
Staff cost		2 292 036	1 965 034
Cleaning		71 460	100 163
Telephone cost		8 324	28 455
Consumables		17 549	100 452
Decorations		-	41 166
Replacements		-	64 221
Stock write-off's		-	1 550
		<b>3 595 162</b>	<b>3 142 015</b>
<b>12. <u>AUDITORS REMUNERATION</u></b>			
Administrative and operating expenses		89 793	59 000
Business Division		33 211	22 750
Other services		-	18 500
		<b>123 004</b>	<b>100 250</b>

**MOUNT AMANZI SHARE BLOCK LIMITED**

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**NOTES THAT FORM PART OF THE ANNUAL STATEMENTS AT 31 AUGUST 2009**

	<u>2009</u>	<u>2008</u>
	<u>R</u>	<u>R</u>
<b>13. <u>REPLACEMENT AND IMPROVEMENT COST</u></b>		
Conference centrum	175 303	-
Chalet linen, bedding and furniture	1 948 390	1 820 755
Roof replacements	53 880	2 369 439
Buildings	1 377 389	-
Computer system	115 365	-
Restaurant	532 291	-
Café and tea garden	141 656	-
	<b><u>4 344 274</u></b>	<b><u>4 190 194</u></b>
<b>14. <u>CHANGE IN ACCOUNTING POLICY</u></b>		
The company changed their accounting policy during the year. The change was imposed to conform the company's policy, regarding property, plant and equipment with current industry standards. Depreciation is no longer calculated on property, plant and equipment.		
Increase in capital reserve	289 287	5 719 156
(Decrease) / Increase in retained earnings	(289 287)	908 944
	<b><u>-</u></b>	<b><u>6 628 100</u></b>
Surplus for the year	793 833	721 352
Taxation	-	-
Net change	<b><u>793 833</u></b>	<b><u>721 352</u></b>
<b>15. <u>PENALTIES AND INTEREST : SARS</u></b>		
Penalties and interest paid to SARS	<b><u>225 970</u></b>	<b><u>-</u></b>
(This amount was paid in respect of penalties and interest levied by SARS after their audit of the years 2005 to 2007. The documentation was handed to a tax consultant for further investigation thereof).		

**MOUNT AMANZI SHARE BLOCK LIMITED**

REG NO 1988/005182/06

**NOTES THAT FORM PART OF THE ANNUAL STATEMENTS AT 31 AUGUST 2009**

<b>16. PROPERTY PLANT AND EQUIPMENT</b>	<b>Cost price beginning</b>	<b>Purchase and additions</b>	<b>Net sales and write-offs</b>	<b>Cost price</b>
<b>2009</b>				
<b>16.1 Assets in residential units</b>	<b>18 613 280</b>	-	-	<b>18 613 280</b>
Property	3 599 950	-	-	3 599 950
Buildings	13 484 476	-	-	13 484 476
Furniture	603 454	-	-	603 454
Equipment	258 968	-	-	258 968
Linen	537 692	-	-	537 692
Crockery	128 740	-	-	128 740
<b>16.2 Office and other assets</b>	<b>3 894 565</b>	<b>294 987</b>	<b>(5 700)</b>	<b>4 183 852</b>
Vehicles	710 069	156 000	-	866 069
Computers	775 472	7 640	(5 700)	777 412
Software	27 624	75 916	-	103 540
Machinery	781 359	-	-	781 359
Furniture	1 600 041	55 431	-	1 655 472
<b>TOTAL 2009</b>	<b>22 507 845</b>	<b>294 987</b>	<b>(5 700)</b>	<b>22 797 132</b>
<b>2008</b>				
<b>16.1 Assets in residential units</b>	<b>18 613 280</b>	-	-	<b>18 613 280</b>
Property	3 599 950	-	-	3 599 950
Buildings	13 484 476	-	-	13 484 476
Furniture	603 454	-	-	603 454
Equipment	258 968	-	-	258 968
Linen	537 692	-	-	537 692
Crockery	128 740	-	-	128 740
<b>16.2 Office and other assets</b>	<b>3 754 762</b>	<b>355 925</b>	<b>(216 122)</b>	<b>3 894 565</b>
Vehicles	698 727	227 464	(216 122)	710 069
Computers	758 808	16 664	-	775 472
Software	22 664	4 960	-	27 624
Machinery	771 359	10 000	-	781 359
Furniture	1 503 204	96 837	-	1 600 041
<b>TOTAL 2008</b>	<b>22 368 042</b>	<b>355 925</b>	<b>(216 122)</b>	<b>22 507 845</b>
<b>17. BAD DEBTS</b>				
A creditor, B Smit t/a White Sail Interiors, was paid in advance for goods and services regarding the refurbishment of chalet furniture. The board now discovered that she is not able or in position to deliver these services and goods neither repay the monies paid in advance. B Smit has furthermore been placed under debt review. Therefore an additional provision for bad debts of R530 592 was made in the financial statements. The directors are currently in discussion with B Smit to try and resolve this matter. The material deposit were:				
- R450 000,00, paid on 21 April 2008, and				
- R644 670,00, paid on 4 September 2008				

Mount Amanzi Bates					
Insurance Brokers Kwotasie					
	Polis Afdeling	Versekerde Bedrag	SATIB	Mutual & Federal	SANTAM
	<b>Brandpolis</b>				
1	Standaard Geboue	R 87,731,151.00	R 76,062.91	R 79,387.00	R 129,927.96
2	Inhoud - Standaard Geboue	R 13,275,714.00	R 11,510.04	R 32,997.00	R 19,350.00
3	Grasdak Geboue	R 7,601,902.00	R 44,585.16	R 36,523.56	R 56,271.61
4	Geysers	R 633,500.00	R 549.24	R 19,005.00	R 1,583.75
5	Elektriese Heining	R 1,815,000.00	R 1,573.61	R 1,634.00	R 2,722.56
6	Tennisbane	R 423,500.00	R 367.17	R 381.00	R 635.28
7	Brug (Hoof)	R 484,000.00	to be assessed	R 436.00	R 726.12
8	Brug (Middel)	R 30,250.00	to be assessed	R 27.00	R 45.36
9	Brug (Laer)	R 42,350.00	to be assessed	R 38.00	R 63.48
10	Swembad 1	R 41,140.00	R 35.67	R 37.00	R 61.68
11	Swembad 2	R 121,000.00	R 104.91	R 109.00	R 181.44
12	Swembad 3	R 181,500.00	R 157.36	R 163.00	R 272.28
13	Skadunet (Parkering)	R 58,080.00	R 50.36	R 53.00	R 232.44
14	1.8 miljoen l Reservoir	R 2,178,000.00	R 1,888.33	R 1,960.00	R 871.20
15	Plaveisel	R 2,057,000.00	R 1,783.42	R 1,851.00	R 3,085.44
16	Kragopwekkers	R 135,000.00	R 117.05	R 4,050.00	R 2,700.00
17	Transformers, pompe & motors	R 378,000.00	R 327.73	R 4,340.00	R 7,560.12
18	Gereedskap	R 154,100.00	R 133.60	R 4,427.00	R 3,014.88
19	Gras-en kantsnyers	R 42,300.00	R 36.67	R 1,269.00	R 2,115.12
20	Klerasie & besittings - werkers	R 10,000.00	R 621.00	R 300.00	R 300.00
21	Klerasie & besittings - gaste	R 10,000.00	R 621.00	R 300.00	R 300.00
22	Kantoorinhoud	R 482,617.00	R 3,199.75	R 1,044.00	R 1,668.96
23	Elektroniese toerusting	R 934,990.00	R 23,842.25	R 29,595.00	R 17,890.92
24	Besigheid Alle Risiko	R 50,050.00	R 3,108.11	R 4,107.00	R 4,902.84
25	Sake Onderbreking :				
	Bruto wins	R 9,600,000.00	R 11,616.00	R 5,376.00	R 32,640.00
	Bykomende verhoogde bedryfskoste	R 120,000.00	R 205.20	R 120.00	R 456.00
	Inkomste/Fooie (Karee Kamp)	R 1,800,000.00	R 2,178.00	R 1,008.00	R 1,980.00
	Inkomste/Fooie (Moepel Kamp)	R 1,800,000.00	R 2,178.00	R 1,008.00	R 2,160.00
	Rekeninge Ontvangbaar	R 500,000.00	R 525.00	R 500.00	R 575.04
26	Diefstal				
	Inhoud van stoorkamer, restaurant, bottelstoor, wassery en enige ander gebou	R 20,000.00	R 816.00	R 1,200.00	R 1,800.00
	Inhoud van chalets, per eenheid	R 10,000.00	R 408.00	R 600.00	R 900.00
	Vakansie-oord geboue & fasiliteite	R 10,000.00	R 408.00	R 600.00	R 900.00
	Onderhoud stoor	R 15,000.00	R 612.00	R 900.00	R 1,350.00
27	Geld				
	Verlies en/of skade enige tyd van die jaar	R 30,000.00	R 1,224.00	R 1,800.00	R 1,380.00
	Gekruisde tjeks/posorders/poswissels	R 100,000.00		R 125.00	R 50.04
	Aanranding	R 50,000.00		R 600.00	R 49.92
28	Glas	R 20,000.00		R 610.00	R 804.96
29	Getrouheid (4 werknemers)	R 50,000.00	R 2,550.00		R 4,920.84
30	Goedere in transito	R 50,000.00	R 2,550.00	R 5,000.00	R 16,848.00
31	Toevallige skade	R 100,000.00	R 510.00	R 1,000.00	R 3,325.80
32	Gemeenregtelike Aanspreeklikheid	R 50,000,000.00	R 32,300.00	R 3,860.00	R 18,302.04





