

**CONTROL
INSTRUMENTS**

GROUP LIMITED

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CORPORATE PROFILE

Control Instruments is an electronics group based in South Africa. The Group has been listed on the JSE Securities Exchange South Africa in the Electronics and Electrical sector since 1987 and is managed with a view to ongoing growth and profitability.

MISSION STATEMENT

To be a leading developer and supplier of electronic hardware and software products aimed at niche segments of the worldwide automotive industry and vehicle and fleet management markets.

NATURE OF BUSINESS

The Group's subsidiaries are active in the Original Equipment Manufacture (OEM) motor industry and the commercial vehicle and fleet management markets worldwide. They design, engineer, manufacture and distribute electronic hardware and software products for the following international niche markets:

- Vehicle electronics;
- Vehicle and fleet management and telematic systems;
- Specialised automotive instrumentation; and
- Vehicle audio and navigation systems.

GROUP STRUCTURE

SHURLOK

Vehicle electronics for the international automotive industry.

CI-FLEET MANAGEMENT SERVICES (CI-FMS)

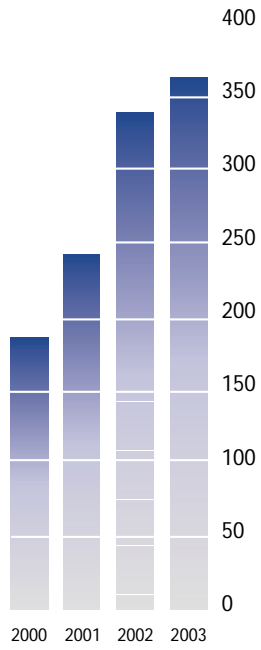
Vehicle and fleet management systems and equipment.

CI-AUTOMOTIVE TRADING (CI-AT)

- Specialised automotive instrumentation and equipment;
- Vehicle and fleet management systems; and
- Audio and navigation systems.

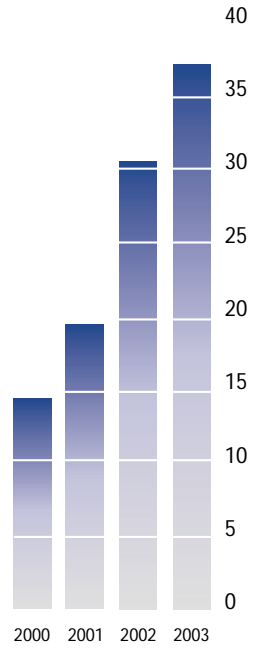
REVENUE FROM CONTINUED OPERATIONS

R MILLION



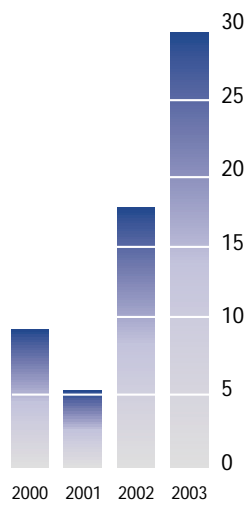
EBITDA FROM CONTINUED OPERATIONS

R MILLION



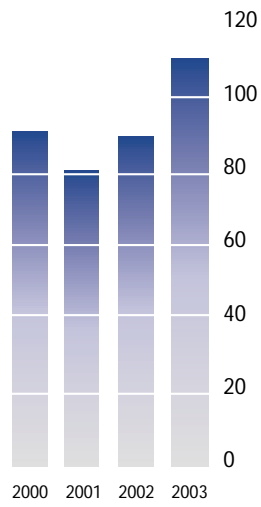
**HEADLINE
EARNINGS
PER SHARE
FROM
CONTINUED
OPERATIONS**

CENTS



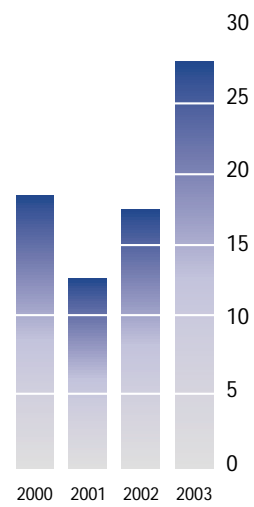
**NET ASSET
VALUE**

CENTS



**CAPITAL
EXPENDITURE**

R MILLION



The Group continued to deliver good results with a 48% increase in profit before tax and an increase of 75% in total dividends paid in respect of the 2003 financial year compared with those for the 2002 financial year.

The Group's operations remain focused on the Original Equipment Manufacture (OEM) automotive industry and the vehicle and fleet management markets worldwide with increasing emphasis being placed on products in which the subsidiaries own the Intellectual Property.

As part of an ongoing programme to enhance shareholder value, 12,084,318 shares were purchased during the year. Of these, 7,290,250 shares were acquired by a subsidiary, 576,192 by the Control Instruments Share Incentive Scheme and 4,217,876 were cancelled and delisted from the JSE Securities Exchange South Africa. The Group will continue to purchase shares in the open market at times that it deems appropriate.

The Group also invested in additional plant and equipment, engineering resources and land and buildings for future expansion.

The Group complies with the significant requirements of King II and has done so for some time. Since 1988 the Group has had an independent non-executive chairman and independent non-executive directors. In addition to overseeing corporate governance issues, the non-executive directors are all highly experienced businessmen.

I would like to thank my colleagues on the board for their valuable input and support during the year. In addition, I would like to thank the Group's customers and partners and, in particular, the staff for their support, effort and commitment.

Entering 2004, the Group is in good shape. It has a healthy balance sheet, a strong forward order book and it continues to be positioned to take advantage of growth in the South African OEM automotive industry and in niche markets internationally.



HV Hefer
Chairman

3 March 2004

RESULTS

Revenue grew 6.2% from R335 million to R356 million. Gross profit increased 18.4% from R114 million to R135 million. The increase in gross profit and operating margins is attributable to improved efficiencies and new products with a higher percentage of Intellectual Property (IP) owned by the Group.

Earnings before interest, tax, depreciation and amortisation (EBITDA) increased by 28.7% from R27.6 million to R35.5 million. Profit before tax increased 48.3% from R9.7 million to R14.4 million while profit after tax increased 138.1% from R7.8 million to R18.7 million.

Headline earnings per share increased 110.3% from 13.6 cents per share to 28.6 cents per share. The net asset value per share increased 23.9% from 88 cents in 2002 to R1.09 in 2003.

The Group's operations generated R35 million in cash before working capital changes. R33 million was invested in capital projects and R12 million was used to repurchase shares.

During the year the Group received R2.5 million in respect of the sale of the investment in Striata Communication Solutions (Pty) Limited (formerly The E-mail Corporation (Pty) Limited) and R2.1 million being the final tranches of the purchase price owing in respect of investments in Rhomberg Electronics (Pty) Limited which were sold in 2002.

OPERATIONAL REVIEW

SHURLOK www.shurlok.com

With a history of 30 years of designing and manufacturing automotive electronic systems, Shurlok designs, manufactures and supplies electronic products for the local and international OEM automotive industry. It has world-class factories based in Pietermaritzburg with design and engineering facilities in Pietermaritzburg and Pretoria. Shurlok competes for business internationally and its customer base includes BMW, Bentley, Daimler Chrysler, Delta, Ford, GM, Lotus, MG/Rover, Nissan, Proton, Renault, Toyota and Volkswagen.

For the past four years, the Group has invested in upgrading its manufacturing, factory and engineering resources. This trend continued in 2003 with the purchase of two new surface mount technology lines and additional land and buildings adjacent to the existing properties to cater for further growth. Shurlok's placement capacity of electronic surface mount components has increased from 18,000 components per hour in 2001 to 100,000 components per hour at the end of 2003. A further increase of 40% in component placement capacity is planned for 2004.

Shurlok enjoyed significant growth in 2003 as a result of supplying a higher percentage of products in which it owns the IP and as a result of increased efficiencies arising out of the ongoing investment referred to above. Shurlok's forward order book remains strong and it has good prospects for 2004 and thereafter.

CI-FLEET MANAGEMENT SERVICES (CI-FMS) www.cifms.co.za

CI-FMS designs, develops, markets and owns the IP for the Siemens VDO FM onboard computer platform. The Siemens VDO FM products are used to manage and improve the efficiency of vehicles and vehicle fleets and are sold worldwide under the Siemens VDO FM brand name. Siemens VDO is the acknowledged world leader in fleet management systems and 80% of CI-FMS' unit sales are made internationally through Siemens VDO's worldwide distribution network.

Volumes of the Siemens VDO FM product range supplied to Siemens VDO decreased in 2003 compared with 2002. This was primarily due to organisational changes in the structure of Siemens VDO's international operations and the significant downturn in the core European economies. The strength of the rand also negatively affected the business profitability in 2003.

CI-FMS remained profitable and produced positive cash flow during the year. The outlook for 2004 is significantly better.

CI-AUTOMOTIVE TRADING (CI-AT) www.ciauto.com

CI-AT is one of Siemens VDO's six worldwide regional distribution nodes and is the sole distributor of Siemens VDO aftermarket products in sub-Saharan Africa. The product range includes vehicle instrumentation, navigation, car multimedia and sophisticated car audio systems, tachographs, fleet management systems and products for special OEM and marine applications.

CI-AT had an excellent year in 2003 with sales into the South African and sub-Saharan African markets well ahead of expectations. The business also benefited from the strong rand.

The Group acquired new property for CI-AT in Sandton. The business moved there with minimal disturbance in December 2003 and is fully up and running for this year. There is adequate room in the new premises for future expansion.

Prospects in this business for 2004 are good.

PROSPECTS

The Group expects its operational profit to continue to improve during the 2004 financial year. However no further material taxation benefits will arise in the financial statements out of assessed losses, as in the current year, and the Group will be subject to normal taxation rates. This will affect the level of profit after tax. As part of the ongoing expansion programme, significant additional purchases of equipment and upgrading of premises are budgeted for 2004.

The Group continues to operate in niche sectors of global markets and is therefore subject to local and international disruptions that are not under its control. Nevertheless, the Group is positive about its prospects for 2004. It has a good balance of exports, imports and local business, a healthy balance sheet and strong forward order book and is well positioned to take advantage of growth in the South African OEM automotive industry and in international niche markets.



R Friedman

Group Managing Director

3 March 2004

CORPORATE GOVERNANCE

The directors have applied and complied with the significant principles of best practice contained in the Code of Corporate Practice and Conduct as set out in the King II Report on Corporate Governance and they recognise the need to conduct the enterprise with integrity and in accordance with generally accepted corporate governance practices.

BOARD OF DIRECTORS AND COMPANY SECRETARY

The board of directors of the Group comprises four executive and four independent non-executive directors. Details of the directorate at 31 December 2003 and at the date of this report are on page 66 and the name of the company secretary and the registered address of the Company are on page 72.

The board meets formally at least four times a year and is responsible for the strategic direction and control of the Group. Its responsibilities include the review of business plans and budgets, monitoring of performance, approval of major policy decisions, the appointment of the chairman and group managing director, agreement of the top management structures and management succession. While the board is responsible to shareholders it also values its staff, partners and customers with whom it interacts. Attendance by directors at Control Instruments board meetings and board committee meetings is detailed on pages 11 and 12. Various members of the board also meet informally on a number of occasions. One third of the directors, excluding the managing director, retire by rotation at each annual general meeting.

The remuneration of the executive directors is determined by the Remuneration Committee and the remuneration of the non-executive directors is by way of fees. The non-executive directors do not participate in the Group's bonus or performance remuneration, medical aid, pension or share option schemes.

The Remuneration and Audit Committees are sub-committees of the board.

REMUNERATION COMMITTEE

The Remuneration Committee is chaired by the chairman of the board and comprises the non-executive directors. It meets at least twice a year and its responsibility is to determine the remuneration of the Group's executives.

AUDIT COMMITTEE

The Audit Committee is chaired by the chairman of the board and comprises the non-executive directors. Meetings are held at least three times a year and where appropriate are attended by the external auditors and members of executive management. External auditors have unfettered access to the chairman and members of the Audit Committee.

The Audit Committee provides assistance to the board with respect to reviewing the financial reporting process, the systems of internal control and the management of financial risks, the audit process and the Group's process for monitoring compliance with laws and regulations and its own code of business conduct. The Audit Committee sets the principles for recommending the use of external auditors for non-audit purposes.

The Audit Committee considers the annual financial statements of Control Instruments Group Limited and its subsidiaries to be a fair presentation of their financial positions at 31 December 2003 and the results of their operations, changes in equity and cash flows for the year ended 31 December 2003, in terms of South African Statements of Generally Accepted Accounting Practice (GAAP) and the Companies Act.

MANAGEMENT MEETINGS

Management meetings are held once a month with each of the operations. This is a forum for management issues, strategy and policy recommendations and matters significant to the Group. Matters requiring the attention of the board are thus raised timeously.

ATTENDANCE AT MEETINGS

BOARD MEETINGS

	27/02/2003	07/05/2003	07/08/2003	20/11/2003
HV Hefer	√	√	√	√
R Friedman	√	√	√	√
EPH Bieber	√	√	√	√
SV Bromfield	√	√	√	√
JPS O'Leary	√	√	√	√
TE Buzer	√	√	√	√
RJ Fraenkel	√	√	√	√
RB Forrester	√	√	√	√

REMUNERATION COMMITTEE MEETINGS

	27/02/2003	07/05/2003	07/08/2003	20/11/2003
HV Hefer	√	√	√	√
EPH Bieber	√	√	√	√
SV Bromfield	√	√	√	√
JPS O'Leary	√	√	√	√

AUDIT COMMITTEE MEETINGS

	28/02/2003	07/05/2003	08/08/2003	20/11/2003
HV Hefer	√	√	√	√
EPH Bieber	√	√	√	√
SV Bromfield	√	√	√	√
JPS O'Leary	√	√	√	√
<i>By invitation</i>				
PricewaterhouseCoopers	√	-	√	-

INTERNAL CONTROL

The board of directors is responsible for the Group's internal control systems. Management maintains accounting records and develops and maintains appropriate systems of internal control. One of these is the internal audit function which examines and evaluates the Group's activities and resultant business risks. Internal audit programmes are assessed and approved by the Audit Committee and the findings are reported to the board.

The internal control systems are designed to provide reasonable, but not absolute, assurance with respect to the integrity and reliability of the financial statements. No material loss or misstatement arising from material breakdown in the functioning of the systems has been reported to the directors in respect of this financial year.

RISK MANAGEMENT

The major risks facing the Group are assessed annually by senior management in conjunction with the Audit Committee and the internal audit function. Specific risks have been identified by each operation and these are reviewed at every monthly management or board meeting. The results of these reviews are presented to the Audit Committee. The internal audit function performs a comprehensive audit of each operation. The scope of each review is agreed to by the Audit Committee and the detailed results of each review are submitted to the Audit Committee.

GOING CONCERN

The directors have every reason to believe that the Group has more than adequate resources in place to continue operating for the foreseeable future.

EMPLOYEE PARTICIPATION

There is a high level of autonomy in each of the Group's business units. While the Group actively seeks new opportunities for investment, it is imperative that each business unit fully utilises the energy and initiative of its people.

EMPLOYMENT EQUITY

The Group's employment policies are specifically designed to attract, empower and retain appropriate quality staff at all levels. The Employment Equity Programme in each subsidiary has been prepared in accordance with legislation. Its objectives include refining the Group's philosophy and policy on training and development and creating a learning environment.

CODE OF BUSINESS PRACTICES

The Group upholds the following values that are vital to sustain its ability to provide world-class products and services:

- conducting business with integrity in an open, honest and frank manner;
- fostering loyalty and long-term relationships within the Group and with its customers and partners;
- accepting, where applicable, social and environmental responsibility;
- producing and selling products that meet world-class standards; and
- nurturing innovative ideas and entrepreneurship.

STATEMENT OF DIRECTORS' RESPONSIBILITY

The directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and the related information. The auditors are responsible for reporting on the fair presentation of the financial statements. The financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the South African Companies Act 1973.

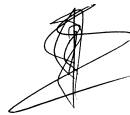
The directors are also responsible for the Group and the Company's systems of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, to adequately safeguard, verify and maintain accountability of assets and 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. The financial statements have been prepared on the going concern basis since the directors have every reason to believe that the Group and Company have adequate resources in place to continue in operation for the foreseeable future.

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements for the year ended 31 December 2003, set out on pages 16 - 63, were approved by the board of directors on 3 March 2004 and are signed on its behalf by:



Richard Friedman
Group Managing Director



Rob Fraenkel
Group Financial Director

CERTIFICATE BY COMPANY SECRETARY

As company secretary, I hereby confirm that for the year ended 31 December 2003, the Company lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Companies Act 1973 and that all such returns are true, correct and up to date.



Barry Brink
Company Secretary

3 March 2004

REPORT OF THE INDEPENDENT AUDITORS

TO THE MEMBERS OF THE CONTROL INSTRUMENTS GROUP

We have audited the annual financial statements and Group annual financial statements of Control Instruments Group Limited set out on pages 16 to 63 for the year ended 31 December 2003. These financial statements are the responsibility of the Company's directors. Our responsibility is to express an opinion on these financial statements based on our audit.

SCOPE

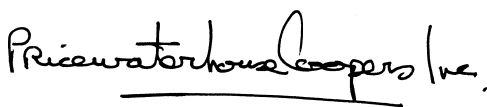
We conducted our audit in accordance with statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

- examining on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- assessing the accounting principles used and significant estimates made by management; and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

AUDIT OPINION

In our opinion, the financial statements fairly present, in all material respects, the financial position of the Company and the Group at 31 December 2003 and the results of their operations, changes in equity and cash flows for the year then ended in accordance with Statements of Generally Accepted Accounting Practice in South Africa and in the manner required by the South African Companies Act 1973.



PricewaterhouseCoopers Incorporated

Registered Accountants and Auditors

Chartered Accountants (SA)

Cape Town

3 March 2004

FINANCIAL RESULTS

The earnings attributable to ordinary shareholders for the year ended 31 December 2003 were R18,669,000 (year ended 31 December 2002: R7,842,000). The financial position of the Company and the Group is set out in the balance sheets.

DISTRIBUTIONS TO SHAREHOLDERS

The board has declared a final dividend of 2.0 cents per share for the year ended 31 December 2003.

In terms of the requirements of STRATE:

Last day to trade <i>cum</i> dividend	Friday	26 March 2004
Shares trade <i>ex</i> dividend	Monday	29 March 2004
Record date	Friday	2 April 2004
Payment date	Monday	5 April 2004

Share certificates may not be dematerialised or rematerialised between Monday, 29 March 2004 and Friday, 2 April 2004, both days inclusive.

An interim dividend of 1.5 cents per share in respect of the six months ended 30 June 2003 was paid on 8 September 2003 to shareholders registered on 5 September 2003. Thus, a total dividend of 3.5 cents was declared in respect of the 2003 financial year (2002: 2.0 cents).

SHARE CAPITAL

The issued capital at 31 December 2003 was R4,213,421 (2002: R4,424,315) divided into 84,268,426 ordinary shares of five cents each (2002: 88,486,302). 4,217,876 shares were cancelled and delisted from the JSE Securities Exchange South Africa (JSE) during the year (see note 10).

The 115,731,574 unissued ordinary shares of five cents each are under the control of the directors until the forthcoming annual general meeting (AGM). At the AGM held on 7 May 2003, the directors were granted a general authority to issue shares for cash in terms of the Listings Requirements of the JSE, however no issues of shares for cash were undertaken during the current year.

THE CONTROL INSTRUMENTS SHARE INCENTIVE SCHEME

576,192 shares were purchased by the Scheme during the year under review. The movement of shares in the Share Incentive Scheme for the period was:

	31 Dec 2003	31 Dec 2002
Available for allocation at the beginning of the year	10,465,053	7,345,314
Purchased during the year	576,192	3,119,739
Shares paid for and taken up by participants	(517,500)	-
Total available for allocation	10,523,745	10,465,053
Employee entitlement	(10,628,125)	(10,159,375)
(Shortfall)/surplus at the end of the year	(104,380)	305,678

All option holders have exercised their options, with shares being available for delivery in tranches of 12.5% every 6 months from October 1999.

INVESTMENTS

Full details of the investments in subsidiary companies and joint ventures are given on pages 60 - 62.

DIRECTORS' REMUNERATION

Details of directors' remuneration and share options granted to directors are given in notes 26.1 and 26.3 on pages 55 and 58 respectively.

DIRECTORATE

The directors of the Company at the date of this report are shown on page 66. The directors retiring at the forthcoming annual general meeting in terms of the Company's Articles of Association are SV Bromfield, RJ Fraenkel and TE Buzer. The retiring directors are eligible and offer themselves for re-election. Brief summaries of their *curricula vitae* are given below.

SV Bromfield

Stuart Bromfield has more than 35 years experience in the motor industry and has built and maintained relationships with a number of motor manufacturers. He has been involved in a wide range of business ventures and was appointed to the board of Control Instruments Group Limited in January 2001.

RJ Fraenkel

Robert Fraenkel joined the Company and was appointed to the board of Control Instruments Group Limited as financial director in 1998. He has extensive experience at a senior financial level and is responsible for driving the Group's operational performance and all financial and administrative matters.

TE Buzer

Terry Buzer *BSc (Hons)* was appointed managing director of Control Instruments (Pty) Limited in 1984 and to the board of Control Instruments Group Limited in 1987. He has been involved in all aspects of the Group's evolution, initially focusing on operational performance and productivity issues and in the last ten years on strategic direction, business start-ups and acquisitions.

POST BALANCE SHEET EVENTS

On 22 January 2004, plant with a book value of R3,973,233 was sold for R6,000,000.

Agreement was reached to acquire land and buildings at the end of 2003. Transfer and payment of R3,000,000 in respect of this agreement took place in February 2004.

THE BASIS OF ACCOUNTING

The consolidated financial statements are prepared in accordance with and comply with statements of South African Generally Accepted Accounting Practice (GAAP). The financial statements are prepared on the historical cost basis as modified by available-for-sale investments and financial assets and financial liabilities held-for-trading, and incorporate the following principal accounting policies. They are consistent in all material respects with those applied in the previous year, except for the adoption of AC 133 Financial Instruments: Recognition and Measurement (refer note 30).

BASIS OF CONSOLIDATION

The Group financial statements incorporate those of the Company and its subsidiaries in which the Group, directly or indirectly, has an interest of more than one half of the voting rights or otherwise has power to exercise control over the operations. The results of the subsidiaries are included in the Group income statement from the effective dates of acquisition and excluded from the effective dates of disposal. All inter-company balances, transactions and unrealised surpluses and deficits arising from transactions within the Group are eliminated on consolidation.

JOINT VENTURES

The equity method is used to account for investments in jointly controlled entities. These are long-term investments where the interest of the Company is sufficiently material to enable it to exercise a joint control on the financial and operating policies of the companies concerned. Under the equity method of accounting the carrying amount of the Group's investment is adjusted to take account of the attributable share of changes in the net equity of the jointly controlled entity since acquisition.

INVESTMENTS

The Group has classified its investments into four categories; trading, held-to-maturity, available-for-sale and loans originated by the enterprise. It is currently using the following two categories:

Available-for-sale

Investments intended to be held for an indefinite period are classified as available-for-sale and included in non-current assets. However, these investments could be sold as a result of unforeseen circumstances. Investments intended to be sold less than twelve months after the balance sheet date are included in current assets.

Purchases and sales of investments are recognised on the trade date which is the date that the Group commits to purchase or sell the asset. The cost of purchase includes transaction costs. Investments are subsequently carried at fair value with changes in fair value being charged/credited to reserves. Market value is regarded to be fair value for listed investments. Fair values for unlisted investments are estimated using the discounted cash flow method. Realised gains and losses are included in the income statement.

Loans originated by the enterprise

The Group's other investments are classified as loans originated by the enterprise and are carried at amortised cost. Investments stated at cost are impaired if there has been a permanent diminution in value.

DEFERRED TAXATION

Deferred taxation is provided, using the liability method, for all temporary differences between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine any deferred income tax liability.

The principal temporary differences arise from depreciation on property, plant and equipment, provisions, prepayments and tax losses carried forward. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

PROPERTY, PLANT AND EQUIPMENT

Fixed assets are stated at historical cost less depreciation. Fixed assets are depreciated on the straight-line basis estimated to write each asset down to estimated residual value over the term of its useful life at the following rates:

Buildings	2%	per annum
Plant and machinery	5 - 25%	per annum
Furniture and fittings	10 - 20%	per annum
Vehicles	25%	per annum
Office equipment	20 - 33%	per annum

In determining the estimated residual value, expected future cash flows have been discounted to their present value. Land is shown at cost and is not depreciated.

LEASED ASSETS

Assets subject to finance lease agreements are capitalised at their cash cost equivalent and the corresponding liability to the lessor is raised. Lease payments are allocated using the effective interest rate method to determine the lease finance cost which is charged against operating income and the capital repayment, which in turn reduces the liability to the lessor. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease term.

INTANGIBLE ASSETS

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net assets of the acquired subsidiary or joint venture undertaking at the date of acquisition. Goodwill is reported in the balance sheet as an intangible asset and is amortised using the straight-line method over the shorter of its estimated useful life or twenty years.

At each balance sheet date the Group assesses whether there is any indication of impairment of goodwill. If such indications exist an analysis is performed to assess whether the carrying amount of goodwill is fully recoverable. A write-down is made if the carrying amount exceeds the recoverable amount.

Research, engineering and development

Research expenditure is written off as incurred. In Group companies that have an established record of recovering capitalised engineering and development costs by way of subsequent sales, direct costs of product development and an appropriate proportion of overhead costs are capitalised from the time that the asset recognition criteria are met and until the product is brought into a marketable state. Capitalised engineering and development costs are amortised on a straight-line basis over a period not exceeding three years.

Other intangible assets

Trademarks, patents and distribution rights are reflected at the open market value placed on them at the date of acquisition and are amortised on a straight-line basis over periods not exceeding eight years.

TRADE RECEIVABLES

Trade receivables are carried at anticipated realisable value. Estimates are made for doubtful debts based on a review of all outstanding amounts at year-end. Bad debts are written off during the year in which they are identified.

INVENTORIES

Inventories are valued at the lower of cost and estimated net realisable value. Cost is determined on an average basis. The cost of finished goods and work in progress includes materials, direct labour and an appropriate portion of overheads. Provision is made for obsolete and slow-moving stock. Cost of inventories includes the transfer from equity of gains/losses on qualifying cash flow hedges relating to inventory purchases.

BORROWINGS

Borrowings are classified as financial liabilities and are recognised initially as the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, comprising original debt less principal payments and amortisations. Long-term borrowings, interest-bearing loans and overdrafts are recorded as the amount of the proceeds received. Trade and other payables are stated at cost. Borrowing costs are recognised as an expense when incurred.

FOREIGN CURRENCIES

Transactions in foreign currencies are accounted for at the rates of exchange ruling on the date of the transaction. Gains and losses arising from the settlement of such transactions are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Unrealised exchange rate differences on monetary assets and liabilities are recognised in the income statement in the period in which they occur.

FOREIGN INVESTMENTS

Assets and liabilities of foreign subsidiaries classified as foreign entities are translated at rates of exchange approximating those ruling at the financial year-end. Income and expenditure of foreign subsidiaries classified as foreign entities are translated at the weighted average rate of exchange during the year. Profits and losses arising on the translation of foreign subsidiaries are taken directly to non-distributable reserves. On disposal of the subsidiary the reserves are transferred to retained earnings.

REVENUE RECOGNITION

Revenue comprises the invoiced value of the sale of goods and services net of value-added tax, rebates and discounts and after eliminating sales within the Group. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership are transferred to the buyer. Interest is recognised on a time proportion basis, which takes into account the effective yield on the asset over the period it is expected to be held. Dividends and management fees are recognised when the right to receive payment is established. Revenue relating to service contracts is accounted for on an accrual basis in accordance with the substance of the relevant agreement.

RETIREMENT BENEFIT INFORMATION

The Group operates a defined contribution pension plan, the assets of which are held in separate trustee administered funds. The pension plan is generally funded by payments from employees and the relevant Group companies, taking account of the recommendations of independent actuaries. The Group's contribution to the defined contribution pension plan is charged to the income statement in the year to which it relates.

Some Group companies provide post-retirement healthcare benefits to their retirees (fourteen people). The entitlement to these benefits was dependent upon the employee remaining in service until retirement age and completing a minimum service period. The expected costs of these benefits were accrued over the period of employment.

FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to a variety of financial risks, including foreign currency exchange rates, credit risk and interest rates. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments, such as foreign exchange contracts, to hedge certain exposures and the board provides written principles for overall risk management as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and the use of derivative financial instruments, refer note 25.

Accounting for derivative financial instruments and hedging activities

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss is dependent on the nature of the item being hedged. The Group designates certain derivatives as either a hedge of the fair value of a recognised asset or liability (fair value hedge) or a hedge of a forecast transaction or of a firm commitment (cash flow hedge).

Changes in the fair value of derivatives that are designated and qualify as fair value hedges and are highly effective are recorded in the income statement, along with any change in the fair value of the hedged asset or liability that is attributable to the hedged risk.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and are highly effective are recognised in equity. Where the forecast transaction or firm commitment results in the recognition of an asset or a liability, gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. Otherwise

amounts deferred in equity are transferred to the income statement and classified as revenue or expense in the same period during which the hedge firm commitment or forecast transaction affects the income statement.

Under specific rules, certain derivative transactions do not qualify for hedge accounting and changes in the fair value of such derivative instruments are recognised immediately in the income statement. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedging accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the committed or forecast transaction is ultimately recognised in the income statement. When a committed or forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is transferred immediately to the income statement.

At the inception of the transaction, the Group documents the relationship between hedging instruments and hedge items, as well as its risk management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives designated as hedges to specific assets and liabilities or to specific firm commitments or forecast transactions. The Group also documents its assessment, both at the hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedge items. The fair values of various derivative instruments used for hedging purposes are disclosed in note 25 on page 53 and movements in the hedging reserve in equity are shown in note 11 on page 40.

Fair value estimates

The fair value of forward foreign exchange contracts is determined using forward foreign exchange market rates at the balance sheet date.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are carried in the balance sheet at cost, which approximates their fair value. Bank overdrafts are included in borrowings in current liabilities in the balance sheet. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand, deposits held on call with banks and investments in money market instruments, net of bank overdrafts.

PROVISIONS

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. The Group recognises the estimated liability on all products still under warranty at the balance sheet date. This provision is calculated based on service histories.

DIVIDENDS

Dividends are recognised in the Group's financial statements in the period in which they are declared.

TREASURY SHARES

Where subsidiaries of the Company hold shares in the Company's share capital the consideration paid, including any attributable incremental external costs, is deducted from shareholders' equity. Where such shares are subsequently sold or reissued any consideration received is included in shareholders' equity.

	NOTES	GROUP		COMPANY	
		31/12/03 R 000	31/12/02 R 000	31/12/03 R 000	31/12/02 R 000
ASSETS					
Non-current assets		96,831	72,902	59,094	70,980
Property, plant and equipment	1	60,283	41,894	-	-
Intangible assets	2	16,088	13,635	-	-
Investment in subsidiaries	3	-	-	47,428	57,764
Investment in joint ventures	4	964	3,341	-	-
Available-for-sale investments	5	3,208	3,208	3,208	3,208
Non-current receivables	6	8,850	10,400	8,458	10,008
Deferred tax	7	7,438	424	-	-
Current assets		80,356	92,561	9,023	12,048
Inventories	8	27,962	31,239	-	-
Receivables and prepayments	9	52,171	43,550	9,023	524
South African Revenue Services		-	31	-	16
Cash and cash equivalents		223	17,741	-	11,508
Total assets		177,187	165,463	68,117	83,028
EQUITY AND LIABILITIES					
Capital and reserves		84,020	77,910	62,581	68,545
Share capital	10	4,213	4,424	4,213	4,424
Share premium	10	43,591	47,603	43,591	47,603
Treasury shares	10	(8,097)	-	-	-
Retained earnings		43,938	25,810	16,381	16,518
Fair value and other reserves	11	375	73	(1,604)	-
Non-current liabilities		25,797	14,610	-	13,019
Non-current borrowings	12	20,417	12,342	-	13,019
Retirement benefit obligations		1,100	1,500	-	-
Deferred tax	7	4,280	768	-	-
Current liabilities		67,370	72,943	5,536	1,464
Trade and other payables	13	54,286	59,272	2,649	1,464
South African Revenue Services		-	1,408	-	-
Current borrowings	12	9,744	9,565	2,887	-
Provision for liabilities	14	3,340	2,698	-	-
Total equity and liabilities		177,187	165,463	68,117	83,028

INCOME STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

	NOTES	GROUP		COMPANY	
		31/12/03 R 000	31/12/02 R 000	31/12/03 R 000	31/12/02 R 000
Revenue	15	355,970	335,097	7,894	1,389
Cost of sales		(220,988)	(221,119)	-	-
Gross profit		134,982	113,978	7,894	1,389
Other operating income		8,540	8,026	-	-
Operating expenses		(108,000)	(94,393)	(7,745)	(6,169)
Administrative expenses		(54,649)	(50,034)	(7,745)	(6,169)
Marketing and selling expenses		(11,949)	(11,693)	-	-
Other operating expenses		(41,402)	(32,666)	-	-
Earnings/(loss) before interest, tax depreciation and amortisation		35,522	27,611	149	(4,780)
Amortisation of goodwill		(1,738)	(1,773)	-	-
Depreciation and amortisation of other intangible assets		(12,934)	(9,622)	-	-
Profit/(loss) from operations	15	20,850	16,216	149	(4,780)
Profit on disposal of investments and operations		70	-	159	-
Reversal/(creation) of provision against investments and loans		546	(1,920)	532	7,876
Net finance (costs)/income	17	(4,978)	(4,082)	43	726
Loss from joint ventures	18	(2,060)	(482)	-	-
Profit before tax		14,428	9,732	883	3,822
Tax	19	4,241	(1,890)	(279)	(106)
Net profit/(loss)		18,669	7,842	604	3,716
Earnings per share (cents)	20	23.8	8.8		
Headline earnings per share (cents)	20	28.6	13.6		
Dividends per share (cents)	21	2.5	1.0		

	NOTES	GROUP Continuing Operations		GROUP Discontinuing Operations	
		31/12/03 R 000	31/12/02 R 000	31/12/03 R 000	31/12/02 R 000
Revenue	15	355,970	334,259	-	838
Cost of sales		(220,976)	(220,651)	(12)	(468)
Gross profit/(loss)		134,994	113,608	(12)	370
Other operating income		8,534	8,025	6	1
Operating expenses		(107,417)	(91,306)	(583)	(3,087)
Administrative expenses		(54,066)	(47,818)	(583)	(2,216)
Marketing and selling expenses		(11,949)	(11,693)	-	-
Other operating expenses		(41,402)	(31,795)	-	(871)
Earnings/(loss) before interest, tax, depreciation and amortisation		36,111	30,327	(589)	(2,716)
Amortisation of goodwill		(1,738)	(1,773)	-	-
Depreciation and amortisation of other intangible assets		(12,934)	(9,622)	-	-
Profit/(loss) from operations	15	21,439	18,932	(589)	(2,716)
Profit/(loss) on disposal of investments and operations		159	-	(89)	-
Reversal/(creation) of provision against investments and loans		414	(2,020)	132	100
Net finance (costs)/income	17	(4,987)	(3,418)	9	(664)
Income/(loss) from joint ventures	18	78	46	(2,138)	(528)
Profit/(loss) before tax		17,103	13,540	(2,675)	(3,808)
Tax	19	4,246	(1,882)	(5)	(8)
Net profit/(loss)		21,349	11,658	(2,680)	(3,816)
Earnings/(loss) per share (cents)	20	27.2	13.2	(3.4)	(4.3)
Headline earnings/(loss) per share (cents)	20	29.3	17.5	(0.7)	(3.9)

	Share capital R 000	Share premium R 000	Treasury shares R 000	Fair value and other reserves R 000	Retained earnings R 000	Total R 000
GROUP						
Balance at 1 January 2002	4,424	47,603	-	170	18,853	71,050
As previously reported	4,424	47,603	-	170	19,861	72,058
Change in accounting policy					(1,008)	(1,008)
Net loss not recognised in the income statement				(97)		(97)
Utilisation of currency translation reserve				(97)		(97)
Net profit					7,842	7,842
Dividends paid					(885)	(885)
Balance at 31 December 2002	4,424	47,603	-	73	25,810	77,910
Change in accounting policy - AC 133 (refer note 30)				(1,604)	1,604	-
Restated balance at 31 December 2002	4,424	47,603	-	(1,531)	27,414	77,910
Net profit not recognised in the income statement				1,906		1,906
Utilisation of currency translation reserve				(128)		(128)
Cash flow hedges - net fair value gains, net of tax				2,034		2,034
Net profit					18,669	18,669
Shares bought back and cancelled	(211)	(4,012)			(188)	(4,411)
Purchase of treasury shares			(8,097)			(8,097)
Dividends paid					(1,957)	(1,957)
Balance at 31 December 2003	4,213	43,591	(8,097)	375	43,938	84,020

	Share capital R 000	Share premium R 000	Fair value and other reserves R 000	Retained earnings R 000	Total R 000
COMPANY					
Balance at 1 January 2002	4,424	47,603	-	13,687	65,714
Net profit				3,716	3,716
Dividends paid				(885)	(885)
Balance at 31 December 2002	4,424	47,603	-	16,518	68,545
Change in accounting policy - AC 133 (refer note 30)			(1,604)	1,604	-
Restated balance at 31 December 2002	4,424	47,603	(1,604)	18,122	68,545
Net profit				604	604
Shares bought back and cancelled	(211)	(4,012)		(188)	(4,411)
Dividends paid				(2,157)	(2,157)
Balance at 31 December 2003	4,213	43,591	(1,604)	16,381	62,581

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

	NOTES	GROUP		COMPANY	
		31/12/03 R 000	31/12/02 R 000	31/12/03 R 000	31/12/02 R 000
Cash flows from operating activities					
Operating profit/(loss) before working capital changes					
Working capital changes	22.1	35,111	27,967	149	(4,780)
	22.2	(6,805)	17,170	(7,305)	886
Cash generated from/(utilised in) operations					
Interest received		28,306	45,137	(7,156)	(3,894)
Interest paid		33	205	43	726
Dividends paid		(5,011)	(4,287)	-	-
Tax paid		(1,957)	(885)	(2,157)	(885)
		(1,506)	(70)	(270)	(106)
		<u>19,865</u>	<u>40,100</u>	<u>(9,540)</u>	<u>(4,159)</u>
Cash flows from investing activities					
Purchase of fixed assets		(27,227)	(16,964)	-	-
Proceeds from disposal of fixed assets		47	-	-	-
Increase in intangible assets		(8,323)	(5,132)	-	-
Decrease in investments in joint ventures		317	147	-	-
Disposal of operations, net of cash	22.3	(149)	(2,851)	-	-
Proceeds from disposal of investments and associates	22.4	2,500	6,360	2,500	-
Acquisition of operation, net of cash	22.5	-	(6,000)	-	-
(Increase)/decrease in investments and non-current receivables		(294)	(2,219)	10,075	2,896
		<u>(33,129)</u>	<u>(26,659)</u>	<u>12,575</u>	<u>2,896</u>
Cash flows from financing activities					
Proceeds from/(settlement of) non-current borrowings		4,992	3,376	(13,019)	13,019
Purchase of treasury shares		(8,097)	-	-	-
Shares cancelled		(211)	-	(211)	-
Share premium on cancelled shares		(4,012)	-	(4,012)	-
Direct cost of share buy-back		(188)	-	(188)	-
		<u>(7,516)</u>	<u>3,376</u>	<u>(17,430)</u>	<u>13,019</u>
Net cash (outflow)/inflow for the year		<u>(20,780)</u>	<u>16,817</u>	<u>(14,395)</u>	<u>11,756</u>
Cash and cash equivalents at the beginning of the year		17,741	924	11,508	(248)
Cash and cash equivalents at the end of the year	22.6	<u>(3,039)</u>	<u>17,741</u>	<u>(2,887)</u>	<u>11,508</u>

1. PROPERTY, PLANT AND EQUIPMENT

Year ended 31 December 2003

	Land and buildings R 000	Plant machinery and equipment R 000	Vehicles R 000	Total R 000
Opening carrying value	13,094	28,533	267	41,894
Additions	7,847	19,202	178	27,227
Disposals	-	(27)	(9)	(36)
Depreciation charge	(303)	(8,400)	(99)	(8,802)
Closing carrying value	20,638	39,308	337	60,283

At 31 December 2003

Cost	22,271	73,869	602	96,742
Accumulated depreciation	(1,633)	(34,561)	(265)	(36,459)
Closing carrying value	20,638	39,308	337	60,283

Year ended 31 December 2002

Opening carrying value	11,459	20,178	254	31,891
Disposed of with operations	-	(459)	-	(459)
Acquisition of operation	-	241	-	241
Additions	1,957	14,932	75	16,964
Depreciation charge	(322)	(6,359)	(62)	(6,743)
Closing carrying value	13,094	28,533	267	41,894

At 31 December 2002

Cost	14,424	56,203	458	71,085
Accumulated depreciation	(1,330)	(27,670)	(191)	(29,191)
Closing carrying value	13,094	28,533	267	41,894

Leased assets included above comprise:

At 31 December 2003

Cost	-	18,196	215	18,411
Accumulated depreciation	-	(4,016)	(80)	(4,096)
Closing carrying value	-	14,180	135	14,315

At 31 December 2002

Cost	-	13,169	215	13,384
Accumulated depreciation	-	(3,089)	(28)	(3,117)
Closing carrying value	-	10,080	187	10,267

Borrowings are secured by assets with a book value of R19,816,000 (2002: R15,781,000). Refer note 12.

	GROUP		COMPANY	
	31/12/03 R 000	31/12/02 R 000	31/12/03 R 000	31/12/02 R 000
2. INTANGIBLE ASSETS				
Goodwill				
Opening carrying value	4,076	1,811	-	-
Reallocation of goodwill from distribution rights	-	4,038	-	-
Amortisation charge	(1,738)	(1,773)	-	-
Closing carrying value	2,338	4,076	-	-
At 31 December				
Cost	6,807	6,807	-	-
Accumulated amortisation	(4,469)	(2,731)	-	-
Closing carrying value	2,338	4,076	-	-
Trademarks, patents and distribution rights				
Opening carrying value	768	5,006	-	-
Reallocation of distribution rights to goodwill	-	(4,038)	-	-
Amortisation charge	(204)	(200)	-	-
Closing carrying value	564	768	-	-
At 31 December				
Cost	2,831	2,831	-	-
Accumulated amortisation	(2,267)	(2,063)	-	-
Closing carrying value	564	768	-	-
Capitalised product development costs				
Opening carrying value	8,791	6,340	-	-
Capitalised during the year	8,323	5,130	-	-
Amortisation charge	(3,928)	(2,679)	-	-
Closing carrying value	13,186	8,791	-	-
At 31 December				
Cost	22,914	15,023	-	-
Accumulated amortisation	(9,728)	(6,232)	-	-
Closing carrying value	13,186	8,791	-	-
Total intangible assets	16,088	13,635	-	-

Capitalised product development costs principally comprise internally generated expenditure on development costs on projects. Development costs are only capitalised in Group companies that have an established record of recovering development costs by way of subsequent sales of such developed products.

	GROUP		COMPANY	
	31/12/03 R 000	31/12/02 R 000	31/12/03 R 000	31/12/02 R 000
3. INVESTMENT IN SUBSIDIARIES				
Unlisted shares at cost			11,712	11,712
Loans to subsidiaries			47,514	57,885
			59,226	69,597
Provision for diminution in value of subsidiaries			(20,355)	(21,945)
			38,871	47,652
Loans to indirectly held subsidiaries			8,557	10,112
Total investment in subsidiaries			47,428	57,764
Valuation of shares				
Directors' valuation of unlisted investments			47,428	57,764

4. INVESTMENT IN JOINT VENTURES

The Group has a 50 % interest in Authority On Line (Pty) Limited and Aquapay (Pty) Limited.

4.1 Authority On Line

Unlisted shares at cost	3,200	3,200
Net asset value	-	-
Goodwill	3,200	3,200
Accumulated impairment	(3,200)	(3,200)
	-	-
Loans to joint venture	428	745
Share of accumulated profit/(loss) since acquisition	36	(42)
Net carrying value	464	703

GROUP
31/12/03 31/12/02
R 000 R 000

The following amounts represent the Group's share of the assets, liabilities and profits/(losses) of Authority On Line:

Plant and equipment	6	9
Investments and non-current receivables	-	420
Current assets	330	384
Non-current borrowings	(208)	(135)
Current liabilities	(92)	(720)
Interest in equity	36	(42)
Comprising:		
Share capital	-	-
Share of accumulated profit/(loss)	36	(42)
Turnover	518	386
Profit before tax	113	2
Tax	(35)	-
Profit after tax	78	2

4.2 Aquapay

Unlisted shares at cost	3,166	3,166
Net asset value	-	-
Goodwill	3,166	3,166
Amortisation and impairment of goodwill	(2,666)	(528)
Net carrying value	500	2,638
Goodwill		
Opening carrying value	2,638	-
Goodwill on acquisition	-	3,166
Amortisation	(1,056)	(528)
Impairment loss	(1,082)	-
Closing carrying value	500	2,638
At 31 December		
Cost	3,166	3,166
Accumulated amortisation	(2,666)	(528)
	500	2,638
Total investment in joint ventures	964	3,341

There were no contingencies or capital commitments relating to the Group's interest in joint ventures.

	GROUP		COMPANY	
	31/12/03 R 000	31/12/02 R 000	31/12/03 R 000	31/12/02 R 000
5. AVAILABLE-FOR-SALE INVESTMENTS				
Unlisted				
Pandora preference shares				
Opening balance	3,208	-	3,208	-
Additions	-	4,812	-	4,812
Fair value adjustment	-	(1,604)	-	(1,604)
Fair value of unlisted investment	3,208	3,208	3,208	3,208
Total carrying value	3,208	3,208	3,208	3,208
Valuation of shares				
Directors' valuation of unlisted investments	3,208	3,208	3,208	3,208
Total fair value	3,208	3,208	3,208	3,208

6. NON-CURRENT RECEIVABLES

Originated loans and receivables

The Control Instruments Share				
Incentive Scheme	10,032	9,723	10,032	9,723
Provision for diminution in value of the Share Incentive Scheme	(1,574)	(2,071)	(1,574)	(2,071)
	8,458	7,652	8,458	7,652
Striata *	-	2,342	-	2,342
DG Reed	392	392	-	-
Other non-current receivables	-	14	-	14
Total non-current receivables	8,850	10,400	8,458	10,008

The loan to the Control Instruments Share Incentive Scheme is secured by a pledge of 10,523,745 (2002: 10,465,053) Control Instruments Group Limited shares with a market value of R17,890,367 (2002: R10,046,461).

* Striata Communication Solutions (Pty) Limited, formerly The E-mail Corporation (Pty) Limited.

Fair values

The Control Instruments Share				
Incentive Scheme	8,458	7,652	8,458	7,652
DG Reed	392	392	-	-

	GROUP		COMPANY	
	31/12/03 R 000	31/12/02 R 000	31/12/03 R 000	31/12/02 R 000
7. DEFERRED TAX				
The following deferred tax balances are reflected in the balance sheet:				
Deferred tax asset	7,438	424	-	-
Deferred tax liability	(4,280)	(768)	-	-
	<u>3,158</u>	<u>(344)</u>	<u>-</u>	<u>-</u>
Deferred tax assets are recognised for tax losses carried forward only to the extent that realisation of the related tax benefit is probable.				
Movements:				
Balance at the beginning of the year	(344)	(78)	-	-
Timing differences	(5,376)	31	-	-
Previously unrecognised deferred tax	9,750	(297)	-	-
Tax charged to equity	(872)	-	-	-
Balance at the end of the year	<u>3,158</u>	<u>(344)</u>	<u>-</u>	<u>-</u>
The balance comprises:				
Capital allowances	(6,424)	(4,896)	-	-
Provisions	2,356	2,296	-	-
Prepayments	(75)	(1)	-	-
Assessable losses	8,000	2,059	-	-
Other timing differences	173	198	-	-
Hedging reserve	(872)	-	-	-
	<u>3,158</u>	<u>(344)</u>	<u>-</u>	<u>-</u>
The deferred tax charged to equity during the year is as follows:				
Fair value reserves in equity - hedging reserve	(872)	-	-	-
	<u>(872)</u>	<u>-</u>	<u>-</u>	<u>-</u>
8. INVENTORIES				
Raw materials	10,736	11,550	-	-
Work in progress	4,607	9,929	-	-
Finished goods	17,778	13,662	-	-
Merchandise purchased for resale	47	-	-	-
	<u>33,168</u>	<u>35,141</u>	<u>-</u>	<u>-</u>
Provision for stock write-down	(5,206)	(3,902)	-	-
	<u>27,962</u>	<u>31,239</u>	<u>-</u>	<u>-</u>

	GROUP		COMPANY	
	31/12/03 R 000	31/12/02 R 000	31/12/03 R 000	31/12/02 R 000
9. RECEIVABLES AND PREPAYMENTS				
External trade receivables	37,883	28,659	-	-
Internal trade receivables	-	-	8,999	-
Prepayments	860	323	24	70
Other receivables	10,522	14,568	-	454
Forward foreign exchange contract assets	2,906	-	-	-
	<u>52,171</u>	<u>43,550</u>	<u>9,023</u>	<u>524</u>

See note 24 for details of cession of debtors.

10. SHARE CAPITAL AND SHARE PREMIUM

Share capital

Authorised

200,000,000 ordinary shares of 5 cents each	10,000	10,000	10,000	10,000
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Issued

88,486,302 (2002: 88,486,302) ordinary shares of 5 cents each	4,424	4,424	4,424	4,424
4,217,876 shares cancelled during the year	(211)	-	(211)	-
84,268,426 (2002: 88,486,302) ordinary shares of 5 cents each	<u>4,213</u>	<u>4,424</u>	<u>4,213</u>	<u>4,424</u>

All the unissued shares are under the control of the Company's directors until the next annual general meeting.

Share premium

Balance at the beginning of the year	47,603	47,603	47,603	47,603
Share premium on share buy-back and cancelled shares	(4,012)	-	(4,012)	-
Balance at the end of the year	<u>43,591</u>	<u>47,603</u>	<u>43,591</u>	<u>47,603</u>

Treasury shares

7,290,250 shares held by subsidiary in respect of share buy-back	(8,097)	-	-	-
------------------------------------------------------------------	---------	---	---	---

Total issued share capital and share premium	<u>39,707</u>	<u>52,027</u>	<u>47,804</u>	<u>52,027</u>
----------------------------------------------	---------------	---------------	---------------	---------------

GROUP		COMPANY	
31/12/03	31/12/02	31/12/03	31/12/02
R 000	R 000	R 000	R 000

Buy-back of shares

The Group reached agreement with the Basil Hersov Family Trust on 9 December 2002 in terms of which the Group purchased 10,217,876 shares at 100 cents per share. 8,000,000 were acquired by a subsidiary of the Group and held as treasury shares and 2,217,876 were cancelled and delisted from the JSE Securities Exchange South Africa (JSE). This transaction was ratified by shareholders on 6 January 2003.

During the year, a further 1,290,250 shares were bought and are held as treasury shares.

On 25 November 2003, the Group purchased 2,000,000 treasury shares from a subsidiary at 100 cents per share. These shares were cancelled and delisted from the JSE on 3 December 2003.

11. FAIR VALUE AND OTHER RESERVES

Reserves comprise:

Foreign currency translation reserve	(103)	25	-	-
Hedging reserve	2,034	-	-	-
Available-for-sale investments	(1,604)	-	(1,604)	-
General reserve	48	48	-	-
	<u>375</u>	<u>73</u>	<u>(1,604)</u>	<u>-</u>

Movements:

Foreign currency translation reserve

Balance at the beginning of the year	25	122	-	-
Currency translation differences utilised during the year	(128)	(97)	-	-
Balance at the end of the year	<u>(103)</u>	<u>25</u>	<u>-</u>	<u>-</u>

Hedging reserve

Balance at the beginning of the year	-	-	-	-
Fair value adjustment	2,906	-	-	-
Deferred tax on fair value gains	(872)	-	-	-
Balance at the end of the year	<u>2,034</u>	<u>-</u>	<u>-</u>	<u>-</u>

Available-for-sale investments

Balance at the beginning of the year	-	-	-	-
Adoption of AC 133	(1,604)	-	(1,604)	-
Balance at the end of the year	<u>(1,604)</u>	<u>-</u>	<u>(1,604)</u>	<u>-</u>

	GROUP		COMPANY	
	31/12/03 R 000	31/12/02 R 000	31/12/03 R 000	31/12/02 R 000
12. BORROWINGS				
Current				
Bank overdraft	3,262	-	2,887	-
Current portion of finance leases and long-term loans	6,482	6,960	-	-
Current loans	-	2,605	-	-
Total current borrowings	9,744	9,565	2,887	-
Non-current				
<i>Secured</i>				
Mortgage loans	6,382	1,414	-	-
Finance leases	15,583	9,501	-	-
Long-term loans	4,934	7,547	-	-
	26,899	18,462	-	-
<i>Unsecured</i>				
Loans	-	840	-	13,019
	26,899	19,302	-	-
Less short-term portion included in current borrowings	(6,482)	(6,960)	-	-
Total non-current borrowings	20,417	12,342	-	13,019
Total borrowings	30,161	21,907	2,887	13,019

Mortgage loans are secured by land and buildings with a book value of R8,728,000 (2002: R1,240,000). Long-term loans and finance lease liabilities are secured by plant, vehicles and equipment with a book value of R11,088,000 (2002: R14,541,000).

Total borrowings				
At fixed interest rates (1 - 6 months)	136	-	-	-
At floating interest rates	30,025	21,067	2,887	-
Interest free	-	840	-	13,019
	30,161	21,907	2,887	13,019

	GROUP		COMPANY	
	31/12/03 R 000	31/12/02 R 000	31/12/03 R 000	31/12/02 R 000
Weighted average effective interest rates				
Bank overdraft	14.9%	-	14.9%	-
Current loans	-	4.0%	-	-
Mortgage loans	13.9%	15.1%	-	-
Finance lease liabilities	12.9%	15.0%	-	-
Long-term loans	12.9%	15.0%	-	-
Maturity of non-current borrowings (excluding finance lease liabilities)				
Between 1 and 2 years	3,789	6,641	-	-
Between 2 and 5 years	1,603	-	-	-
5 years and later	2,815	-	-	-
	<u>8,207</u>	<u>6,641</u>	<u>-</u>	<u>-</u>

**Finance lease liabilities -
minimum lease payments**

	Up to 1 year	1-5 years	Total
Total lease payments due	7,030	14,131	21,161
Finance costs included in total lease payments	(3,657)	(1,921)	(5,578)
Present value of finance lease liabilities	<u>3,373</u>	<u>12,210</u>	<u>15,583</u>

Borrowing powers

The borrowing powers of the Company in terms of its Articles of Association are unlimited.

	GROUP		COMPANY	
	31/12/03 R 000	31/12/02 R 000	31/12/03 R 000	31/12/02 R 000
13. TRADE AND OTHER PAYABLES				
Trade payables	38,452	47,453	19	464
Accrued expenses	15,834	11,819	2,630	1,000
	<u>54,286</u>	<u>59,272</u>	<u>2,649</u>	<u>1,464</u>

	Total R 000	Warranty R 000	Maintenance R 000	Other R 000
14. PROVISION FOR LIABILITIES				
Balance at the beginning of the year	2,698	2,262	-	436
Charged to the income statement	2,394	1,855	32	507
Additional provision	2,394	1,855	32	507
Unused amounts reversed	-	-	-	-
Utilised during the year	(1,752)	(1,316)	-	(436)
Balance at the end of the year	3,340	2,801	32	507

Warranty provision

The Group gives warranties on certain products and undertakes to repair or replace items that fail to perform satisfactorily. It is expected that the provision will be used during the 2004 financial year.

Maintenance provision

A provision is made for certain maintenance contracts. It is expected that the provision will be used during the 2004 financial year.

Other provision

This provision is for the cost of providing licensed users with free upgrades on certain products, R507,000 (2002: R436,000). It is expected that the provision will be used during the 2004 financial year.

	GROUP		COMPANY	
	31/12/03 R 000	31/12/02 R 000	31/12/03 R 000	31/12/02 R 000
15. PROFIT FROM OPERATIONS				
Profit from operations is arrived at after taking into account the following:				
Revenue from continuing operations				
Sale of goods	355,571	318,190	-	-
Rendering of services	399	15,563	7,894	1,389
Rent received	-	506	-	-
	<u>355,970</u>	<u>334,259</u>	<u>7,894</u>	<u>1,389</u>
Revenue from discontinuing operations				
Sale of goods	-	838	-	-
	<u>-</u>	<u>838</u>	<u>-</u>	<u>-</u>
	<u>355,970</u>	<u>335,097</u>	<u>7,894</u>	<u>1,389</u>
Revenue from subsidiary companies included above				
Management fees			7,894	1,389
Profit on disposal of property, plant and equipment	11	-	-	-
Auditors' remuneration				
Audit fee	1,133	834	53	20
Under provision in prior year	7	13	-	-
Other services	69	32	-	-
	<u>1,209</u>	<u>879</u>	<u>53</u>	<u>20</u>
Depreciation on property, plant and equipment				
Owned	6,808	5,830	-	-
Under finance lease	1,994	913	-	-
	<u>8,802</u>	<u>6,743</u>	<u>-</u>	<u>-</u>
Directors emoluments (see note 26)			7,826	5,486

	GROUP		COMPANY	
	31/12/03 R 000	31/12/02 R 000	31/12/03 R 000	31/12/02 R 000
Amortisation of intangible assets				
Goodwill	1,738	1,773	-	-
Trademarks, patents and distribution rights	204	200	-	-
Capitalised product development costs	3,928	2,679	-	-
	<u>5,870</u>	<u>4,652</u>	<u>-</u>	<u>-</u>
Operating lease expenses				
Land and buildings	1,519	828	-	-
Equipment	178	153	-	-
Vehicles	41	45	-	-
	<u>1,738</u>	<u>1,026</u>	<u>-</u>	<u>-</u>
Net fair value losses on forward contracts				
Fair value hedges	1,525	-	-	-
Transactions not qualifying as hedges	(2,930)	-	-	-
	<u>(1,405)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net foreign exchange gains/(losses)	<u>528</u>	<u>(4,342)</u>	<u>(13)</u>	<u>-</u>
16. STAFF COSTS				
Wages and salaries	56,927	53,790	5,200	3,717
Termination benefits	-	30	-	-
Social security costs	3,573	2,146	-	-
Retirement benefit costs	6,814	3,754	609	289
Other post retirement benefits	148	133	-	-
	<u>67,462</u>	<u>59,853</u>	<u>5,809</u>	<u>4,006</u>
Average number of employees				
Full time	493	479	3	3
Part time	124	60	-	-
	<u>617</u>	<u>539</u>	<u>3</u>	<u>3</u>

	GROUP		COMPANY	
	31/12/03 R 000	31/12/02 R 000	31/12/03 R 000	31/12/02 R 000
17. NET FINANCE (COSTS)/INCOME				
Interest received	33	205	43	726
Current account	-	-	43	726
Other	33	205	-	-
Interest paid	(5,011)	(4,287)	-	-
Bank borrowings	(2,307)	(1,824)	-	-
Mortgage loans	(287)	(207)	-	-
Finance leases	(1,574)	(1,079)	-	-
Long-term loans	(826)	(1,111)	-	-
Other	(17)	(66)	-	-
	<u>(4,978)</u>	<u>(4,082)</u>	<u>43</u>	<u>726</u>

18. NET LOSS FROM JOINT VENTURES

The following items are included in this amount:

Share of profits in Authority On Line	78	46		
Amortisation of goodwill in Aquapay	(1,056)	(528)		
Impairment loss of goodwill in Aquapay	(1,082)	-		
	<u>(2,060)</u>	<u>(482)</u>		

19. TAXATION

Normal taxation

Current year	(40)	(2,612)	-	-
Prior year over/(under) provision	177	1,094	(9)	-
Secondary tax on companies	(270)	(106)	(270)	(106)
Deferred tax	4,374	(266)	-	-
	<u>4,241</u>	<u>(1,890)</u>	<u>(279)</u>	<u>(106)</u>

	GROUP		COMPANY	
	31/12/03 %	31/12/02 %	31/12/03 %	31/12/02 %
Tax rate reconciliation				
Standard rate	30	30	30	30
Adjusted for:				
Permanent differences	7	14	(23)	(5)
Prior year (over)/under provision	(1)	(11)	1	-
Utilisation of assessed loss	(1)	(18)	(7)	(24)
Secondary tax on companies	2	1	31	2
Deferred tax previously not recognised	(66)	3	-	-
Effective rate	(29)	19	32	3
	R 000	R 000	R 000	R 000
Estimated assessable losses available for set-off against future taxable income:				
Total assessable losses	36,155	48,102	4,091	4,449
Applied to reduce deferred taxation	(26,668)	(6,862)	-	-
	9,487	41,240	4,091	4,449

GROUP
31/12/03 31/12/02
R 000 R 000

20. EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share is calculated by dividing the net profit by the weighted average number of ordinary shares in issue during the year.

Continuing operations

Net profit	21,349	11,658
Weighted average number of shares in issue (000)	78,504	88,486
Basic earnings per share (cents)	27.2	13.2

Discontinuing operations

Net loss	(2,680)	(3,816)
Weighted average number of shares in issue (000)	78,504	88,486
Basic loss per share (cents)	(3.4)	(4.3)

Total

Net profit	18,669	7,842
Weighted average number of shares in issue (000)	78,504	88,486
Basic earnings per share (cents)	23.8	8.8

Headline earnings per share

Continuing operations

Net profit	21,349	11,658
Profit on disposal of investments and operations	(159)	-
Profit on disposal of fixed assets	(11)	-
Creation of provision against loans and investments	83	2,020
Amortisation of goodwill	1,738	1,773
Headline earnings	<u>23,000</u>	<u>15,451</u>
Headline earnings per share (cents)	29.3	17.5

	GROUP		COMPANY	
	31/12/03 R 000	31/12/02 R 000	31/12/03 R 000	31/12/02 R 000
<i>Discontinuing operations</i>				
Net loss	(2,680)	(3,816)		
Loss on disposal of investments and operations	89	-		
Reversal of provision against loans	(132)	(100)		
Amortisation of goodwill	2,138	528		
Headline loss	(585)	(3,388)		
Headline loss per share (cents)	(0.7)	(3.9)		
<i>Total</i>				
Headline earnings	22,415	12,063		
Headline earnings per share (cents)	28.6	13.6		

21. DIVIDENDS

Cash dividends

Final dividend of 1.0 cent in respect of 2002 financial year, paid on 7 April 2003	863	-	863	-
Interim dividend of 1.5 cents in respect of 2003 financial year, paid on 8 September 2003 (2002: 1.0 cent)	1,294	885	1,294	885
	2,157	885	2,157	885
Dividends attributable to treasury shares	(200)	-	-	-
	1,957	885	2,157	885

	GROUP		COMPANY	
	31/12/03 R 000	31/12/02 R 000	31/12/03 R 000	31/12/02 R 000
22. NOTES TO THE CASH FLOW				
22.1 Operating profit before working capital changes				
Profit before tax	14,428	9,732	883	3,822
Adjusted for:				
Depreciation and amortisation of intangibles	12,934	9,622	-	-
Amortisation of goodwill	1,738	1,773	-	-
Profit on disposal of fixed assets	(11)	-	-	-
Profit on disposal of investments and operations	(70)	-	(159)	-
Impairment of goodwill	2,138	-	-	-
(Reversal)/creation of provision against investments and loans	(946)	1,920	(532)	(7,876)
Net interest costs/(income)	4,978	4,082	(43)	(726)
Exchange rate differences on non-cash items	-	356	-	-
(Income)/loss from joint ventures	(78)	482	-	-
	<u>35,111</u>	<u>27,967</u>	<u>149</u>	<u>(4,780)</u>
22.2 Working capital changes				
Decrease/(increase) in inventory	3,277	(2,327)	-	-
(Increase)/decrease in accounts receivable	(5,798)	2,805	(8,490)	(423)
(Decrease)/increase in accounts payable	(4,284)	16,692	1,185	1,309
	<u>(6,805)</u>	<u>17,170</u>	<u>(7,305)</u>	<u>886</u>

GROUP		COMPANY	
31/12/03	31/12/02	31/12/03	31/12/02
R 000	R 000	R 000	R 000

22.3 Disposal of subsidiaries and divisions, net of cash

On 14 December 2003, the Group sold the business operations of SAN Incorporated (USA).

The comparative figures relate to the disposal of the Group's part of the business of SAN People (Pty) Limited on 28 February 2002.

The fair value of assets and liabilities disposed of was as follows:

Property, plant and equipment	-	459	-	-
Inventories	-	2,283	-	-
Receivables and prepayments	-	334	-	-
Cash and cash equivalents	149	2,851	-	-
Trade and other payments	(60)	(1,115)	-	-
Net fair value of assets	89	4,812	-	-
Proceeds in shares	-	(4,812)	-	-
Less cash disposed of	(149)	(2,851)	-	-
Loss on disposal	(89)	-	-	-
Net cash outflow	(149)	(2,851)	-	-

22.4 Proceeds from disposal of investments

On 17 June 2003, the Group disposed of the investment in Striata Communication Solutions (Pty) Limited (formerly The E-Mail Corporation (Pty) Limited).

On 1 July 2002 the Group disposed of investments in Rhomberg Electronics (Pty) Limited.

The fair value of assets and liabilities disposed of was as follows:

Investment in preference shares	-	10,466	-	-
Non-current receivables	2,341	2,000	2,341	-
Cost of investment disposed	2,341	12,466	2,341	-
Profit recognised	159	-	159	-
Consideration received	2,500	12,466	2,500	-
Less:				
Ordinary shares in Aquapay	-	(3,166)	-	-
Amounts receivable at year-end	-	(2,940)	-	-
Net cash inflow	2,500	6,360	2,500	-

	GROUP		COMPANY	
	31/12/03 R 000	31/12/02 R 000	31/12/03 R 000	31/12/02 R 000

22.5 Acquisition of operation, net of cash

On 1 January 2002 the Group acquired a 100% interest in the Audio Navigation (AN) business of Siemens VDO in Southern Africa.

The fair value of assets and liabilities arising from the acquisition was as follows:

Property, plant and equipment	-	241		
Inventories	-	5,759		
Net cash outflow	-	6,000		

22.6 Cash and cash equivalents

Cash and bank balances	223	17,741	-	11,508
Bank overdrafts	(3,262)	-	(2,887)	-
	(3,039)	17,741	(2,887)	11,508

23. COMMITMENTS

Capital expenditure commitments

Authorised by directors and contracted for buildings, plant and equipment

	5,094	1,541	-	-
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The capital expenditure is to be financed as follows:

Internally generated funds	5,094	1,541	-	-
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Operating lease commitments

The future lease payments under non-cancelable operating leases are as follows:

Not later than 1 year	1,127	1,151	-	-
Later than 1 year but not later than 5 years	165	921	-	-
Later than 5 years	-	-	-	-
	1,292	2,072	-	-

	GROUP		COMPANY	
	31/12/03 R 000	31/12/02 R 000	31/12/03 R 000	31/12/02 R 000
24. CONTINGENT LIABILITIES				
GEIS claim dispute	755	635	-	-
Labour dispute	-	120	-	-
Guarantees issued on behalf of the Group	1,287	-	-	40,000
Bank facility	-	-	35,000	-
	<u>2,042</u>	<u>755</u>	<u>35,000</u>	<u>40,000</u>

The Supreme Court (Transvaal Provincial Division) has ruled in the Group's favour against the Department of Trade and Industries (DTI) with regard to the dispute of a GEIS claim. The DTI has taken this matter on appeal to the Supreme Court of Appeal.

The facility with FirstRand Bank Limited has been secured by way of unlimited cross suretyship and the cession of debtors.

25. FINANCIAL INSTRUMENTS

The Group's financial instruments consist mainly of cash and cash equivalents, accounts receivable, investments, accounts payable, borrowings and derivative instruments.

Risk management

The main risks arising from the Group's financial instruments are forward foreign exchange contracts, credit risk, interest rate risk and fair value fluctuations.

Forward foreign exchange contracts

The Group enters into forward exchange contracts to buy and sell specified amounts of various foreign currencies in the future at a predetermined exchange rate. The contracts are entered into in order to manage the Group's exposure to fluctuations in foreign currency exchange rates on specific transactions. The contracts are matched with anticipated future cash flows in foreign currencies primarily from sales and purchases. The Group does not use derivative financial instruments for speculative purposes.

At 31 December 2003 and 31 December 2002 the settlement dates of open foreign exchange contracts ranged between one and six months. All forward foreign exchange contracts have been marked to market at the year-end.

	Closing rate of exchange	Foreign amount	Rand amount R 000	Fair value R 000	Profit/(loss) R 000
The Group's outstanding forward foreign exchange contracts at year-end comprise:					
Year ended 31 December 2003					
<i>Foreign Exchange Sales</i>					
Euro	8.39	530	4,547	4,448	99
		530	4,547	4,448	99
<i>Foreign Exchange Purchases</i>					
British Pound	12.20	5	56	61	5
US Dollar	6.85	1,986	13,194	13,612	418
Euro	8.62	3,960	31,826	34,120	2,294
Japanese Yen	0.06	4,634	286	298	12
		10,585	45,362	48,091	2,729
Year ended 31 December 2002					
<i>Foreign Exchange Purchases</i>					
US Dollar	8.95	563	5,564	5,042	(522)
Euro	9.34	4,924	47,953	45,986	(1,967)
Japanese Yen	0.07	1,808	148	137	(11)
		7,295	53,665	51,165	(2,500)

Receivables and trade payables at 31 December 2003 include aggregate net unhedged receivables of R16,829,000 (2002: R3,003,000 net payable) in respect of sales proceeds and purchases due in foreign currency.

Credit risk

Financial assets which potentially subject the Group to concentrations of credit risk consist of cash, non-current receivables and accounts receivable. The Group's cash is placed with high quality financial institutions. Trade receivables are disclosed net of bad debt provision. Credit risk with respect to trade debtors is limited due to the large number of customers comprising the Group's customer base and their dispersion across different industries and geographical areas. Accordingly the Group has no significant concentration of credit risk.

Interest rate risk

The Group's interest rate risk at balance sheet date relating to financial liabilities is set out in note 12. There are no financial assets exposed to interest rate risk in the current year. (2002: R17,741,000 with an average interest rate of 17.0%).

	2003		2002	
	Carrying value R 000	Fair value R 000	Carrying value R 000	Fair value R 000
Net fair values				
The estimated values of the Group's financial instruments are:				
Financial instruments held or issued to finance the Group's operations				
<i>Financial assets</i>				
Cash and cash equivalents	223	223	17,741	17,741
Receivables	48,405	48,405	43,227	43,227
Available-for-sale investments	3,208	3,208	3,208	3,208
Non-current assets	8,850	8,850	10,400	10,400
<i>Financial liabilities</i>				
Accounts payable	54,286	54,286	59,272	59,272
Current portion of non-current borrowings and short-term borrowings	6,482	6,482	9,565	9,565
Non-current borrowings	20,417	20,417	12,342	12,342
Bank overdrafts	3,262	3,262	-	-
Financial instruments held or issued to hedge the currency and interest rate exposure on expected future transactions				
Forward foreign exchange contracts	2,906	2,906	-	-

COMPANY	
31/12/03	31/12/02
R 000	R 000

26. DIRECTORS

26.1 Directors' remuneration

Executive directors

Remuneration for services paid for by:

Company	5,708	4,006
Subsidiary *	1,768	1,126
	<u>7,476</u>	<u>5,132</u>

Non-executive directors

Fees for services as directors paid for by:

Company	350	354
	<u>7,826</u>	<u>5,486</u>

* Control Instruments (Pty) Limited

Directors' fees	Salary package including fringe benefits	Bonuses and performance related payments	Pension scheme contributions	Total
R	R	R	R	R

Year ended 31 December 2003

Executive directors

R Friedman	-	1,169,696	700,000	223,169	2,092,865
RJ Fraenkel	-	996,845	600,000	188,760	1,785,605
TE Buzer *	-	978,912	600,000	188,621	1,767,533
RB Forrester	-	968,346	664,984	196,747	1,830,077

Non-executive directors

HV Hefer	125,000	-	-	-	125,000
EPH Bieber	75,000	-	-	-	75,000
SV Bromfield	75,000	-	-	-	75,000
JPS O'Leary	75,000	-	-	-	75,000

Total	350,000	4,113,799	2,564,984	797,297	7,826,080
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* Paid by subsidiary, Control Instruments (Pty) Limited

Year ended 31 December 2002

Executive directors

R Friedman	-	1,038,709	300,000	128,565	1,467,274
RJ Fraenkel	-	882,696	250,000	105,426	1,238,122
TE Buzer	-	897,918	250,000	134,833	1,282,751
RB Forrester	-	838,518	200,000	104,934	1,143,452

Non-executive directors

HV Hefer	125,000	-	-	-	125,000
EPH Bieber	75,000	-	-	-	75,000
SV Bromfield	75,000	-	-	-	75,000
JPS O'Leary	6,250	-	-	-	6,250
JR Hersov	63,462	-	-	-	63,462
LH Fine	9,675	-	-	-	9,675

Total	354,387	3,657,841	1,000,000	473,758	5,485,986
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26.2 Directors' interest in shares

The direct and indirect interests of the directors and their immediate families in the issued share capital of the Group at 31 December 2003 were 18,207,891 shares (2002: 17,155,608 shares). R Friedman and RJ Fraenkel are the only directors who beneficially hold directly or indirectly in excess of 1% of the shares of the Company.

	DIRECT		INDIRECT		TOTAL	
	Beneficial Shares	Non- Beneficial Shares	Beneficial Shares	Non- Beneficial Shares	Shares	%
<i>31 December 2003</i>						
R Friedman	3,941,230	-	3,486,223	8,147,647	15,575,100	18.48
RJ Fraenkel	928,600	-	72,538	-	1,001,138	1.19
RB Forrester	-	-	532,220	-	532,220	0.63
JPS O'Leary	500,000	-	-	-	500,000	0.59
TE Buzer	299,285	-	-	-	299,285	0.36
HV Hefer	270,000	-	-	-	270,000	0.32
EPH Bieber	30,148	-	-	-	30,148	0.04
SV Bromfield	-	-	-	-	-	-
					<u>18,207,891</u>	<u>21.61</u>
<i>31 December 2002</i>						
R Friedman	3,841,230	-	3,286,223	8,047,647	15,175,100	17.15
RJ Fraenkel	679,300	-	251,838	-	931,138	1.05
RB Forrester	-	-	532,220	-	532,220	0.60
TE Buzer	299,285	-	-	-	299,285	0.34
HV Hefer	212,717	-	-	-	212,717	0.24
EPH Bieber	148	-	5,000	-	5,148	0.01
SV Bromfield	-	-	-	-	-	-
JPS O'Leary	-	-	-	-	-	-
					<u>17,155,608</u>	<u>19.39</u>

26.3 Share options granted to directors

During the year no share options were granted to the directors of the Company (2002: nil).

Share options are granted to directors on the same terms and conditions as those offered to other employees of the Group.

	Number of options at 31/12/03	Number of options at 31/12/02	Option price	Date received	Expiry date
R Friedman	612,500	612,500	0.65	09/10/1999	15/04/2005
	300,000	300,000	0.65	07/07/2000	07/02/2005
RJ Fraenkel	612,500	612,500	0.65	10/10/1999	15/04/2005
	300,000	300,000	0.65	07/07/2000	07/02/2005
TE Buzer	612,500	612,500	0.65	10/10/1999	15/04/2005
	300,000	300,000	0.65	07/07/2000	07/02/2005
RB Forrester	612,500	612,500	0.65	10/10/1999	15/04/2005
	300,000	300,000	0.65	07/07/2000	07/02/2005
				31/12/03	31/12/02
				R 000	R 000

27. RELATED PARTY DISCLOSURE

Transactions with director

Rental in respect of premises leased from a director	96	96
------------------------------------------------------	----	----

28. PENSION AND OTHER POST-RETIREMENT OBLIGATIONS

Pension scheme

The Group administers a defined contribution pension scheme governed by the Pensions Fund Act of 1956 and covering substantially all eligible employees. Other employees are members of funds within the various industries in which they are employed. The assets of the pension scheme are held in administered trust funds separate from the Group's assets. The pension scheme is valued actuarially. The last actuarial valuation was at 31 December 2001 and the next valuation will be based on results as at 31 December 2004.

Post-retirement medical benefits

Certain Group companies have unfunded obligations to provide certain post-retirement medical aid benefits to a number of their retirees. It is no longer the Group's policy to provide these benefits to retirees other than those mentioned above. The entitlement to these benefits was dependent

GROUP		COMPANY	
31/12/03	31/12/02	31/12/03	31/12/02
R 000	R 000	R 000	R 000

upon the employee remaining in service until retirement age and completing a minimum service period and is subject to periodic review. The unfunded accumulated medical aid benefit obligation at 31 December 2003 was R1,100,000 (2002: R1,500,000) for 14 past employees.

The cost of retirement benefits charged to the income statement during the financial year under review amounts to R6,814,000 (2002: R3,754,000).

29. DISCONTINUING OPERATIONS

The results relating to discontinued and discontinuing operations are as follows:

Revenue	-	838	-	-
Loss from operations	(589)	(2,716)	-	-
Net loss	(1,598)	(3,816)	-	-
Operating cash flows	1,896	(1,694)	-	-
Investing cash flows	(4,254)	9,123	-	-
Financing cash flows	6,825	(32,628)	-	-
Total cash flows	4,467	(25,199)	-	-

30. CHANGE IN ACCOUNTING POLICY

During the year the Group adopted the following new standard. Comparative figures have been restated accordingly.

Financial Instruments: AC 133 - Recognition and Measurement

AC 133 has introduced a comprehensive framework for accounting for all financial instruments. The Group's detailed accounting policy in respect of such instruments is set out on page 20. The principal effect of the adoption of AC 133 has been the recognition of the fair value of available-for-sale investments and derivative financial instruments directly in the equity with no impact on the income statement. There are no taxation effects as a result of this change in accounting policy.

The effect of this change in accounting policy on shareholders equity is as follows:

Retained earnings	1,604	-	1,604	-
Fair value and other reserves	(1,604)	-	(1,604)	-
Shareholders equity	-	-	-	-

	Number of shares held and % holding		Cost of shares		Indebtedness	
	31/12/03	31/12/02	R 000	R 000	R 000	R 000
DIRECTLY HELD						
Control Instruments (Pty) Limited <i>Vehicle and fleet management systems and equipment, specialised automotive instrumentation and audio and navigation systems</i>	740,000 100%	740,000 100%	2,600	2,600	11,707	2,630
Shurlok International (Pty) Limited <i>Automotive electronics</i>	480,000 100%	480,000 100%	2,684	2,684	1,280	1,280
Control Instruments Management Services (Pty) Limited <i>Management services</i>	4,000 100%	4,000 100%	16 *	16	39,499	46,534
Control Instruments Holdings Limited • <i>Holding company</i>	6,800,000 100%	6,800,000 100%	3,012 *	3,012	-	1,627
Control Instruments Development (Pty) Limited <i>Software development and support</i>	100,000,000 100%	100,000,000 100%	-	-	5,324	5,324
Control Instruments Software Development (Pty) Limited <i>Software and electronic hardware development and support</i>	100 100%	100 100%	3,000	3,000	-	-
Shurlok Engineering Holdings (Pty) Limited • <i>Holding company</i>	1 100%	1 100%	-	-	6	6
Control Instruments Bureau Service (Pty) Limited t/a Freight Online <i>Bureau application software for the transport market</i>	100 100%	100 100%	400 *	400	484	484
			11,712	11,712	58,300	57,885

These companies have a December year-end and are:

- unlisted
- incorporated, and carry on their principal operations in the Republic of South Africa.

* The Company has waived its right to repayment of these amounts in favour of third parties until the subsidiaries' assets, fairly valued, exceed their liabilities.

	Shareholding	
	31/12/03 %	31/12/02 %
INDIRECTLY HELD		
Control Instruments Holdings Limited AG	100	100
Control Instruments Limited AG	100	100
These companies are		
<ul style="list-style-type: none"> • unlisted • incorporated, and carry on their principal operations in Switzerland. 		
Control Instruments Property (Pty) Limited *	-	100
Dupec Electronics (Pty) Limited	100	100
Shurlok Engineering (Pty) Limited	100	100

These companies are

- unlisted
- incorporated, and carry on their principal operations in the Republic of South Africa.

* Control Instruments Property (Pty) Limited was deregistered during the year.

	Shares % held 31/12/03	Shares % held 31/12/02	Cost of shares R 000 R 000 31/12/03 31/12/02	
INDIRECTLY HELD				
Authority On Line (Pty) Limited t/a Ontrack <i>Point-of-sale software</i>	50	50	-	-
Aquapay (Pty) Limited <i>Pre-paid water metering technology</i>	50	50	3,166	3,166
			<u>3,166</u>	<u>3,166</u>

These companies have December and November year-ends respectively and are:

- unlisted
- incorporated, and carry on their principal operations in the Republic of South Africa.

	Date of acquisition	2003 R 000	2002 R 000
FREEHOLD LAND AND BUILDINGS			
Sub 21 and 22 of Lot 1512, Portion 1 of Erf 1519 and Portion 10 of Erf 1512, Pietermaritzburg.			
9 Electron Street, Linbro Business Park, Sandton.			
Land	July 1987	44	44
	November 2002	200	200
Buildings	July 1987	542	542
	November 2002	857	857
	November 2003	6,000	-
Additions	1988/1994	2,737	2,737
	1999	602	602
	2000	5,223	5,223
	2001	3,319	3,319
	2002	900	900
	2003	1,847	-
		<u>22,271</u>	<u>14,424</u>

Directors' valuation at December 2003: R21,000,000.

Refer note 1.

	Number of shareholders	%	Number of shares	%
--	---------------------------	---	---------------------	---

SHAREHOLDER SPREAD

1 - 1,000 shares	512	35.00	223,884	0.26
1,001 - 10,000 shares	660	45.11	2,668,668	3.17
10,001 - 100,000 shares	228	15.58	7,312,571	8.68
100,001 - 1,000,000 shares	51	3.49	15,410,227	18.29
Over 1,000,000 shares	12	0.82	58,653,076	69.60
	1,463	100.00	84,268,426	100.00

DISTRIBUTION OF SHAREHOLDERS

Nominee companies and Trusts	108	7.38	21,483,729	34.86
Individuals	1,231	84.14	15,311,386	18.17
Control Instruments Share Incentive Scheme	1	0.07	10,534,995	2.20
Close Corporations	36	2.46	10,490,245	12.45
Banks	10	0.68	7,556,139	8.97
Pension Funds	8	0.55	6,361,800	7.55
Limited Companies	6	0.41	6,323,050	8.44
Private Companies	37	2.53	4,863,458	5.77
Insurance Companies	2	0.14	560,084	0.66
Other Corporations	20	1.37	550,429	0.65
Mutual Funds	4	0.27	233,111	0.28
	1,463	100.00	84,268,426	100.00

	Number of shareholders	%	Number of shares	%
PUBLIC/NON-PUBLIC SHAREHOLDERS				
Public shareholders	1,447	98.91	36,102,390	42.84
Non-public shareholders	16	1.09	48,166,036	57.16
Shareholdings more than 10%	1	0.07	10,339,100	12.27
Control Instruments Share Incentive Scheme	1	0.07	10,534,995	12.50
Treasury shares *	2	0.14	7,290,250	8.65
Directors and directors' associates	11	0.74	18,207,891	21.61
Control Instruments Group Pension Fund	1	0.07	1,793,800	2.13
	1,463	100.00	84,268,426	100.00

* Held by Control Instruments Management Services (Pty) Limited

Shareholders, other than directors, registered as holding beneficially directly or indirectly 5% or more of the Group's shares at 31 December 2003 are as follows:

	Number of shares	%	
Control Instruments Share Incentive Scheme	10,534,995	12.50	
Deanery Investments	10,339,100	12.27	
Pictet et cie Banquiers	7,409,200	8.79	
Control Instruments Management Services	7,290,250	8.65	
	Number of shareholders	Number of shares	%

RESIDENT/NON-RESIDENT SHAREHOLDERS

Resident shareholders	1,427	75,690,698	89.82
Non-resident shareholders	36	8,577,728	10.18
	1,463	84,268,426	100.00

NON-EXECUTIVE DIRECTORS

- Herc Hefer** Chairman. Appointed to the board in 1987.
- Peter Bieber** Appointed to the board in 1997.
- Stuart Bromfield** Appointed to the board in 2001.
- Sam O'Leary (Irish)** Appointed to the board in 2002.

The non-executive directors are all members of the Audit and Remuneration Committees. They are all independent directors.

EXECUTIVE DIRECTORS

- Richard Friedman** Managing director. Joined the Company in 1985 and appointed to the board in 1987.
- Terry Buzer (British)** Managing director of Control Instruments (Pty) Limited. Joined the Company in 1982 and appointed to the board in 1987.
- Rod Forrester** Managing director of Shurlok International (Pty) Limited. Joined the Company in 1970 and appointed to the board in 1997.
- Rob Fraenkel** Financial director. Joined the Company and appointed to the board in 1998.

DIVISIONAL DIRECTORS

- Roy Hollins** Managing director of Control Instruments Automotive Trading, a division of Control Instruments (Pty) Limited.
- Charles Tasker** Managing director of Control Instruments Fleet Management Services, a division of Control Instruments (Pty) Limited.

CONTROL INSTRUMENTS GROUP LIMITED

(Incorporated in the Republic of South Africa)

Company registration number: 1964/003987/06

Share code: CNL • ISIN: ZAE000001665

('the Company')

Notice is hereby given that the annual general meeting of members of Control Instruments Group Limited will be held in the main boardroom, 2nd Floor, Control Instruments Automotive Trading, 9 Electron Street, Linbro Business Park, Sandton on Thursday, 22 April 2004 at 09h00 for the following business:

1. To receive and adopt the audited annual financial statements for the year ended 31 December 2003.
2. To re-appoint the auditors of the Company for the ensuing year and to authorise the directors to fix the auditors' remuneration for the past year.
3. To consider and, if deemed fit, to pass with or without modification the following ordinary resolution to re-appoint SV Bromfield who retires by rotation in terms of the Company's articles of association: 'Resolved as an ordinary resolution that SV Bromfield who will retire as a director of the Company by rotation, but who is available for re-election, be re-elected as a director of the Company.'
His abridged *curriculum vitae* appears on page 18 of this annual report.
4. To consider and, if deemed fit, to pass with or without modification the following ordinary resolution to re-appoint RJ Fraenkel who retires by rotation in terms of the Company's articles of association: 'Resolved as an ordinary resolution that RJ Fraenkel who will retire as a director of the Company by rotation, but who is available for re-election, be re-elected as a director of the Company.'
His abridged *curriculum vitae* appears on page 18 of this annual report.
5. To consider and, if deemed fit, to pass with or without modification the following ordinary resolution to re-appoint TE Buzer who retires by rotation in terms of the Company's articles of association: 'Resolved as an ordinary resolution that TE Buzer who will retire as a director of the Company by rotation, but who is available for re-election, be re-elected as a director of the Company.'
His abridged *curriculum vitae* appears on page 18 of this annual report.
6. To consider and, if deemed fit, to pass with or without modification the following ordinary resolution to place the unissued shares under the control of the directors:
'Resolved that subject to the provisions of the Companies Act, 1973 (Act 61 of 1973) as amended, the authority given to the directors to allot and issue, at their discretion, the unissued share capital of the Company for such purposes as they may determine, be extended until the Company's next annual general meeting.'

7. To consider and, if deemed fit, to pass with or without modification the following ordinary resolution to renew the general authority of directors to issue unissued shares for cash:

'Resolved that in terms of the Listings Requirements of the JSE Securities Exchange South Africa ('JSE'), the mandate given to the directors of the Company in terms of a general authority to issue securities for cash, as and when suitable opportunities arise, be renewed subject to the following conditions:

- That this general authority be valid until the Company's next annual general meeting provided that it shall not extend beyond fifteen months from the date of the passing of this ordinary resolution (whichever period is shorter);
- That the securities be of a class already in issue;
- That securities be issued to public shareholders and not to related parties;
- That a paid press announcement giving full details, including the impact on net asset value and earnings per share, be published at the time of any issue representing, on a cumulative basis within a financial year, 5% or more of the number of securities in issue prior to the issue/s;
- That issues in the aggregate in any one financial year shall not exceed 15% of the Company's issued share capital of that class; and
- That, in determining the price at which an issue of securities will be made in terms of this authority, the maximum discount permitted shall be 10% of the weighted average traded price of those securities over the 30 business days prior to the date that the price of the issue is determined or agreed by the directors.'

Voting

In terms of the Listings Requirements of the JSE, the approval of a 75% majority of the votes of all shareholders, present or represented by proxy, is required to approve this ordinary resolution.

8. To consider and, if deemed fit, to pass with or without modification the following special resolution to renew the general authority of directors to repurchase the Company's securities:

'Resolved, as a special resolution, that the mandate given to the Company (or one of its wholly owned subsidiaries) providing authorisation, by way of a general approval, to acquire the Company's own securities, upon such terms and conditions and in such amounts as the directors may from time to time decide, but subject to the provisions of the Companies Act 1973 (Act 61 of 1973) as amended ('Companies Act') and the Listings Requirements of the JSE Securities Exchange South Africa ('JSE'), be extended, subject to the following terms and conditions:

- Any repurchase of securities must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the Company and the counter-party;
- At any point in time, the Company may only appoint one agent to effect any repurchase;
- This general authority be valid until the Company's next annual general meeting, provided that it shall not extend beyond fifteen months from the date of passing of this special resolution (whichever period is shorter);
- An announcement be published as soon as the Company has cumulatively repurchased 3% of

- the initial number (the number of that class of share in issue at the time that the general authority is granted) of the relevant class of securities and for each 3% in aggregate of the initial number of that class acquired thereafter, containing full details of such repurchases;
- Repurchases by the Company in aggregate in any one financial year may not exceed 20% of the Company's issued share capital as at the date of passing of this special resolution or 10% of the Company's issued share capital in the case of an acquisition of shares in the Company by a subsidiary of the Company;
 - Repurchases may not be made at a price greater than 10% above the weighted average of the market value of the securities for the five business days immediately preceding the date on which the transaction was effected;
 - Repurchases may not be undertaken by the Company or one of its wholly owned subsidiaries during a prohibited period and may also not be undertaken if they will impact negatively on shareholder spread as required by the JSE; and
 - The directors are of the opinion that, after considering the effect of the maximum repurchase permitted and for a period of 12 months after the date of this annual general meeting:
 - The Company and the Group will be able, in the ordinary course of business, to pay their debts;
 - The assets of the Company and the Group will be in excess of the liabilities of the Company and the Group, the assets and liabilities being recognised and measured in accordance with the accounting policies used in the latest audited annual group financial statements;
 - The working capital of the Company and the Group will be adequate for ordinary business purposes; and
 - The share capital and reserves are adequate for the ordinary business purposes of the Company and the Group.'

The effect of the special resolution and the reason therefore is to extend the general authority given to the directors in terms of the Companies Act and the Listings Requirements of the JSE for the acquisition by the Company of its own securities, which authority shall be used at the directors' discretion during the course of the period so authorised.

9. To consider and, if deemed fit, to pass with or without modification the following ordinary resolution to give the directors authority to implement resolutions:

'Resolved as an ordinary resolution that each of the directors of the Company be authorised and is hereby authorised to do all things, perform all acts and sign all documentation necessary to effect the implementation of the ordinary and special resolutions adopted at this annual general meeting.'

SPECIAL RESOLUTION DISCLOSURES

In terms of the Listings Requirements of the JSE Securities Exchange South Africa ('JSE'), the following disclosures are required with reference to the general authority set out in the special resolution (point 8 above), some of which are set out elsewhere in this annual report of which this notice forms part:

Directors and management

Refer page 66.

Major shareholders of the Company

Refer page 65.

Directors' interests in the Company's securities

Refer page 57.

Share capital

Refer page 39.

Litigation statement

Apart from the Supreme Court (Transvaal Provincial Division)'s ruling in the Group's favour against the Department of Trade and Industries (DTI), with regard to the dispute of a GEIS claim, which the DTI has taken on appeal to the Supreme Court of Appeal (refer note 24 of the notes to the annual financial statements on page 53 of this annual report), the directors of the Company, whose names are given on page 66 of this annual report, are not aware of any legal or arbitration proceedings, pending or threatened against the Group, which may have or have had, in the twelve months preceding the date of this notice, a material effect on the Group's financial position.

Directors' responsibility statement

The directors of the Company, whose names are given on page 66 of this annual report, 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 have been made and that this annual report contains all the information required by the Listing Requirements of the JSE.

Material changes

Other than the facts and developments reported on in this annual report, there have been no material changes in the affairs, financial or trading position of the Group since the signature or posting date of this annual report.

VOTING AND PROXIES

On a show of hands, each shareholder who, being a natural person, is present in person or by proxy or, being a body corporate, is present by representative or proxy, shall have one vote. On a poll, each shareholder, whether present in person or by proxy or by representation, is entitled to one vote for each ordinary share held.

A form of proxy is attached for completion by registered certificated shareholders and dematerialised shareholders with own name registration who are unable to attend the annual general meeting. Forms of proxy must be completed and received by the transfer secretaries, Computershare Limited, or the Company's registered office by no later than 09h00 on 21 April 2004. Registered certificated shareholders and dematerialised shareholders with own name registration who complete and lodge forms of proxy will nevertheless be entitled to attend and vote in person at the annual general meeting to the exclusion of their appointed proxy/ies should such member wish to do so.

Dematerialised shareholders, other than with own name registration, must inform their CSDP or stockbroker of their intention to attend the annual general meeting and obtain the necessary authorisation from their CSDP or stockbroker to attend the annual general meeting or provide their CSDP or stockbroker with their voting instructions should they not be able to attend the annual general meeting. This must be done in terms of the agreement entered into between the shareholder and the CSDP or stockbroker concerned.

Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder of the Company) to attend, speak and to vote in his/her stead.

By order of the board



AB Brink
Company Secretary

3 March 2004

CORPORATE INFORMATION

REGISTERED OFFICE

The Vineyard, Ground Floor, East Wing
Corner Adam Tas and Devon Valley Roads, Stellenbosch 7600

PO Box 114, Franschhoek 7690

AUDITORS

PricewaterhouseCoopers Incorporated
1 Waterhouse Place, Century City 7441

PO Box 2799, Cape Town 8000

BANKERS

First National Bank of Southern Africa Limited
21st Floor, 2 Long Street, Cape Town 8001

PO Box 367, Cape Town 8000

TRANSFER SECRETARIES

Computershare Limited
70 Marshall Street, Johannesburg 2001

PO Box 61051, Marshalltown 2107

SPONSOR

Barnard Jacobs Mellet Corporate Finance (Pty) Limited
5 Sturdee Avenue, Rosebank 2196

PO Box 62200, Marshalltown 2107

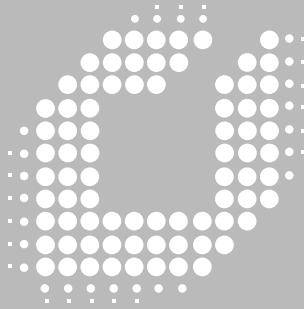
COMPANY SECRETARY

Barry Brink

SHAREHOLDERS' QUERIES

shareholders@ci.co.za

Registration number: 1964/003987/06
ISIN: ZAE000001665 • Share code: CNL



CONTROL INSTRUMENTS

GROUP LIMITED

(Incorporated in the Republic of South Africa)

Company registration number: 1964/003987/06

Share code: CNL • ISIN: ZAE000001665

(the Company)

FORM OF PROXY

Only for the use of registered holders of certificated ordinary shares in the Company and the holders of dematerialised ordinary shares registered in their own name at the annual general meeting to be held at Control Instruments Automotive Trading, 9 Electron Street, Linbro Business Park, Marlborough, Sandton on Thursday, 22 April 2004 at 09h00.

Shareholders who have dematerialised their shares with their Central Securities Depository Participant (CSDP) or stockbroker, other than with own name registration, must arrange with the CSDP or stockbroker concerned to provide them with the necessary authorisation to attend the annual general meeting or the shareholders concerned must instruct their CSDP or stockbroker as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the shareholder and the CSDP or stockbroker concerned in the manner and by the cut-off time stipulated by their CSDP or stockbroker.

Forms of proxy must be completed and delivered to the Company's transfer secretaries, Computershare Limited, Ground Floor, 70 Marshall Street, Johannesburg 2001 (PO Box 61051, Marshalltown 2107; facsimile 011 370 5390) or the Company's registered office, The Vineyard, Ground Floor, East Wing, corner Adam Tas and Devon Valley Roads, Stellenbosch 7600 (PO Box 114, Franschoek 7690; facsimile 021 876 3777) to reach them by no later than 09h00 on Wednesday, 21 April 2004.

I/We (please print) _____

of _____

being a member/s of the Company and holding _____ ordinary shares,
hereby appoint

1. _____ or failing him/her

2. _____ or failing him/her

the chairman of the meeting as my/our proxy to attend and speak and, on a poll, vote for me/us on my/our behalf at the annual general meeting of the Company held for the purpose of considering, and if deemed fit, passing with or without modification, the resolutions to be proposed at the meeting and at each adjournment or postponement of the meeting and to vote for or against the resolutions or to abstain from voting in respect of the shares in the issued share capital of the Company registered in my/our name/s in accordance with the following instructions (see note 3):

Please read the notes on the back of this form of proxy.

Resolution	Vote in favour	Vote against	Abstain
1. Adoption of annual financial statements			
2. Appointment of auditors			
3. Re-election of director, SV Bromfield			
4. Re-election of director, RJ Fraenkel			
5. Re-election of director, TE Buzer			
6. Placement of unissued shares under the control of the directors			
7. Renewal of general authority to directors to issue unissued shares for cash			
8. Renewal of general authority to directors to repurchase the Company's shares			
9. Authority to directors to implement resolutions			

Please indicate instructions to proxy in the space provided by inserting the relevant number of votes exercisable.

A member entitled to attend and vote at the annual general meeting may appoint one or more proxies to attend, speak and, on a poll, vote in his/her stead. A proxy so appointed need not be a member of the Company.

SIGNED THIS _____ DAY OF _____ 2004

SIGNATURE _____

Assisted by (if applicable) _____

(Capacity and authorisation - see note 6)

NOTES TO PROXY

1. Shareholders who have dematerialised their shares with a CSDP or stockbroker, other than own name registration, must arrange with the CSDP or stockbroker concerned to provide them with the necessary authorisation to attend the annual general meeting or the shareholders concerned must instruct them as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the shareholder and the CSDP or stockbroker concerned.
2. A deletion of any printed matter and the completion of any blank spaces need not be signed or initialled. Any alteration must be signed, not initialled.
3. A shareholder may insert the name of a proxy or the names of two alternate proxies of the shareholder's choice in the space provided, with or without deleting 'the chairman of the meeting'. The person whose name stands first on the form of proxy and who is present at the general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
4. 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 general meeting as he/she deems fit in respect of the shareholder's votes exercisable at the meeting. A shareholder or his/her proxy is not obliged to use all the votes exercisable by the shareholder or by 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 his/her proxy.
5. Where there are joint holders of shares and if more than one of such joint holders is present or represented, then the person whose name appears first in the register in respect of such shares or his/her proxy, as the case may be, shall alone be entitled to vote in respect thereof.
6. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form, unless previously recorded by the transfer secretaries of the Company or waived by the chairman of the annual general meeting.
7. The completion and lodging of this form of proxy will not preclude the signatory from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should such signatory wish to do so.
8. The chairman of the annual general meeting may reject or, provided that he is satisfied as to the manner in which a member wishes to vote, accept any form of proxy which is completed other than in accordance with these instructions.
9. Proxies will only be valid for the purpose of the annual general meeting if delivered to the Company's transfer secretaries, Computershare Limited, Ground Floor, 70 Marshall Street, Johannesburg 2001 (PO Box 61051, Marshalltown 2107; facsimile 011 370 5390) or the Company's registered office, The Vineyard, Ground Floor, East Wing, corner Adam Tas and Devon Valley Roads, Stellenbosch 7600 (PO Box 114, Franschhoek 7690; facsimile 021 876 3777) to reach them by no later than 09h00 on Wednesday, 21 April 2004.