

Segment reporting for the year ended 30 June 2006

BUSINESS AND GEOGRAPHICAL SEGMENTS

Business segments

For management purposes, the group is currently organised into two operating divisions – manufacturing and wholesale, retail and distribution. These divisions are the basis on which the group reports its primary segment information.

Principal activities are:

Manufacturing – manufacturing of household goods

Wholesale, retail and distribution – warehousing, wholesaling, retailing and distribution of household goods, motor vehicles and building supplies.

Segment information about these businesses is presented below:

	Manufacturing R'000	Wholesale, retail and distribution R'000	Total R'000
Year ended 30 June 2006			
Revenue from external customers	9 499 580	22 738 742	32 238 322
Segment result [#]	1 457 952	1 281 452	2 739 404
Gross assets	17 496 521	14 364 242	31 860 763
Gross liabilities	(11 243 244)	(8 722 742)	(19 965 986)
Net assets	6 253 277	5 641 500	11 894 777
Year ended 30 June 2005*			
Revenue from external customers	9 249 865	9 708 149	18 958 014
Segment result [#]	1 181 290	779 470	1 960 760
Gross assets	12 174 984	12 397 758	24 572 742
Gross liabilities	(6 549 399)	(9 191 992)	(15 741 391)
Net assets	5 625 585	3 205 766	8 831 351

* Prior year figures have been restated to reflect the effects of the transition to IFRS, the consolidation of special-purpose entities, the adoption of SAICA Circular 9/2006 and the reassessment of provisionally determined fair values of prior year business combinations. For detail refer to note 40.

[#] Segment result is defined as income before interest, taxation and capital items, including share of associate companies' income and excluding minority interests.

	2006 R'000	2005* R'000
Segment result is reconciled to profit for the year as follows:		
Segment result#	2 739 404	1 960 760
Unallocated expenses	(81 215)	(29 739)
Operating profit	2 658 189	1 931 021
Net financing costs	(274 043)	(190 318)
Share of profit of associate companies	61 083	58 014
Taxation	(427 712)	(213 332)
Profit for the year	2 017 517	1 585 385

Geographical segments

The group's operations are located in southern Africa, the European Union and the Pacific Rim.

	Southern Africa R'000	European Union R'000	Pacific Rim R'000	Total R'000
Year ended 30 June 2006				
Revenue from external customers	17 928 399	12 049 652	2 260 271	32 238 322
Segment result#	995 329	1 566 359	177 716	2 739 404
Gross assets	11 494 300	17 623 061	2 743 402	31 860 763
Gross liabilities	(8 477 363)	(10 254 487)	(1 234 136)	(19 965 986)
Net assets	3 016 937	7 368 574	1 509 266	11 894 777
Year ended 30 June 2005*				
Revenue from external customers	9 958 051	6 616 334	2 383 629	18 958 014
Segment result#	615 028	1 104 987	240 745	1 960 760
Gross assets	8 902 924	14 330 633	1 339 185	24 572 742
Gross liabilities	(6 868 993)	(8 300 970)	(571 428)	(15 741 391)
Net assets	2 033 931	6 029 663	767 757	8 831 351

* Prior year figures have been restated to reflect the effects of the transition to IFRS, the consolidation of special-purpose entities, the adoption of SAICA Circular 9/2006 and the reassessment of provisionally determined fair values of prior year business combinations. For detail refer to note 40.

Segment result is defined as income before interest, taxation and capital items, including share of associate companies' income and excluding minority interests.

Segment reporting for the year ended 30 June 2006 (continued)

	2006 R'000	2005* R'000
Segment result#	2 739 404	1 960 760
(Loss)/profit on disposal of property, plant and equipment	(8 476)	37 502
Profit/(loss) on disposal of subsidiaries and businesses	1 907	(1 434)
Profit attributable to minority interest	64 141	40 387
Headline adjustment to associate income	—	(1 670)
Less: Share of associate companies' income	(61 083)	(58 014)
Less: Goodwill amortisation and other impairment writeoffs	(27 693)	(38 674)
Less: Closure costs	(54 095)	(9 270)
Negative goodwill released to income	—	1 434
Share of minority interest on capital items	4 084	—
Operating profit per income statement	2 658 189	1 931 021

Capital expenditure and depreciation per segment

Due to the structure and nature of activities of the group, capital expenditure and depreciation are managed on a group basis, which facilitates efficient and effective utilisation of group assets.

Associate companies' income

The income from associate companies is all earned in the southern Africa region of which R25,9 million (2005: R15,3 million) relates to the manufacturing segment and the balance to the wholesale, retail and distribution segment.

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Segment result is defined as income before interest, taxation and capital items, including share of associate companies' income and excluding minority interests.