

Business Day - 17/10/08



MARKET	All share	21 193,57	1,39
	Top 40	21 285,71	1,24
	Findi 30	43 487,12	1,52
	Resources 20	2 788,50	- 0,12
	Goldex		

Daily close	R153
	R194
	3-mo NCD Spot
	R/\$ (6-mth)
	R/\$ (12-mth)

TWENTY FOUR HOURS

BUSINESS

Provisions for poor business practices hit Alexander Forbes

INCREASED provisions to repay clients for poor business practices and the effect of new accounting standards would result in a decline in headline earnings a share for the six months to September, Alexander Forbes said yesterday. In a trading statement, the financial services company said that headline earnings a share for the six months to September would be 25%-35% lower than last year's. Trading results from operations were in line with those reported last year, the financial services group said. *Page 13*

Pick 'n Pay sees profit 20% up

PICK 'n Pay Stores, SA's largest grocery chain, may say today that first-half profit rose almost 20% as consumer spending surged amid the country's strongest economic growth in more than two decades. *Page 13*

MTN offers trial cellphone TV

CELLPHONE company MTN claims to have launched Africa's first service to broadcast television shows to cellphones — despite the technical hitch of not holding a licence to do so. *Page 14*

Tax could swallow PetroSA's profit

STATE oil and gas company PetroSA may have to square up to a mammoth tax charge amounting to R2,3bn if it loses an appeal against the disallowance of an assessed loss by SARS. *Page 14*

Ngalwana warns on court actions

PENSION Funds Adjudicator Vuyani Ngalwana says his office was being made a "mockery" of by the process through which life assurers managed to have its determinations set aside by the high court. *Page 2*

Bid to lure outsourcing to SA

THE trade and industry department envisages legislative changes to improve SA's competitiveness in a bid to attract business services to SA, and boost job creation and foreign direct investment. *Page 2*

Former ACT partners fall out over R288m

A FORMER partner of businessman Robert Gumede has served summons on him, claiming R288m in compensation for lost income caused by a breach of fiduciary duty, writes *Lesley Stones*.

John Sterenborg accuses Gumede (pictured) of bringing down Applied Card Technologies (ACT) by diverting its contracts to other companies that paid him commission.



Sterenborg sold 26% of ACT to Gumede for R30m in 2000. Gumede dismisses the allegations as a malicious attempt to discredit him.

APPOINTMENTS

Contact: Bertha Olu

JSE blasts pa as investors

Sentiment boosted by measured rate hikes

Kevin O'Grady

Economics Editor

THE JSE punched through the 23 000 mark for the first time yesterday, closing at a record high as investors reacted to a rising gold price and last week's measured hike in interest rates.

Improved sentiment towards emerging markets and stronger world markets in general also helped the surge on the JSE, where the all share index reached 23 148, before closing at 23 141 — 1,32% higher than Friday's 22 840.

Reserve Bank governor Tito Mboweni's assurances last week that the rate-setting monetary policy committee is seeking a soft landing for the economy as it tames inflation will have allayed fear of an aggressive tightening of monetary policy that could harm SA's growth prospects.

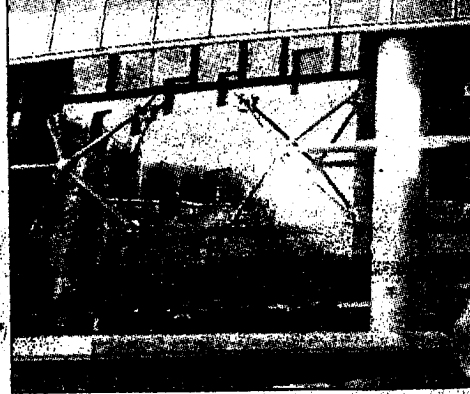
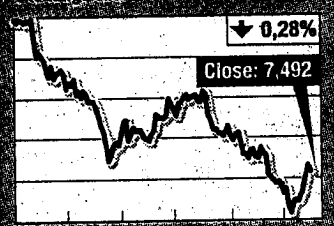
Banks and retailers stole the limelight yesterday as investors climbed in after last week's 50 basis point rate hike, which was less severe than the 100 basis points expected by some in the market.

The banks index leapt 3,1%, while the general retailers index rose 2,65%, with Edcon the highest climber, up 4,47%.

"We have seen lots of enthusiastic buying post the interest rate move. It is relief buying that the rate hike was not 100 basis points," said Cortex derivatives trader Lavan Gopaul.

"Stocks such as Edcon, Foschi-

GIVING LOCAL STOCKS A BOOST



Editors sla running to

Wyndham Hartley

Parliamentary Editor



MONSANTO, a developer of genetically modified seeds, said yesterday all available genetically modified maize seed for SA's 2006-07 season sold out after farmers used it to plant almost 600 000ha. SA farmers planted nearly 500 000ha of genetically modified maize the previous season. *Bloomberg*

SXR Uranium One seeks loan from Absa

SXR Uranium One, which is developing SA's largest uranium deposit, says it is in talks with Barclays' Absa Group to arrange a \$75m loan. SXR was focusing on acquiring uranium firms with deposits that could be brought into production within three years, financial director Jean Nortier said yesterday. *Bloomberg*

Wendelken first woman to head Calulo

LISTED property company Calulo announced yesterday it had appointed Cheryl Wendelken as MD — the first woman in the position. Listed property company Pangbourne has acquired a 40,6% interest in Calulo and plans to turn it into a larger focused office fund. *Business Day Reporter*

Absa secures R2,1bn in debt markets

ABSA Bank had raised R2,1bn from the SA debt capital markets through the securitisation of a portion of its vehicle loan book involving cars and bakkies, the bank said yesterday. This was the first issue under the group's approved R20bn securitisation programme, it said. *Business Day Reporter*

Very briefly...

PETROCHEMICAL giant Sasol said yesterday a Dutch citizen, Henk Dijkgraaf, had been appointed nonexecutive director of the company with immediate effect. *Business Day Reporter*

COMPANIES INDEX

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compared with a profit of R19m in the corresponding period last year, Alexan-

talks with private equity investors interested in buying the group.

Former partner claims R288m in ACT saga

Lesley Stones

Information Technology Editor

A FORMER partner of businessman Robert Gumede has served summons on him, claiming R288m in compensation for lost income caused by an alleged breach of fiduciary duty.

John Sterenborg accuses Gumede of bringing down Applied Card Technologies (ACT) by diverting its contracts to other companies that paid him commission. Sterenborg sold 26% of ACT to Gumede for R30m in 2000.

Gumede later bought the remaining 74% for just R5m as ACT struggled due to lack of orders. Sterenborg accuses Gumede of paying only R20m of the initial R30m, and of bribing Telkom officials to win a R600m contract for a company he formed from ACT's assets.

Gumede dismisses the allegations as a malicious attempt to discredit him, and says Sterenborg tried to extort money from him and Telkom by threatening to drag their reputations through the mud.

"It's a litany of lies that I bought shares and never paid for them and gave him cheques that bounced," Gumede said yesterday.

Gumede says Sterenborg sold him ACT, knowing it was about to be liquidated. The allegation that he used underhand means to win the R600m

Telkom contract was ludicrous, Gumede said, as ACT was being liquidated when the tender was adjudicated and had no chance of winning the deal.

The former partners have instigated a series of claims and counterclaims against each other involving ACT, which manufactured smart cards for banks and telecoms operators.

Gumede scored the first victory by winning a Johannesburg High Court order compelling Sterenborg to pay R40m in compensation for selling him ACT based on misleading claims that it would earn R200m over three years.

Sterenborg is appealing against that verdict, arguing that Gumede diverted work away from ACT until the company failed and he could take it over entirely.

Gumede is deputy chairman of JSE-listed GijimaAst, and chairs Guma Smart Card Technologies, which absorbed ACT's liquidated assets.

After ACT collapsed, Sterenborg requested an inquiry under the Companies Act to determine why the business failed. That inquiry is finally compete, and its chairman, Arnold Subel, will soon publish his report. Sterenborg claims Subel's findings are likely to see criminal charges against Gumede. Gumede claims Subel's report will exonerate him from the "malicious, commercial and personal character assassination" by Sterenborg.

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Panel quizzes Gold Fields on W

JUSTIN BROWN

Johannesburg - Members of the watchdog Securities Regulation Panel (SRP) questioned Gold Fields for more than six hours on Friday over its offer to the shareholders of gold mining junior Western Areas.

The hearing into the offer was held behind closed doors at the SRP's offices in Parktown, Johannesburg, where lawyers and advisers for Gold Fields and Western Areas converged in their luxury cars.

The SRP has held similar hearings into other major transactions, such as the acquisition of Johnnic Holdings by Hosken Consolidated Investments.

The SRP's role is to ensure good business standards and fairness to shareholders in terms of its code.

Gold Fields spokesperson Willie Jacobsz said no objections had been raised during the hearing.

The watchdog is expected to make its ruling on the offer today and, if it gives its approval,

Gold Fields will issue an offer circular to Western Areas shareholders.

Gold Fields was represented at the hearings by law firm Edward Nathan Sonnenbergs.

Lawyers and advisers close to Gold Fields and Western Areas were tight-lipped as to whether the panel had raised serious concerns about the offer. The panel refused to comment.

Harmony Gold, which has a 29.2 percent stake in Western Areas, and fund manager Regarding Capital Management

(RECM), which owns 6 percent in Western Areas, have demanded that Gold Fields include cash in the offer. Gold Fields included cash in the offer to Barrick Gold for its 50 percent stake in the South Deep mine near Johannesburg.

Harmony and RECM did not send representatives to the hearing or raise concerns about the offer in terms of the watchdog's code.

Harmony spokesperson Amelia Soares said it was not necessary for the company to

Guma wins first judgment in ACT case

THABISO MOCHIKO

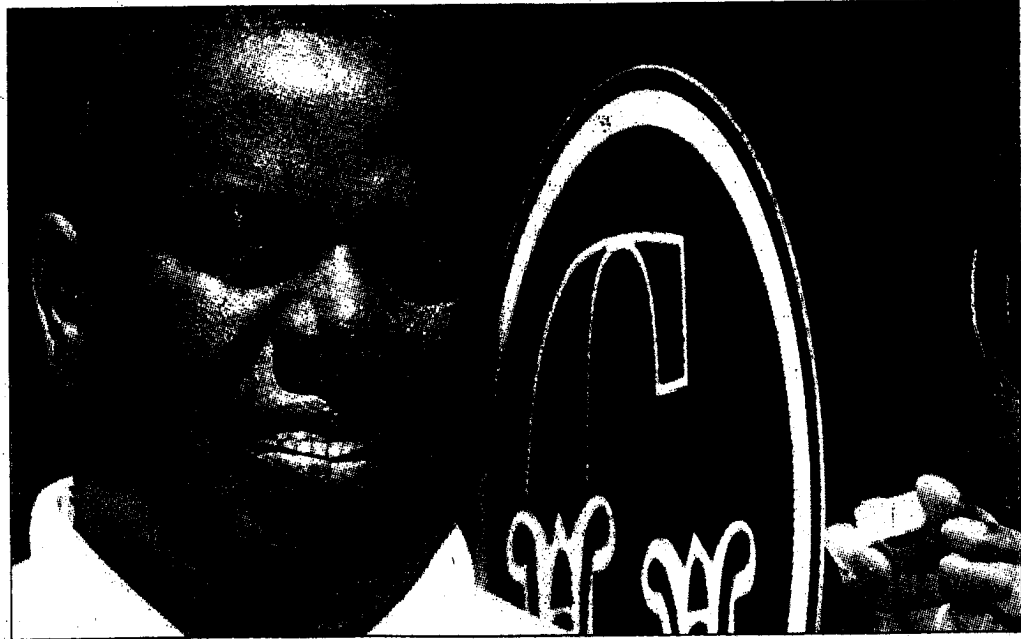
Johannesburg - Robert Gumede, the chairman of JSE-listed technology company GijimaAst, has won the first round of a five-year battle related to the business affairs of liquidated Applied Card Technologies (ACT).

Gumede, who is also the chairman of Guma Smart Card Technologies, said on Friday that he had obtained court orders for the payment of about R40 million by former business partners Johannes Sterenborg and his wife, Elizabeth, ACT's former owners.

The orders relate to profit warranties provided by the Sterenborgs to Guma when Guma bought ACT in two transactions in 2000 and 2001. According to Gumede, Guma purchased a 26 percent stake in ACT for R30.16 million in 2000, on the basis of projected earnings that the Sterenborgs and ACT had warranted would amount to more than R200 million over three years.

Gumede said that in 2001 Guma bought the remaining 74 percent of ACT for R5 million because the company was insolvent.

He said Brait Merchant Bank had cancelled the instalment sale agreement with ACT two days before the final purchase and demanded



SMART CHAP Guma chairman Robert Gumede has court orders for the payment of about R40 million by the Sterenborgs, the former owners of ACT
PHOTO: NONHLANHLA KAMBULE-MAKGATI

immediate payment, which was not disclosed to Guma and Gumede.

"Brait claimed the total of R17 million was outstanding in respect of its financing of the ACT manufacturing plant, including a one-year term working capital loan of R6 million granted in 1999, on which interest and capital were not paid."

In 2003 Guma sued the Sterenborgs for their portion

of the profit warranties provided when Guma first bought 26 percent of ACT. The Johannesburg high court ordered the Sterenborgs to pay Guma R26 million, plus interest at 15.5 percent a year from June 2003. The total amounted to nearly R40 million.

Johannes Sterenborg was confident that the judgment would be reversed and "Gumede will ... account for his fraudulent behaviour".

In a related matter, the Sterenborgs requested an inquiry into the liquidation of ACT in 2002. The inquiry was finalised last month and focused on the awarding of an alleged R600 million tender to Guma by Telkom for the manufacturing of payphone smart card chips, which are embedded in telephone cards.

Telkom spokesperson Lulu Letlape would not comment as the matter was sub judice.

OPINION & AI

PO Box 1745, Saxonwold 2132, South Africa Tel: (011) ;

Letters to the

Guma maligned

SIR — Your reports on legal disputes between Guma Smart Card Technologies, myself and British citizen Johannes Sterenborg, while ostensibly even-handed, have added to the defamatory allegations being made against me and Guma by an opponent who has lost a string of legal battles on the issue, including Guma being awarded a R40m claim in August.

There were also a number of factual errors in the reports, Former partner claims R288m in ACT saga, (October 17) and Robert Gumedé — canny businessman or victim? (October 19).

Sterenborg did not present the section 417 inquiry into the liquidation of Applied Card Technologies (ACT) with evidence showing that Guma bribed Telkom officials to win a R600m tender. These 417 transcripts are public record.

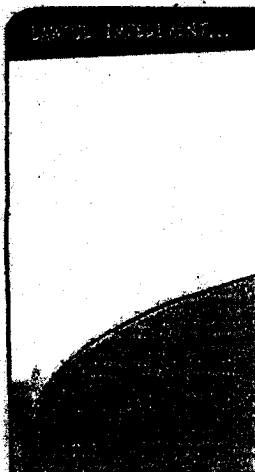
Nor is Sterenborg claiming R10m for money not paid to him. The courts dismissed that claim, with costs, in August this year. He has sought leave to appeal but his application has lapsed.

Your report implied that Sterenborg had just served summons on Guma and me for R288m. That summons was served in 2004. Sterenborg has not pursued this unsubstantiated claim for profits that would have been made by a company he no longer owned.

Sterenborg persists in claiming that ACT was denied a Telkom tender it would have won. ACT was finally liquidated a month before the tender was issued and five months before the tender was awarded to Guma.

For the record, it was not a R600m tender. Telkom and Guma presented evidence to the inquiry to show that it was worth less than R200m over three years, and that Guma's billings in the first financial year totalled not more than R1m — Guma lost money in that year.

Of five legal actions instituted to date, four have been disposed of in favour of me and my company, Guma. The one action remaining is the unsubstantiated claim for R288m and we are confident of success there too.



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The 417 inquiry into the liquidation of ACT ended in September and we await the commission's report.

You refer to defamatory claims published in 2003. We have waited for more than three years to see whether the commission makes findings of fact that contradict these and other published defamations.

Interestingly, Sterenborg is facing several Supreme Court claims from, inter alia, his former attorneys, Werksman (about R1m) and Brait Merchant Bank (about R20m).
Robert Gumedé
Executive chairman, Guma Smart Card Technologies

Vote with wallet

SIR — Air laced with arsenic, a hint of cyanide, and a good dose of nicotine is what most eateries serve diners (November 22).

tic origins of natural gas. Some say that partly behind the

the mercy of restat more their needs. Th tually change, but i advise nonsmoker their wallets. Dem vice. As Keynes n creates its own supp Dr Yussuf Saloojee Executive director, Council Against Str

Tragic to!

SIR — Two tragic an ing stories feature ... last week b but

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Robert Gumede — canny businessman or victim?

He insists his only crime was naively — he believed promises that smart card firm was on road to serious profit

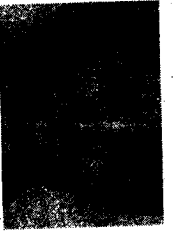
BLACK empowerment entrepreneur Robert Gumede is back in the spotlight for all the wrong reasons.

A report will soon be issued showing whether Gumede is a canny businessman whose name has been maliciously besmirched, or whether he has built up his interests through under-hand tactics.

The latest event involves the collapse of Applied Card Technologies (ACT), a producer of smart cards for banks and telecom operators. Gumede bought an initial 26% for R30m, then snapped up the remaining 74% a year later for a mere R5m as ACT floundered. Its founder, John Sternborg, claims ACT failed because Gumede deliberately diverted orders until he could take over the business entirely. Gumede says his only crime is naivety, as he believed promises that ACT was on the road to serious profit, when it was

REPORTS BY LESLEY STONES

already heading for liquidation. Each side tells a convoluted story, and only a handful of insiders know the truth. The rest of the industry will find out when Companies Act publishes its findings on why ACT collapsed. Gumede became ACT's empowerment partner after promising to woo customers



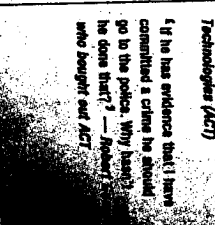
Including Telkom, MTN and Cell C. The expected orders never materialised, and as the business failed, Sternborg sold out to Gumede. ACT finally collapsed when Brat Merchant Bank filed for liquidation to recover loans of R17m.

Sternborg then financed the inquiry into ACT's collapse. "The only thing I was interested in was getting answers to the absurd claims of ACT," he says.

During the inquiry, Sternborg claims to have found evidence that Gumede diverted tenders to a rival factory in France in return for a kickback. He also claims Gumede bribed Telkom officials to win a R800m tender for his own company, Gum Smart Card Technology, which he planned to set up using assets he would acquire as ACT collapsed.

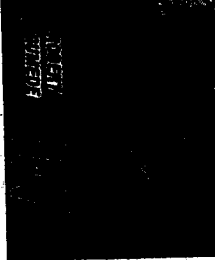
PARTNERS NO MORE

Gumede wanted ACT to go down so he could take his country — John Sternborg, the founder of Applied Card Technologies (ACT)



"If he has evidence that I have committed a crime he should go to the police. Why haven't he done that?" — Gumede, who bought out ACT

Sternborg says he has presented the inquiry's Arnold commission



telkom deal. He is also claiming R10m for the ACT shares that was allegedly never paid.

Gumede has a perfectly credible answer to each accusation, and some fearome counter-allegations of his own. One fact strongly in Gumede's favour is a Johannesburg High Court order compelling Sternborg to pay R10m in compensation to Gumede for falsely claiming ACT would earn R200m over three years. Sternborg is appealing against that ruling.

Gumede dismisses the allegation that he never paid in full for ACT, and says when he bought the remaining shares he bought all its outstanding claims. So if he owed R10m, he owed the money to himself.

Besides, the high court verdict proves that Sternborg had sold R28m to compensate for lost business as ACT was no longer his, Gumede argues.

According to him, of bribery to win the R800m Telkom contract is

Spectrum split 'must be bolder'

REGULATORY bodies must make bolder decisions when allocating radio spectrum to cellular network operators to create a clearer path for evolution.

Spectrum is fought over by cellular networks, television broadcasters, military and aero services and juggling their demands requires stronger regulations, says Siemens Communications vice-president Klaus Dieter Kohrt.

Cellular networks have been granted only 5% of the "sweet spot" of 300MHz to 10GHz frequencies, but if spectrum was allocated according to the money generated by its use, they would gain a far larger slice.

Call-centre cadet scheme expands

THREE hundred places have been created on a training course in Western Cape to prepare people for jobs in the call-centre industry. The course next year will be the third annual training scheme led by Calling the Cape, an organisation promoting the call region as a location for the call centres of foreign companies.

Demand for call-centre staff is so high in the Cape that 51 of 89 were offered full-time jobs before they finished studying.

The carefully named Cadet scheme — Career Assessment and Development, Education and Training — aims to supply a steady stream of skilled staff and to create opportunities for unemployed graduates.

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