

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

	Group		Company	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
<b>1. PROPERTY, PLANT AND EQUIPMENT</b>				
<i>Cost</i>				
Broadcast studios and equipment	<b>363 216</b>	304 272		
Mining infrastructure	<b>11 898</b>	7 328		
Land and buildings	<b>6 324 110</b>	6 618 284		
Leasehold improvements	<b>539 591</b>	103 478		
Properties under construction	<b>508 291</b>	257 158		
Plant and machinery	<b>3 954 809</b>	3 434 656		
Buses	<b>680 402</b>	634 015		
Other equipment and vehicles	<b>989 827</b>	812 344		
	<b>13 372 144</b>	12 171 535		
<i>Accumulated depreciation</i>				
Broadcast studios and equipment	<b>252 029</b>	218 140		
Mining infrastructure	<b>247</b>	-		
Land and buildings	<b>594 935</b>	905 164		
Leasehold improvements	<b>181 703</b>	37 788		
Plant and machinery	<b>2 006 101</b>	1 367 245		
Buses	<b>185 965</b>	142 499		
Other equipment and vehicles	<b>490 187</b>	229 079		
	<b>3 711 167</b>	2 899 915		
<i>Carrying value</i>				
Broadcast studios and equipment	<b>111 187</b>	86 132		
Mining infrastructure	<b>11 651</b>	7 328		
Land and buildings	<b>5 729 175</b>	5 713 120		
Leasehold improvements	<b>357 888</b>	65 690		
Properties under construction	<b>508 291</b>	257 158		
Plant and machinery	<b>1 948 708</b>	2 067 411		
Buses	<b>494 437</b>	491 516		
Other equipment and vehicles	<b>499 640</b>	583 265		
	<b>9 660 977</b>	9 271 620		
<i>Movements in property, plant and equipment</i>				
<i>Balance at beginning of year</i>				
Broadcast studios and equipment	<b>86 132</b>	66 518		
Mining infrastructure	<b>7 328</b>	-		
Land and buildings	<b>5 713 120</b>	4 830 065		
Leasehold improvements	<b>65 690</b>	63 568		
Properties under construction	<b>257 158</b>	29 523		
Plant and machinery	<b>2 067 411</b>	852 303		
Buses	<b>491 516</b>	396 766		
Other equipment and vehicles	<b>583 265</b>	393 485		
	<b>9 271 620</b>	6 632 228		

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FOR THE YEAR ENDED 31 MARCH 2010

	Group		Company	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
PROPERTY, PLANT AND EQUIPMENT (continued)				
<i>Additions</i>				
Broadcast studios and equipment	43 751	62 980		
Mining infrastructure	392	7 328		
Land and buildings	141 920	429 304		
Leasehold improvements	81 034	7 679		
Properties under construction	354 894	250 281		
Plant and machinery	491 634	551 478		
Buses	54 708	138 043		
Other equipment and vehicles	98 143	214 637		
	<b>1 266 476</b>	1 661 730		
<i>Business combinations</i>				
Broadcast studios and equipment	15 715	-		
Land and buildings	200 925	1 042 688		
Leasehold improvements	9 085	4		
Properties under construction	6 876	-		
Plant and machinery	( 40 220)	508 237		
Other equipment and vehicles	34 289	39 143		
	<b>226 670</b>	1 590 072		
<i>Borrowing costs capitalised</i>				
Properties under construction	24 504	-		
<i>Disposals and transfers</i>				
Broadcast studios and equipment	( 253)	( 11 309)		
Mining infrastructure	4 178	-		
Land and buildings	( 155 491)	( 547 422)		
Leasehold improvements	223 022	( 73)		
Properties under construction	( 135 141)	( 22 646)		
Plant and machinery	( 201 805)	530 846		
Buses	( 7 095)	( 715)		
Other equipment and vehicles	( 12 675)	944		
	<b>( 285 260)</b>	( 50 375)		
<i>Depreciation</i>				
Broadcast studios and equipment	( 33 889)	( 31 928)		
Mining infrastructure	( 247)	-		
Land and buildings	( 87 968)	( 69 750)		
Leasehold improvements	( 19 189)	( 5 350)		
Plant and machinery	( 346 464)	( 322 662)		
Buses	( 44 692)	( 42 578)		
Other equipment and vehicles	( 120 107)	( 108 788)		
	<b>( 652 556)</b>	( 581 056)		

	Group		Company	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
PROPERTY, PLANT AND EQUIPMENT (continued)				
<i>Impairments</i>				
Land and buildings	-	( 10 339)		
Leasehold improvements	<b>( 1 754)</b>	( 138)		
Plant and machinery	<b>( 906)</b>	( 62 777)		
Other equipment and vehicles	<b>( 10 630)</b>	-		
	<b>( 13 290)</b>	( 73 254)		
<i>Currency translation</i>				
Broadcast studios and equipment	<b>( 269)</b>	( 129)		
Land and buildings	<b>( 83 331)</b>	38 574		
Plant and machinery	<b>( 20 942)</b>	9 986		
Other equipment and vehicles	<b>( 72 645)</b>	43 844		
	<b>( 177 187)</b>	92 275		
<i>Balances at end of year</i>				
Broadcast studios and equipment	<b>111 187</b>	86 132		
Mining infrastructure	<b>11 651</b>	7 328		
Land and buildings	<b>5 729 175</b>	5 713 120		
Leasehold improvements	<b>357 888</b>	65 690		
Properties under construction	<b>508 291</b>	257 158		
Plant and machinery	<b>1 948 708</b>	2 067 411		
Buses	<b>494 437</b>	491 516		
Other equipment and vehicles	<b>499 640</b>	583 265		
	<b>9 660 977</b>	9 271 620		

A register of land and buildings is available for inspection at the registered office of the company.

#### *Encumbrances*

Details of the assets that serve as security for borrowings are presented in note 22.

#### *Impairments*

Impairments in respect of property, plant and equipment that are considered to be obsolete and are no longer in use.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

	Group		Company	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
<b>2. INVESTMENT PROPERTIES</b>				
<i>Investment properties consist of:</i>				
Bare dominiums	<b>19 829</b>	14 920		
Other investment properties	<b>198 756</b>	152 017		
	<b>218 585</b>	166 937		
Investment properties are stated at fair value. The fair value of the bare dominiums is determined based on external valuations, contracts and taking credit risk into account. Bonds are registered over the bare dominiums. The fair value of other investment properties at 31 March 2010, totalling R185 million, has been arrived at on the basis of a valuation carried out at 31 March 2010 by Mr Conrad Penny, an independent valuer not related to the Group. The fair value of other investment properties, totalling R13,7 million, has been arrived at on the basis of an internal valuation. The valuations have been arrived at by reference to market evidence of transaction prices for similar properties.				
Details of investment properties are available at the registered office of the company.				
<i>Reconciliation of carrying value</i>				
At beginning of year	<b>166 937</b>	182 665		
Fair value adjustments	<b>19 392</b>	( 15 991)		
Transfer from property, plant and equipment	<b>28 333</b>	-		
Improvements	<b>3 923</b>	263		
At end of year	<b>218 585</b>	166 937		
<b>3. GOODWILL</b>				
Arising on acquisition of shares in subsidiaries	<b>1 544 195</b>	1 263 883		
<i>Reconciliation of carrying value</i>				
At beginning of year	<b>1 263 883</b>	846 098		
Business combinations	<b>369 289</b>	69 628		
Increase / decrease in holdings	<b>( 6 359)</b>	356 396		
Impairment	<b>( 77 160)</b>	( 12 106)		
Effects of foreign exchange currency differences	<b>( 5 458)</b>	3 867		
At end of year	<b>1 544 195</b>	1 263 883		

## GOODWILL (continued)

Goodwill relates primarily to the Group's casino and hotel interests (R1 294 million in the current year and R1 031,5 million in the prior year). The Group performs an annual group valuation for purposes of valuing the shares that form part of the long term incentive plans (note 25). This valuation method is the basis for valuing the Group's casino and gaming cash-generating units to which goodwill is allocated. This valuation represents the recoverable amounts for these groups. The carrying values of these groups are then deducted from their respective recoverable amounts to determine whether the allocated goodwill is impaired or not.

The annual valuation is based on an "Earnings Before Interest, Tax, Depreciation and Amortisation" approach which utilises a multiple determined by two independent audit firms ("the experts") to determine the enterprise value. This enterprise value is adjusted to equity value through adding the market value of cash less the market value of interest bearing debt.

The multiple determined by the experts is based on comparative companies' trading on the Johannesburg Stock Exchange, and is considered to represent a fair multiple that the cash generating units ("CGU") would achieve were they to list.

The value of other CGU's to which goodwill has been allocated has been determined based on value in use calculations using management generated cash flow projections. The following were the principal assumptions, based on past experience, that were used to calculate the net present value of those CGU's :

Pre tax discount rates	11% - 15%
Number of years	20 years
Total natural gas MMBTU production escalator	8%
Carbon credit pricing increase	5%
Cost growth rate	2% - 6%
US Electricity price increase	2%

The impairment relates mainly to the Group's bingo operations (R65 million) and automotive component manufacture business (R11,5 million) in the current year and certain of the the Group's information technology investments (R10 million) in the prior year.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

## 4. OTHER INTANGIBLE ASSETS

	Bid costs R'000	Management contract R'000	Computer software R'000	Trade-mark R'000	Pro-gram-ming under devel-opment R'000	Distri-bution rights R'000	Tax credits R'000	Cus-tomer con-tracts R'000	Gas rights R'000	Total R'000
<b>Group 2010</b>										
Carrying value										
at beginning of year	67 858	396	75 778	13 029	12 620	49 000	-	153 460	276 998	649 139
Additions	2 514	-	23 750	3 729	11 610	34 188	-	3 801	-	79 592
Business Combinations	10 859	-	(5 390)	-	-	-	-	212	14 955	20 636
Transfers	(10 535)	-	14 950	-	-	-	-	-	-	4 415
Foreign exchange differences	-	-	-	-	-	-	-	(31 691)	(66 592)	(98 283)
Impairment	-	-	-	-	-	-	-	(12 181)	-	(12 181)
Amortisation	(15 275)	-	(27 974)	(1 596)	-	-	-	(14 902)	(18 065)	(77 812)
Carrying value at end of year	<b>55 421</b>	<b>396</b>	<b>81 114</b>	<b>15 162</b>	<b>24 230</b>	<b>83 188</b>	<b>-</b>	<b>98 699</b>	<b>207 296</b>	<b>565 506</b>
Cost	173 400	396	199 613	22 012	24 230	83 188	25 534	177 168	265 352	970 893
Accumulated amortisation	(117 979)	-	(118 499)	(6 850)	-	-	(25 534)	(78 469)	(58 056)	(405 387)
	<b>55 421</b>	<b>396</b>	<b>81 114</b>	<b>15 162</b>	<b>24 230</b>	<b>83 188</b>	<b>-</b>	<b>98 699</b>	<b>207 296</b>	<b>565 506</b>
<b>Group 2009</b>										
Carrying value										
at beginning of year	69 644	88	68 339	17 167	5 806	-	-	118 202	253 590	532 836
Additions	2 000	308	19 471	142	6 814	49 000	-	3 033	241	81 009
Business Combinations	-	-	5 390	-	-	-	-	22 385	-	27 775
Transfers	9 352	-	1 690	-	-	-	-	-	(99)	10 943
Foreign exchange differences	-	-	-	-	-	-	-	21 115	45 300	66 415
Impairment	-	-	(860)	-	-	-	-	-	-	(860)
Amortisation	(13 138)	-	(18 252)	(4 280)	-	-	-	(11 275)	(22 034)	(68 979)
Carrying value at end of year	67 858	396	75 778	13 029	12 620	49 000	-	153 460	276 998	649 139
Cost	171 155	274 229	171 824	18 183	12 620	49 000	33 705	179 499	330 550	1 240 765
Accumulated amortisation	(103 297)	(273 833)	(96 046)	(5 154)	-	-	(33 705)	(26 039)	(53 552)	(591 626)
	67 858	396	75 778	13 029	12 620	49 000	-	153 460	276 998	649 139

## OTHER INTANGIBLE ASSETS (continued)

The amortisation expense has been included in the line item depreciation and amortisation in the income statement.

The following useful lives were used in the calculation of amortisation:

Bid costs	1 to 7 years
Management contract	Indefinite
Computer software	1 to 5 years
Trademark	23 years
Programming under development	*
Distribution rights	*
Tax credits	1 year
Customer contracts	15 years

\*Programming under development and distribution rights have not yet been brought into use. These assets were tested for impairment and no impairment was required. Once brought into use the assets would be amortised over its expected useful life which would only be determined at that stage.

## 5. INTANGIBLE ASSETS MINING

	Evaluation and exploration	Development expenditure	Total
	R'000	R'000	R'000
<b>Group 2010</b>			
Carrying value at beginning of year	<b>4 163</b>	<b>49 830</b>	<b>53 993</b>
Amortisation	-	<b>( 673)</b>	<b>( 673)</b>
Rehabilitation provision cost capitalised	-	<b>10 848</b>	<b>10 848</b>
Additions	<b>1 911</b>	<b>12 817</b>	<b>14 728</b>
Carrying value at end of year	<b>6 074</b>	<b>72 822</b>	<b>78 896</b>
Group 2009			
Carrying value at beginning of year	21 541	-	21 541
Transfers	( 18 460)	18 460	-
Rehabilitation provision cost capitalised	-	10 075	10 075
Additions	1 082	21 295	22 377
Carrying value at end of year	4 163	49 830	53 993

## INTANGIBLE ASSETS MINING (continued)

Additions include capitalised expenses such as geology costs, engineering costs, environmental costs, feasibility costs, consultants fees and mining staff costs.

Capitalised development expenditure is tested annually for impairment in accordance with IAS 38. The recoverable amount of the cash generating units has been determined with reference to a discounted cash flow valuation of the mines. An inflation rate of 6% (2009:10%) has been applied on cash flows that have been discounted at 6% (2009:18%).

The following assumptions have been applied when reviewing capitalised development expenditure for impairment:

Future expected profits have been estimated using budgeted project cash flows extending over 360 months for the Palesa mine and 60 months for the Mbali mine.

Sales growths and gross margins were based on expected sales prices and sales volumes for export and inland coal. Sales and sales prices were assumed to grow in line with expansion and expected inflation. An offer and acceptance letter has been signed to deliver coal to Eskom. The period of the contract is 8 years starting on 1 April 2010 and ends on 31 March 2018.

Costs were assumed to grow in line with expansion and expected inflation.

The recoverable amount of the cash generating units were determined to exceed the net asset value of the mines as at 31 March 2010 and therefore no impairment was necessary.

## 6. INVESTMENTS IN ASSOCIATES

Name of associates	Principal activity	Group's Interest		Group Carrying value		Company Carrying value	
		2010	2009	2010	2009	2010	2009
				R'000	R'000	R'000	R'000
<i>The following are the group's principal associates:</i>							
Business Systems Group (Proprietary) Limited	Information technology	<b>40%</b>	40%	<b>13 871</b>	11 676	<b>3 000</b>	3 000
Clover Industries Limited *	Food and Beverage	<b>45%</b>	45%	<b>603 806</b>	277 757	-	-
Hotel Formula 1 (Proprietary) Limited	Hotel operator	<b>47%</b>	47%	<b>40 345</b>	39 767	-	-
Gold Reef Resorts Limited	Hotel and casino operator	<b>23%</b>	23%	<b>1 500 755</b>	1359 832	-	-
Galaxy Bingo International South Africa (Proprietary) Limited##	Bingo operator	-	49%	-	47 084	-	-
Monte Cinemas (Proprietary) Limited	Hotel operator	<b>49%</b>	49%	<b>22 287</b>	19 957	-	-
Magellan-Montauk LFS LLC #	Energy	<b>50%</b>	50%	-	30 096	-	-
Other associates**				<b>97 471</b>	56 162	<b>6 256</b>	6 256
				<b>2 278 535</b>	1842 331	<b>9 256</b>	9 256
Directors valuation of unlisted associates				<b>777 780</b>	482 499		
Market valuation of listed investment in Gold Reef Resorts Limited				<b>1 311 437</b>	1 070 246		

In terms of the impairment testing requirements, an investor applies IAS 39 to identify potential impairment indicators in an associate accounted for under IAS 28. In terms of IAS 39, if there is a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost, this is objective evidence of impairment. As the Gold Reef share price has been trading at lower levels than the original cost for a prolonged period, and the share price decline may be deemed significant, an impairment test was performed in accordance with IAS 36 – Impairment of Assets, comparing the carrying amount to the recoverable amount of the asset. The carrying amount would not automatically be written down to the current share price. The share price decline is an indicator and also establishes the 'fair value less costs to sell' of the associate. However, IAS 36 requires that the recoverable amount under value in use should also be calculated before recording an impairment loss. The discounted cash flow analysis prepared by management indicate that the value in use is in excess of the carrying value of the investment and therefore no impairment was recognised.

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FOR THE YEAR ENDED 31 MARCH 2010

## INVESTMENTS IN ASSOCIATES (continued)

The carrying value of the Group's investment in Clover Industries Limited has been impaired by R94 million to the proceeds expected from the forthcoming disposal as detailed in note 49.

\* Economic interest

\*\* A list of these is available for inspection at the company's registered office

# Incorporated in the United States

## Accounted for as a subsidiary in the current year. (Refer note 47)

The summarised financial information in respect of the Group's principal associates is set out below:

	Information Technology	Food and Beverage	Hotels and Casino
Total assets	37 772	4 530 556	5 217 105
Total liabilities	( 6 352)	(2 964 180)	(2 240 887)
Net assets	<u>31 420</u>	<u>1 566 376</u>	<u>2 976 218</u>
Revenue	71 858	6 242 915	2 377 780
Group's share of associates profits / (losses) for the year	3 083	421 017	103 999

The following associates do not have 31 March year ends:

<i>Name of associate</i>	<i>Year end</i>
Gold Reef Resorts Limited	December
Hotel Formula 1 (Proprietary) Limited	December
Magellan-Montauk LFS LLC	December
Clover Industries Limited	June

The results of these associates, with the exception of Gold Reef Resorts Limited, are equity accounted using management prepared information on a basis coterminous with the Group's year end. The results of Gold Reef Resorts Limited has been included based on the financial statements for the year ending 31 December 2009, but taking into account any changes in the period from 1 January 2010 to 31 March 2010 that would materially affect the group's results.

	<b>2010</b> <b>R'000</b>	2009 R'000
Group's share of associates:		
Contingent commitments	<b>9 680</b>	14 881
Capital commitments	<b>59 000</b>	55 000

## 7. INVESTMENT IN JOINT VENTURES

The following are the Group's principal joint ventures:

Name of joint ventures	Principal activity	Group's interest		Group Carrying value		Company Carrying value	
		2010	2009	2010	2009	2010	2009
				R'000	R'000	R'000	R'000
Southern Sun Middle East LLC *	Hotel operator	-	49%	-	715	-	-
United Resorts and Hotels Limited **	Hotel operator	50%	50%	126 719	117 848	-	-
				<b>126 719</b>	118 563	-	-
* Accounted for as a subsidiary in the current year. (Refer note 47)							
** Incorporated in Seychelles							
The following amounts are not included in the Group's financial statements as the Group accounts for its investment in joint ventures on an equity basis:							
Current assets				124 559	24 463		
Non-current assets				266 955	348 985		
Current liabilities				(21 983)	(5 277)		
Non-current liabilities				(277 264)	(228 008)		
Income				37 970	53 507		
Expenses				54 313	56 805		
Net				(16 343)	(3 298)		
Group's share of joint ventures' capital commitments				-	-		

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

	Group		Company	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
8. OTHER FINANCIAL ASSETS				
<i>Financial assets carried at fair value through profit or loss</i>				
Derivatives used for hedging	<b>3 334</b>	-		
Option to purchase shares	<b>9 059</b>	8 318		
Foreign exchange contract	-	19 389		
	<b>12 393</b>	27 707		
<i>Available for sale investments held at fair value *</i>				
Redeemable preferences shares	-	90 203		
Sinking fund insurance policies	<b>48 775</b>	52 102		
Other	<b>34 555</b>	3 924		
	<b>83 330</b>	146 229		
	<b>95 723</b>	173 936		
Current portion	<b>32 896</b>	110 184		
Non-current portion	<b>62 827</b>	63 752		
	<b>95 723</b>	173 936		

\* These investments are included under this specific IFRS category by default as they do not qualify for inclusion under alternative financial asset categories in terms of IFRS principles. The investments are not intended to be sold or realised in the near future.

	Group		Company	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
9. SUBSIDIARY COMPANIES				
Shares at cost less impairment			<b>848 575</b>	871 784
Amounts owing by subsidiary companies			<b>1 448 873</b>	1 448 241
			<b>2 297 448</b>	2 320 025
Amounts owing to subsidiary companies			<b>( 382 987)</b>	( 526 105)
			<b>1 914 461</b>	1 793 920

These loans are interest free and have no set dates of repayments.

Full details of subsidiary companies are provided on pages 122 to 124

#### 10. DEFERRED TAX

##### *Movements in deferred taxation*

At beginning of year	<b>(341 463)</b>	(256 898)
Business combination	<b>(3 407)</b>	(37 718)
Asset revaluations	<b>10 531</b>	(78 438)
Accelerated tax allowances	<b>(6 766)</b>	(2 742)
Provisions and accruals	<b>22 774</b>	7 427
Assessed losses	<b>(47 011)</b>	11 017
Other	<b>(56 509)</b>	17 189
Change in rate	-	(1 300)
At end of year	<b>(421 851)</b>	(341 463)

##### *Analysis of deferred taxation*

Accelerated tax allowances	<b>(482 813)</b>	(520 150)
Provisions and accruals	<b>269 637</b>	197 353
Deferred revenue	<b>33 092</b>	18 721
Asset revaluations	<b>(401 973)</b>	(407 137)
Assessed losses	<b>191 446</b>	252 040
Other	<b>(31 240)</b>	117 710
	<b>(421 851)</b>	(341 463)

##### *Composition of deferred taxation*

Deferred taxation assets	<b>230 997</b>	343 446
Deferred taxation liabilities	<b>(652 848)</b>	(684 909)
	<b>(421 851)</b>	(341 463)

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	Group		Company	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
<b>11. OPERATING LEASE EQUALISATION</b>				
Straight-lining of operating leases				
Assets	<b>962</b>	4 970		
Liabilities	<b>(287 429)</b>	(262 067)		
	<b>(286 467)</b>	(257 097)		
<b>12. FINANCE LEASE RECEIVABLES</b>				
Finance lease receivables	<b>38 626</b>	33 195		
<i>Details of finance lease receivables</i>				
Gross investment in leases	<b>79 401</b>	69 142		
Unearned finance income	<b>(16 029)</b>	(15 641)		
Present value of minimum lease payments	<b>63 372</b>	53 501		
Less: short term portion*	<b>(24 746)</b>	(20 306)		
	<b>38 626</b>	33 195		

\* Included in trade and other receivables

Finance leases totalling R32,5 million have been ceded to Standard Bank as security in respect of a loan of R30.3 million. Interest is charged at rates varying between 10% and 23%.

	Group		Company	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
<b>13. NON-CURRENT RECEIVABLES</b>				
Loans to minority shareholders	<b>99 000</b>	99 000	-	-
These loans are repayable on the earlier of 31 May 2011 or as agreed to by all shareholders of Tsogo Sun KwaZulu-Natal (Proprietary) Limited, a subsidiary of the Group. Interest is charged at rates linked to the three month Johannesburg Inter-Bank Agreed Rate ("JIBAR") and settlement occurs bi-annually on the last day of March and September. These loans are secured by a cession of claims by these minority shareholders of loan accounts in Ripple Effect 31 (Proprietary) Limited, a subsidiary of the Group.				
Loans to development trusts	<b>11 500</b>	11 500	-	-
These unsecured loans are interest free.				
Prepayments	<b>25 602</b>	3 713	-	-
Loan to HCI Employee Share Trust (2001)	-	-	<b>180 195</b>	-
Letter of credit	<b>13 132</b>	19 260	-	-
Other loans	<b>19 133</b>	39 525	<b>242</b>	242
These loans are due within 1 to 6 years and bear interest at rates ranging from 0% to 5% per annum.				
Less: Current portion	<b>(6 401)</b>	(5 271)	-	-
	<b>161 966</b>	167 727	<b>180 437</b>	242
The above values approximate fair value. There were no disposals or impairment provisions on non-current receivable financial assets during the current or prior years.				
Non-current receivables are denominated in the following currencies:				
South African Rand	<b>145 683</b>	127 063	<b>180 437</b>	242
United States Dollars	<b>16 283</b>	29 964	-	-
Seychelles Rupee	-	10 700	-	-
	<b>161 966</b>	167 727	<b>180 437</b>	242

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

	Group		Company	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
<b>14. INVENTORIES</b>				
Raw materials	<b>190 046</b>	333 506		
Work in progress	<b>91 540</b>	185 876		
Finished goods	<b>274 427</b>	333 137		
Consumables and spares	<b>42 189</b>	38 717		
Merchandise	<b>22 036</b>	38 648		
Coal	<b>22 109</b>	2 567		
Operating equipment	<b>108 183</b>	104 682		
Provision for obsolete inventory	<b>(6 727)</b>	(3 857)		
	<b>743 803</b>	1033 276		
Inventories stated at net realisable value - R112 million (2009: R164 million ).				
<i>Encumbrances</i>				
Certain inventories have been ceded as security for loans due. Refer note 22.				
<b>15. PROGRAMME RIGHTS</b>				
Television programmes				
- International	<b>218 986</b>	203 830		
- Local	<b>49 645</b>	16 308		
	<b>268 631</b>	220 138		
Reconciliation of carrying value				
At beginning of year	<b>220 138</b>	352 121		
Additions	<b>214 711</b>	46 697		
Amortised through other operating expenses	<b>(166 218)</b>	(178 680)		
At end of year	<b>268 631</b>	220 138		
<b>16. TRADE AND OTHER RECEIVABLES</b>				
Trade receivables	<b>1 170 273</b>	1 549 010	-	-
Other receivables	<b>313 249</b>	244 397	<b>135</b>	93
Provision for impairment of trade receivables	<b>( 37 901)</b>	( 23 365)	-	-
Provision for impairment of other receivables	<b>( 926)</b>	( 756)	-	-
Net trade and other receivables	<b>1 444 695</b>	1 769 286	<b>135</b>	93
The above values approximate fair value.				

	Group		Company	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
TRADE AND OTHER RECEIVABLES (continued)				
<i>Trade receivables past due but not impaired</i>				
At 31 March 2010, trade receivables of R139,4 million (2009: R215,3 million) were past due but not impaired. These relate mainly to a number of customers for whom there is no recent history of default. The aging analysis of these trade receivables is as follows:				
30 to 60 days	<b>81 530</b>	90 326		
60 to 90 days	<b>19 433</b>	30 852		
More than 90 days	<b>38 436</b>	94 167		
<i>Impairment of trade receivables</i>				
At 31 March 2010, trade receivables of R37,9 million (2009: R39,2 million) were impaired. Impaired trade receivables relate to debtors that have been handed over to attorneys for collection and debtors that have been outstanding for more than one year.				
<i>Movements on the provision for impairment of trade receivables is as follows:</i>				
Balance at 1 April	<b>39 185</b>	20 531		
Provision for receivables impairment	<b>10 425</b>	15 986		
Receivables written off during the year as uncollectible	<b>( 7 680)</b>	( 4 226)		
Business combination	-	11 516		
Unused amounts reversed	<b>( 4 029)</b>	( 4 622)		
Balance at 31 March	<b>37 901</b>	39 185		
<i>Other receivables past due but not impaired</i>				
At 31 March 2010, other receivables of R22,4 million (2009: R34,8 million) were past due but not impaired. The aging analysis of these trade receivables is as follows:				
Up to 3 months	<b>7 453</b>	13 622		
3 to 6 months	<b>3 861</b>	1 264		
More than 6 months	<b>11 132</b>	19 961		
<i>Impairment of other receivables</i>				
At 31 March 2010, other receivables of R0,93 million (2009: R0,76 million) were impaired. Impaired other receivables relate to debtors that have been handed over to attorneys for collection and debtors that have been outstanding for more than one year.				

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

	Group		Company	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
TRADE AND OTHER RECEIVABLES (continued)				
<i>Movements on the provision for impairment of other receivables is as follows:</i>				
Balance at 1 April	<b>756</b>	1 740		
Provision for receivables impairment	<b>189</b>	83		
Receivables written off during the year as uncollectible	<b>( 19)</b>	( 1 067)		
Balance at 31 March	<b>926</b>	756		
For both trade and other receivables the creation and release of provision for impaired receivables have been included in other expenses in the income statement. Amounts charged to the provision account are written off when there is no expectation of recovery.				
The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:				
SA Rand	<b>1 361 258</b>	1 682 201	<b>135</b>	93
US Dollars	<b>50 781</b>	40 813	-	-
Euro	<b>11 921</b>	16 654	-	-
British pound	<b>1 704</b>	12 150	-	-
Other currencies	<b>19 031</b>	17 468	-	-
	<b>1 444 695</b>	1 769 286	<b>135</b>	93

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable as shown above.

## 17. PLEDGED DEPOSITS

Bank deposits of R2,010 million (2009 : R2,010 million) have been pledged to support guarantees of R2 million (2009 : R2 million) issued by the company's bankers in favour of certain South African Provincial Gaming Boards for the due and punctual fulfillment of the licence obligations under which certain group subsidiaries operate.

	Group		Company	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
<b>18. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE</b>				
Non-current assets classified as held for sale	<b>110 886</b>	26 972		
Liabilities associated with the non-current assets held for sale	<b>( 20 253)</b>	-		
	<b>90 633</b>	26 972		
<b>18.1</b> A decision has been taken to dispose of natural gas extraction operations at certain passive landfill sites operated by Montauk Energy Corporation. It is expected that the sites will be disposed of for at least its carrying value. Discontinued operations consist of the operations from passive sites that were exited during fiscal year ended 31 March 2008, as a result of put options exercised by Montauk Energy Capital ("MEC"). Discontinued operations also consist of the operations of 2 other sites that were sold during the 2008 fiscal year as well as the operations from Waste Energy Technology, LLC as a result of a fiscal year 2008 restructuring of MEC that discontinued the external engineering and construction business.				
<i>Assets associated with the passive landfill sites classified as held for sale</i>				
Property, plant and equipment	-	154		
Refer to note 38.1 for details of operations related to the above assets that have been classified as discontinued.				
<b>18.2</b> Following the commitment by management in the Seardel group to dispose of certain assets, the following assets have been reflected as non-current assets/disposal group assets held for sale:				
<i>Assets associated with the Seardel group classified as held for sale</i>				
Property, plant and equipment	<b>81 725</b>	26 818		
Investments	-	8 000		
Refer to note 38.2 for details of operations related to the above assets that have been classified as discontinued.				

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

	Group		Company	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE (continued)				
18.3 Following the closure of the pulley division of Formex Industries the remaining assets which are in the process of being disposed of have been reflected as held for sale:				
<i>Assets associated with the pulley division of the Formex group classified as held for sale</i>				
Property, plant and equipment	<b>25 388</b>	-		
Liabilities associated with the pulley division of the Formex group classified as held for sale	<b>( 20 253)</b>	-		
Net assets of the pulley division of the Formex group classified as held for sale	<b>5 135</b>	-		
Refer to note 38.4 for details of operations related to the above assets and liabilities that have been classified as discontinued.				
18.4 Following the sale of the access platform business, Johnson Access, the remaining assets of the business which are in the process of being disposed of have been reflected as held for sale:				
<i>Assets associated with the Johnson Access business classified as held for sale</i>				
Other non-current assets	<b>3 773</b>	-		
Refer to note 38.5 for details of operations related to the above assets and liabilities that have been classified as discontinued.				

19. ORDINARY SHARE CAPITAL

	<b>2010</b>	2009	<b>2010</b>	2009
	<b>Number</b>	Number	<b>R'000</b>	R'000
	<b>of shares</b>	of shares		
	<b>'000</b>	'000		
Authorised				
Ordinary shares of 25 cents each	<b>450 000</b>	450 000	<b>112 500</b>	112 500
Issued				
In issue in company	<b>131 401</b>	127 375	<b>32 850</b>	31 844
Treasury shares held by subsidiary and employee share trust	<b>(5 959)</b>	(2 466)	<b>(1 489)</b>	(617)
	<b>125 442</b>	124 909	<b>31 361</b>	31 227

Details of the issued share capital and share premium and changes during the current and prior year are as follows:

	Number of shares '000	Share capital R'000	Share premium R'000
In issue at 31 March 2008	126 369	31 592	671 984
Johnnic Holdings Limited share offer	1 006	252	78 850
	127 375	31 844	750 834
Treasury shares held by subsidiary and employee share trust	(2 466)	( 617)	(78 534)
In issue at 31 March 2009	124 909	31 227	672 300
In issue at 31 March 2009	127 375	31 844	750 834
Shares issued to employee share trust	4 026	1 006	186 465
	131 401	32 850	937 299
Treasury shares held by subsidiary and employee share trust	(5 959)	(1 489)	(253 382)
In issue at 31 March 2010	125 442	31 361	683 917

Details of options over shares are set out in note 41.

The unissued shares are under the control of the directors until the next annual general meeting.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

## 20. OTHER RESERVES

	Share based						Total R'000
	FCTR R'000	payments R'000	Hedging R'000	Revaluation R'000	Other R'000	NDR R'000	
<b>Group 2010</b>							
At beginning of year	<b>187 632</b>	<b>8 455</b>	<b>(15 633)</b>	<b>89 720</b>	<b>462</b>	-	<b>270 636</b>
Exchange differences on translation of foreign subsidiaries	<b>(194 027)</b>	-	-	-	-	-	<b>(194 027)</b>
Equity-settle share based payments	-	<b>7 408</b>	-	-	-	-	<b>7 408</b>
Fair value gains	-	-	<b>(1 761)</b>	-	-	-	<b>(1 761)</b>
Current revaluations	-	-	-	<b>869</b>	-	-	<b>869</b>
Transfer to profit or loss	-	-	-	<b>( 731)</b>	-	-	<b>( 731)</b>
At end of year	<b>(6 395)</b>	<b>15 863</b>	<b>(17 394)</b>	<b>89 858</b>	<b>462</b>	-	<b>82 394</b>
Group 2009							
At beginning of year	75 157	5 826	(12 784)	27 023	529	(4 268)	91 483
Exchange differences on translation of foreign subsidiaries	112 415	-	-	-	-	-	112 415
Equity-settle share based payments	-	2 629	-	-	-	-	2 629
Fair value gains	-	-	(2 849)	-	-	-	(2 849)
Current revaluations	-	-	-	63 372	-	-	63 372
Other	-	-	-	-	( 67)	-	( 67)
Transfer to profit or loss	60	-	-	( 675)	-	4 268	3 653
At end of year	187 632	8 455	(15 633)	89 720	462	-	270 636

	Group		Company	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
<b>21 FINANCIAL LIABILITIES</b>				
Certain bank borrowings (refer note 22 below) have been hedged by a interest rate swap agreement. The full fair value of a derivative financial instrument is classified as a non-current asset or liability if the remaining maturity of the hedging instrument is more than 12 months, and as a current asset or liability if the maturity of the hedging instrument is less than 12 months. The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets and liabilities in the balance sheet.				
Derivatives designated and effective as hedging instruments carried at fair value.				
Interest rate swap - cash flow hedge	<b>71 499</b>	54 882		
Financial liabilities carried at fair value through profit or loss				
Foreign exchange contract	<b>6 099</b>	-		
	<b>77 598</b>	54 882		
Current portion	<b>58 762</b>	23 795		
Non-current portion	<b>18 836</b>	31 087		
	<b>77 598</b>	54 882		
<b>22. BORROWINGS</b>				
Bank borrowings*	<b>4 705 503</b>	3 568 598		
Other borrowings	<b>423 958</b>	1 498 124		
Redeemable preference shares	<b>1 490 000</b>	1 000 000		
Loans from minority shareholders	<b>198 140</b>	197 433		
	<b>6 817 601</b>	6 264 155		
Current portion of borrowings	<b>(2 160 130)</b>	(1 455 175)		
	<b>4 657 471</b>	4 808 980		
Secured	<b>6 033 584</b>	5 705 918		
Unsecured	<b>784 017</b>	558 237		
	<b>6 817 601</b>	6 264 155		

\* Bank borrowings amounting to R3,186 million have been hedged by a interest rate swap agreement as detailed in note 21 above.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

	Group		Company	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
<b>BORROWINGS (continued)</b>				
The following represents the book value of the security for these borrowings:				
Property, plant and equipment	<b>4 914 705</b>	4 394 973		
Investment properties	<b>196 276</b>	152 016		
Inventory	<b>501 354</b>	749 360		
Intangible assets	<b>305 995</b>	153 460		
Other assets	<b>20 328</b>	20 702		
Long term receivables	<b>47 892</b>	35 412		
Other financial assets	<b>495 062</b>	400 717		
Trade receivables	<b>605 150</b>	822 905		
Bank balances	<b>248 028</b>	455 642		
Non-current assets held for sale	<b>81 725</b>	-		
Guarantees	<b>174 150</b>	2 701 934		
	<b>7 590 665</b>	9 887 121		
Fixed rates	<b>180 022</b>	322 861		
Floating rates	<b>6 637 579</b>	5 941 294		
	<b>6 817 601</b>	6 264 155		
Maturity of these borrowings is as follows:				
Due within 1 year	<b>2 160 130</b>	1 360 156		
Due within 2 - 5 years	<b>4 480 074</b>	4 645 700		
Due after 5 years	<b>177 397</b>	258 299		
	<b>6 817 601</b>	6 264 155		
Analysis by currency				
United States Dollar	<b>163 346</b>	397 823		
South African Rand	<b>6 654 255</b>	5 866 332		
	<b>6 817 601</b>	6 264 155		
	%	%		
Weighted average effective interest rates	<b>9.4</b>	11.83		

At 31 March 2010, the carrying value of borrowings approximates their fair value.

	Group		Company	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
<b>23. FINANCE LEASE LIABILITIES</b>				
Due within 1 year	<b>11 929</b>	32 922		
Due within 2 to 5 years	<b>60 498</b>	101 873		
Due after 5 years	<b>17 699</b>	35 220		
	<b>90 126</b>	170 015		
Less future finance charges	<b>(27 680)</b>	(48 008)		
Present value of finance lease liabilities	<b>62 446</b>	122 007		
Due within 1 year	<b>11 239</b>	27 038		
Due within 2 to 5 years	<b>42 048</b>	77 821		
Due after 5 years	<b>9 159</b>	17 148		
	<b>62 446</b>	122 007		
Included in financial statements as:				
Current	<b>4 710</b>	19 964		
Non-current	<b>57 736</b>	102 043		
	<b>62 446</b>	122 007		
Interest rates for the leases are 12.11% with the leases expiring between 2015 and 2016				
The following represents the carrying value of security for these liabilities:				
Property, plant and equipment	<b>337 517</b>	73 086		

## 24. RETIREMENT BENEFIT INFORMATION

### 24.1 Pension

Certain subsidiaries of the Group operate pension funds. These are defined contribution funds, governed by the Pension Funds Act, 1956, which provide retirement and death benefits for all permanent, full time employees who are not members of any other approved pension or provident fund.

### 24.2 Medical aid

24.2.1 A subsidiary operates a defined benefit plan for a portion of its medical aid members. The assets of the funded plans are held independently of the Group's assets. This fund is valued by independent actuaries every year using the projected unit credit method.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

	Group		Company		
	2010 R'000	2009 R'000	2010 R'000	2009 R'000	
<b>RETIREMENT BENEFIT INFORMATION (continued)</b>					
Present value of funded obligations	<b>34 896</b>	33 547			
Fair value of plan assets	<b>(24 427)</b>	(21 380)			
	<b>10 469</b>	12 167			
Unrecognised actuarial gains	<b>6 216</b>	6 205			
Unrecognised past service costs	<b>6 205</b>	6 509			
Liability per the balance sheet	<b>22 890</b>	24 881			
The amounts recognised in the income statement are as follows:					
Current service cost	<b>492</b>	589			
Interest cost	<b>2 954</b>	2 707			
Expected return on plan assets	<b>(2 041)</b>	(1 751)			
Net actuarial loss	<b>(1 400)</b>	(2 965)			
Past service cost	<b>( 304)</b>	240			
Total included in employee costs	<b>( 299)</b>	(1 180)			
The principal actuarial assumptions used for the valuation were:					
		<b>Group</b>			
	2010	2009			
	%	%			
Discount rate	<b>9.75</b>	9.00			
Health care cost inflation	<b>8.00</b>	7.30			
Expected return on plan assets	<b>10.75</b>	10.00			
Remuneration inflation	<b>7.50</b>	6.75			
As at 31 March	<b>2010</b>	2009	2008	2007	2006
Present value of defined benefit obligations	<b>34 896</b>	33 547	31 612	30 798	29 121
Fair value of plan assets	<b>( 24 427)</b>	( 21 380)	( 18 835)	( 18 286)	(15 450)
Deficit	<b>10 469</b>	12 167	12 777	12 512	13 671
Experience adjustments on plan liabilities	<b>839</b>	( 2 384)	1 641	2 786	(821)
Experience adjustments on plan assets	<b>1 258</b>	2 547	391	2 976	1 019

No contributions are expected to be paid into the Group's defined benefit scheme during the annual period after 31 March 2010 (2009: Rnil).



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

## RETIREMENT BENEFIT INFORMATION (continued)

	2010	2009	2008	2007	2006
As at 31 March					
Present value of obligations	<b>44 937</b>	41 256	39 345	34 311	30 823

Contributions of R17,3 million are expected to be paid into the Group's defined benefit scheme during the annual period after 31 March 2010.

As at 31 March, the effects of a 1% movement in the discount rate and the subsidy rate would have had the following impact on the post-retirement medical aid liability:

Upward movement					
Discount rate increased by 1%	<b>44 940</b>	41 256			
Subsidy increase rate by 1%	<b>51 300</b>	47 450			
Downward movement					
Discount rate reduced by 1%	<b>39 770</b>	36 310			
Subsidy decrease rate by 1%	<b>51 500</b>	36 310			

24.2.3 A subsidiary of the group subsidises certain past employees, who participate in the National Independent Medical Aid Society ("NIMAS") and who joined before 1 July 1996. These past employees are eligible for a 50% retirement subsidy of the total medical scheme contributions.

Movements in the net liability recognised in the balance sheet are as follows:

Opening balance	<b>85 177</b>	-
Business combination	-	100 385
Net expense / (gain) recognised in the income statement	<b>7 349</b>	(4 001)
Contributions	<b>(4 520)</b>	(2 951)
Effect of curtailment	<b>(16 524)</b>	-
Actuarial gains	<b>(1 757)</b>	(8 256)
	<b>69 725</b>	85 177
Less: Current portion*	<b>(2 078)</b>	(4 346)
Balance at end of year	<b>67 647</b>	80 831

\* Included in trade and other payables

The amounts recognised in the income statement are as follows:

Current service cost	<b>771</b>	639
Interest on obligation	<b>6 578</b>	3 362
	<b>7 349</b>	4 001

RETIREMENT BENEFIT INFORMATION (continued)

	Group				
	2010	2009			
	%	%			
The principal actuarial assumptions used for the valuation were:					
Discount rate	<b>9.25</b>	9.00			
Medical aid subsidy increase rate	<b>7.50</b>	7.30			
	<b>2010</b>	2009	2008	2007	2006
As at 31 March					
Present value of obligations	<b>69 725</b>	85 177	89 182*	70 400*	67 754*
Experience adjustments on plan liabilities	<b>1 757</b>	( 718)	1 951*	- *	323*
*These values were as at 30 June for the respective years.					
There are no surplus or deficit in the plan as there are no plan assets.					
Contributions of R4,6 million are expected to be paid into the Group's defined benefit scheme during the annual period after 31 March 2010 (2009: R4,5 million)					
As at 31 March, the effects of a 1% movement in the assumed medical cost trend rate were as follows:					
Upward movement					
Effect on the current service cost and interest cost	<b>8 227</b>	4 777			
Effect on the post-retirement medical aid liability	<b>78 076</b>	97 490			
Downward movement					
Effect on the current service cost and interest cost	<b>6 619</b>	3 376			
Effect on the post-retirement medical aid liability	<b>62 719</b>	75 137			

25. LONG TERM INCENTIVE LIABILITIES

Certain subsidiaries of the Group operate cash settled long term incentive plans. Liabilities equal to the current fair values are recognised at each balance sheet date. The movement in the fair value of these liabilities are expensed. The fair value is expensed over the period as services are rendered by the employees. In terms of the rules, the fair values of the payments are determined using the application of an Earnings Before Interest, Tax and Amortisation ("EBITDA") based formula as described in note 3 above.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

## LONG TERM INCENTIVE LIABILITIES (continued)

The Group has two long term incentive payment plans:

25.1 The Tsogo Sun Group Share Incentive Plan, which closed out during 2009, was a long term incentive plan whereby participants receive a cash settlement on exercise and delivery of options. Share options were granted at the fair value price of the shares on the date of the grant less a discount of 2%, and are exercisable at that price. Options only begin to vest from three years after they were allocated. After three years 25% vest, an additional 25% vest after four years, and after five years the remaining options fully vest. Options expire after a maximum period of 8 years. The charge is not reversed if the options are not exercised where the market value of the shares is lower than the option price at the date of grant. When an option is exercised the option holder receives the differential between the strike/grant price and the fair value of the underlying shares in cash which fair value is determined by reference to a pre-determined formula, as noted in 25 above.

At 31 March 2010 the Group has recorded liabilities of R nil (2009: R nil) in respect of this long term incentive plan. The current portion of this liability is R nil (2009: R nil).

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	2010		2009	
	Number of shares	Weighted average exercise price per share	Number of shares	Weighted average exercise price per share
<b>Group</b>				
Outstanding at beginning of year	-	-	5 108 686	R 8.92
Exercised during the year	-	-	(5 108 686)	R 72.87
Outstanding at year end	-	-	-	-
Exercisable at year end	-	-	-	-

25.2 The Tsogo Sun Share Appreciation Bonus Plan is a bonus scheme whereby participants receive cash bonuses, the amounts of which are determined with reference to the notional growth in the Group's share price. Participants under this bonus appreciation plan are not entitled to take up shares or options whatsoever. For certain allocations, 25% of the bonus appreciation plan vests from three years after date of allocation, an additional 25% vests after four years, and the balance after five years. The 2009 allocation vests in full three years after date of allocation.

	Group		Company	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
LONG TERM INCENTIVE LIABILITIES (continued)				
At 31 March 2010 the Group has recorded liabilities of R40,3 million (2009: R20,3 million) in respect of this plan. The current portion of this liability is R24,3 million (2009: R7,7 million)				
26. PROVISIONS				
<i>Incentives</i>				
Balance at beginning of year	73 604	69 050		
Raised during the year	40 184	42 185		
Utilised	(49 957)	(37 631)		
Balance at end of year	63 831	73 604		
<i>Jackpot provisions</i>				
Balance at beginning of year	7 961	10 326		
Raised during the year	38 618	33 091		
Utilised	(37 406)	(35 456)		
Balance at end of year	9 173	7 961		
<i>Asset retirement obligation</i>				
Balance at beginning of year	24 853	21 100		
Exchange differences	3 601	3 926		
Other	( 187)	41		
Raised during the year	-	3 600		
Utilised	(3 813)	(3 814)		
Balance at end of year	24 454	24 853		
<i>Rehabilitation liability</i>				
Balance at beginning of year	17 574	7 498		
Raised during the year	10 021	10 076		
Balance at end of year	27 595	17 574		
<i>Leave pay</i>				
Balance at beginning of year	46 912	14 176		
Transfers	-	(3 783)		
Business combination	-	41 989		
Exchange differences	-	101		
Raised during the year	29 172	22 763		
Unused amounts reversed	( 895)	( 583)		
Other	( 281)	348		
Utilised	(35 806)	(28 099)		
Balance at end of year	39 102	46 912		

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

	Group		Company	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
PROVISIONS (continued)				
<i>Staff bonuses</i>				
Balance at beginning of year	<b>32 891</b>	19 947		
Transfers	-	3 783		
Exchange differences	-	( 942)		
Other	<b>( 306)</b>	(1 191)		
Raised during the year	<b>54 262</b>	34 865		
Unused amounts reversed	<b>(6 875)</b>	-		
Transfers	<b>(11 454)</b>	-		
Utilised	<b>(43 279)</b>	(23 571)		
Balance at end of year	<b>25 239</b>	32 891		
<i>Repurchase of service</i>				
Balance at beginning of year	<b>40 261</b>	36 659		
Raised during the year	<b>4 619</b>	3 602		
Balance at end of year	<b>44 880</b>	40 261		
<i>Restructuring</i>				
Balance at beginning of year	<b>12 057</b>	-		
Business combination	-	39 862		
Raised during the year	<b>53 006</b>	-		
Unused amounts reversed	<b>(3 539)</b>	-		
Utilised	<b>(43 754)</b>	(27 805)		
Balance at end of year	<b>17 770</b>	12 057		
<i>Third party claims</i>				
Balance at beginning of year	<b>9 636</b>	8 101		
Raised during the year	<b>11 995</b>	9 053		
Utilised	<b>(9 141)</b>	(7 518)		
Balance at end of year	<b>12 490</b>	9 636		
<i>Provision in respect of guarantees given</i>				
Balance at beginning of year	<b>20 000</b>	20 000		
Balance at end of year	<b>20 000</b>	20 000		
<i>Other</i>				
Balance at beginning of year	<b>27 636</b>	24 500		
Raised during the year	<b>20 770</b>	40 648		
Unused amounts reversed	<b>(1 800)</b>	(5 163)		
Utilised	<b>(28 726)</b>	(29 046)		
Exchange differences	-	968		
Other	<b>( 201)</b>	(4 270)		
Balance at end of year	<b>17 679</b>	27 637		
Total provisions	<b>302 213</b>	313 386		

	Group		Company	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
PROVISIONS (continued)				
Non-current	<b>52 049</b>	43 483		
Current	<b>250 164</b>	269 903		
	<b>302 213</b>	313 386		
<i>Repurchase of service</i>				
This is a provision raised in respect of costs that will be payable to employees on completion of the restructuring of the bus industry by the Department of Transport.				
<i>Third party claims</i>				
Third party claims are legal claims resulting from traffic accidents. Claims that are insured are excluded from this provision.				
<i>Asset retirement obligation</i>				
Asset retirement obligations represent estimates of obligations relating to decommissioning and removal requirements for specific landfill gas processing assets as required by the associated gas right agreements.				
<i>Rehabilitation liability</i>				
Rehabilitation obligations are based on the group's environmental plans, in compliance with current regulatory requirements. Provision is made based on the net present value of the estimated cost of restoring the environmental disturbance that has occurred up to the balance sheet date.				
<b>27. DEFERRED REVENUE</b>				
The group accounts for its customer loyalty programmes in terms of IFRIC 13 Customer Loyalty Programmes with the liability on the balance sheet allocated to deferred revenue.				
Frequent guest programme				
At the beginning of the year	<b>35 312</b>	35 481		
Created during the year	<b>53 077</b>	21 781		
Utilised during the year	<b>(51 705)</b>	(21 950)		
At the end of the year	<b>36 684</b>	35 312		

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

	Group		Company	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
DEFERRED REVENUE (continued)				
The expected timing of the utilisation of the above provisions is as follows:				
Within one year (included in trade and other payables)	<b>19 204</b>	31 645		
Two to three years	<b>17 480</b>	3 667		
	<b>36 684</b>	35 312		
This liability on the balance sheet had previously been allocated to provisions.				
<b>28. TRADE AND OTHER PAYABLES</b>				
Trade payables	<b>732 085</b>	576 109	-	-
Operating lease liabilities	<b>5 595</b>	14 363	-	-
Other payables	<b>905 391</b>	1 449 865	<b>1 193</b>	12 826
	<b>1 643 071</b>	2 040 337	<b>1 193</b>	12 826

## 29. BANK OVERDRAFTS

29.1 Trade receivables totaling R67,9million (2009: R47,6 million) have been ceded as security for debtor's factoring facilities. The balance of the facility at year end was R 46,3 million (2009: R8,8 million).

29.2 A subsidiary, Seardel Investment Corporation Limited, has secured its debt facilities, including overdraft facilities, by providing general, special and mortgage bonds over assets of the group to a special purpose vehicle, which has in turn guaranteed the obligations of Seardel group companies in favour of the Seardel group lenders.

	Group		Company	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
BANK OVERDRAFTS (continued)				
The following assets are subject to the above bonds:				
Property, plant and equipment	<b>906 162</b>	904 687		
Intangible assets	<b>3 933</b>	3 933		
Other financial assets	<b>3 026</b>	3 026		
Non-current receivables	<b>34 760</b>	34 760		
Inventories	<b>501 354</b>	498 279		
Trade and other receivables	<b>583 089</b>	571 505		
Non-current assets held for sale	<b>81 725</b>	81 725		
29.3 Overdrafts of a subsidiary of R88 million (2009: Rnil) are secured over assets as part of its general borrowings (see note 22).				
<b>30. COMMITMENTS</b>				
Operating lease arrangements where the Group is a lessee:				
Future leasing charges:				
Payable within one year	<b>159 662</b>	162 053		
Payable within two to five years	<b>462 402</b>	496 299		
Payable after five years	<b>716 830</b>	801 026		
	<b>1 338 894</b>	1 459 378		
Operating lease arrangements where the Group is a lessor:				
Future leasing charges for premises:				
Receivable within one year	<b>32 226</b>	26 023		
Receivable within two to five years	<b>69 115</b>	64 374		
Receivable after five years	<b>573</b>	2 709		
	<b>101 914</b>	93 106		
Capital expenditure				
Authorised by directors but not yet contracted for:				
Property, plant and equipment	<b>346 388</b>	1 441 385		
Intangible assets	<b>23 000</b>	68 971		
	<b>369 388</b>	1 510 356		
Authorised by directors and contracted to be expended:				
Property, plant and equipment	<b>208 040</b>	301 330		
Intangible assets	<b>8 040</b>	-		

It is intended that this expenditure will be funded from bank finance.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

	Group		Company	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
<b>31. REVENUE</b>				
Sale of goods	<b>3 798 982</b>	2 583 191		
Provision of services	<b>4 651 330</b>	4 850 577		
	<b>8 450 312</b>	7 433 768		
<b>32. INVESTMENT INCOME</b>				
<i>Dividends</i>				
Unlisted investments	<b>5 660</b>	11 016	-	-
Associates	-	-	<b>995</b>	2 852
Subsidiaries	-	-	<b>226 657</b>	152 788
	<b>5 660</b>	11 016	<b>227 652</b>	155 640
<i>Interest</i>				
Bank	<b>88 131</b>	97 939	<b>1 031</b>	2 489
Other	<b>11 085</b>	17 008	-	5 023
	<b>99 216</b>	114 947	<b>1 031</b>	7 512
<b>33. INVESTMENT SURPLUS</b>				
Gain on sale of associate	-	6 469	-	-
Gain on sale of other investments	<b>2 747</b>	-	-	-
Gain on disposal / part disposal of subsidiary	<b>39 229</b>	43 309	<b>11 500</b>	19 734
	<b>41 976</b>	49 778	<b>11 500</b>	19 734
<b>34. IMPAIRMENT OF GOODWILL AND INVESTMENTS</b>				
Impairment of goodwill	<b>77 160</b>	12 106	-	-
Impairment of investment in associates	<b>94 968</b>	61 488	-	-
Impairment of other investments and loans	<b>25 445</b>	-	-	-
Impairment of investments in subsidiaries	-	-	<b>17 731</b>	-
	<b>197 573</b>	73 594	<b>17 731</b>	-
<b>35. FINANCE COSTS</b>				
Interest	<b>585 605</b>	587 033	<b>41</b>	5 124
Preference dividends	<b>71 943</b>	99 928	-	-
	<b>657 548</b>	686 961	<b>41</b>	5 124

	Group		Company	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
<b>36. PROFIT BEFORE TAXATION</b>				
The following items have been included in arriving at profit before taxation:				
Auditors remuneration				
- Audit fees - current year	<b>18 246</b>	14 102	<b>308</b>	301
- prior year	<b>1 463</b>	-	<b>702</b>	798
- Other services	<b>3 733</b>	3 059	<b>29</b>	40
Consultancy fees	<b>60 861</b>	108 908	-	4 610
Secretarial fees	<b>241</b>	47	<b>142</b>	182
Operating lease charges				
- Premises	<b>223 353</b>	225 958	-	-
- Plant and equipment	<b>46 688</b>	37 588	-	-
Profit on disposal of property, plant and equipment	<b>(21 893)</b>	(11 233)	-	-
Foreign exchange loss	<b>1 365</b>	10 418	-	-
Other losses	<b>6 064</b>	127 238	-	-
Gaming levies	<b>343 272</b>	291 153	-	-
VAT on net gaming win	<b>409 424</b>	365 051	-	-
Share based payments	<b>12 884</b>	2 629	-	-
Staff costs	<b>2 750 907</b>	2 046 070	-	-
Inventory write downs	<b>17 951</b>	23 398	-	-
Pension fund contributions	<b>84 182</b>	75 558	-	-
Research and development	<b>8 122</b>	-	-	-
<b>37. TAXATION</b>				
South African taxes				
Current normal tax	<b>622 330</b>	679 767	<b>282</b>	686
Prior year normal tax	<b>(60 489)</b>	(74 706)	-	-
Deferred normal tax	<b>33 351</b>	(5 454)	-	-
Capital gains tax	<b>1 585</b>	26 249	<b>13 585</b>	11 314
Secondary tax on companies	<b>66 384</b>	142 855	-	-
Withholding tax	<b>6 471</b>	6 715	-	-
	<b>669 632</b>	775 426	<b>13 867</b>	12 000

Various subsidiaries have incurred operating losses which result in losses for tax purposes. Deferred tax assets have not been raised unless it is probable that future taxable profits will be available against which the unused tax losses can be utilised.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

	Group		Company	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
TAXATION (continued)				
Losses for tax purposes available for set off against future taxable income and which deferred tax assets have not been raised are estimated at:				
- Normal tax	<b>830 819</b>	352 544		
- Capital gains tax	-	-		
- Secondary tax on companies	<b>88 998</b>	88 998		
Tax relief at current rates:				
- Normal tax	<b>232 629</b>	98 712		
- Capital gains tax	-	-		
- Secondary tax on companies	<b>8 900</b>	8 900		
<i>Reconciliation of tax rate</i>				
	%	%		
Normal tax rate	<b>28</b>	28		
Deferred tax not raised on losses	<b>2</b>	3		
Capital losses and non-deductible expenses	<b>5</b>	5		
Non-taxable income including share of associates income	<b>( 13)</b>	( 10)		
Raising of deferred tax assets	-	( 1)		
Prior year charges	<b>( 2)</b>	( 3)		
Differential tax rates - CGT and foreign	<b>7</b>	1		
Secondary tax on companies	<b>3</b>	6		
Effective rate	<b>30</b>	29		
The income tax relating to each component of other comprehensive income is set below:				
Cash flow hedges	<b>1 799</b>	15 694		
Currency translation differences	-	-		
Revaluations	-	( 86 350)		
	<b>1 799</b>	( 70 656)		

	Group		Company	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
<b>38. DISCONTINUED OPERATIONS</b>				
<b>38.1</b> Discontinued operations relating to interests that a subsidiary Montauk Energy Corporation LLC, has in certain passive landfill sites. A decision has been taken to dispose of these sites in the next 12 months.				
Loss from discontinued operations relating to the passive landfill sites				
Revenue	-	-		
Operating costs	-	( 784)		
Other expenses	<b>( 86)</b>	( 1 132)		
Loss before taxation	<b>( 86)</b>	( 1 916)		
Taxation	<b>31</b>	( 35)		
	<b>( 55)</b>	( 1 951)		
Cash flows from discontinued operations				
Cash flows from operating activities	-	( 751)		
Cash flows from investing activities	-	1 618		
	-	867		
Refer to note 18.1 for details of assets relating to the above discontinued operation that have been classified as held for sale.				
<b>38.2</b> Loss for the year relating to the discontinued textile division of Seardel Investment Corporation				
Revenue	<b>366 758</b>	223 252		
Operating and other costs	<b>( 548 839)</b>	( 323 418)		
Finance costs	<b>( 17 620)</b>	( 16 726)		
Loss before taxation	<b>( 199 701)</b>	( 116 892)		
Taxation	<b>( 4 627)</b>	-		
	<b>( 204 328)</b>	( 116 892)		
Cash flows from discontinued operations				
Cash flows from operating activities	<b>34 284</b>	(3 342)		
Cash flows from investing activities	<b>117 735</b>	(9 061)		
Cash flows from financing activities	<b>( 198 718)</b>	(588)		
	<b>( 46 699)</b>	(12 991)		
Refer to note 18.2 for details of assets relating to the above discontinued operation that have been classified as held for sale.				

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

	Group		Company	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
DISCONTINUED OPERATIONS (continued)				
38.3 Discontinued operations relating to the convention business of Gallagher Estates which the group has been ordered by the Competition Commission to dispose of. The group is currently awaiting the Commission's response to proposals by the group regarding the manner of disposal.				
Profit from discontinued operations relating to the convention business				
Revenue	<b>86 698</b>	89 338		
Operating costs	<b>( 76 466)</b>	( 73 755)		
Profit before tax	<b>10 232</b>	15 583		
Taxation	<b>( 1 196)</b>	( 5 378)		
	<b>9 036</b>	10 205		
Cash flows from discontinued operations				
Cash flows from operating activities	<b>1 584</b>	28 814		
Cash flows from investing activities	<b>( 660)</b>	( 24 724)		
Cash flows from financing activities	<b>( 2 303)</b>	374		
	<b>( 1 379)</b>	4 464		
38.4 Loss for the year relating to the discontinued pulley division of Formex Industries (Proprietary) Limited				
Revenue	<b>107 477</b>	322 098		
Operating costs	<b>( 173 347)</b>	( 329 299)		
Profit before tax	<b>( 65 870)</b>	( 7 201)		
Taxation	-	-		
	<b>( 65 870)</b>	( 7 201)		
Cash flows from discontinued operations				
Cash flows from operating activities	<b>( 51 507)</b>	( 11 033)		
Cash flows from investing activities	<b>17 128</b>	355		
Cash flows from financing activities	<b>13 105</b>	-		
	<b>( 21 274)</b>	( 10 678)		

Refer to note 18.3 for details of assets and liabilities relating to the above discontinued operation that have been classified as held for sale.

	Group		Company	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
DISCONTINUED OPERATIONS (continued)				
38.5 Profit from discontinued operations relating to the access platform business, Johnson Access (Proprietary) Limited				
Revenue	<b>30 514</b>	78 505		
Operating costs	<b>( 15 937)</b>	( 73 292)		
Profit before tax	<b>14 577</b>	5 213		
Taxation	<b>( 5 040)</b>	( 1 336)		
	<b>9 537</b>	3 877		
Cash flows from discontinued operations				
Cash flows from operating activities	<b>19 970</b>	10 662		
Cash flows from investing activities	<b>( 6 613)</b>	( 28 834)		
Cash flows from financing activities	<b>( 16 632)</b>	16 185		
	<b>( 3 275)</b>	( 1 987)		
Refer to note 18.4 for details of assets and liabilities relating to the above discontinued operation that have been classified as held for sale.				
38.6 Profit from discontinued operations relating to the Mettle group of companies				
Revenue	-	58 553		
Net funding income	-	( 23 761)		
Operating and other costs and income	-	( 26 025)		
Profit before taxation	-	8 767		
Taxation	-	( 2 469)		
	-	6 298		
Cash flows from discontinued operations				
Cash flows from operating activities	-	( 23 685)		
Cash flows from investing activities	-	( 7 431)		
	-	( 31 116)		

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

	Group		Company	
	2010	2009	2010	2009
	R'000	R'000	R'000	R'000

## 39. EARNINGS AND DIVIDENDS PER SHARE

39.1 Earnings per share as presented on the income statement is based on the weighted average number of 125 084 504 ordinary shares in issue (2009 : 124 692 339)

39.2 Diluted earnings per share is based on the weighted average number of 128 512 089 ordinary shares in issue (2009: 127 776 000)

39.3 Headline earnings per share (cents)	<b>295.41</b>	254.30
-Continuing operations	<b>427.28</b>	266.42
-Discontinued operations	<b>(131.87)</b>	(12.12)
Diluted headline earnings per share (cents)	<b>287.53</b>	248.16
-Continuing operations	<b>415.89</b>	259.99
-Discontinued operations	<b>(128.36)</b>	(11.83)

Reconciliation of headline earnings:

	2010		2009	
	Gross	Net	Gross	Net
	R'000	R'000	R'000	R'000
Earnings attributable to equity holders of the parent		<b>603 995</b>		1 110 488
IAS 16 (gains) / losses on disposal of plant and equipment	<b>29 486</b>	<b>20 789</b>	( 13 083)	( 2 731)
IAS 16 impairment of plant and equipment	<b>29 599</b>	<b>24 020</b>	72 517	49 307
IAS 38 impairment of intangible assets	-	-	861	472
IAS 36 impairment of goodwill	<b>75 314</b>	<b>75 314</b>	12 106	12 106
IFRS 3 negative goodwill	<b>( 2 544)</b>	<b>( 969)</b>	( 876 023)	( 873 551)
IAS 28 gain on disposal of associates	-	-	( 9 972)	( 8 840)
IAS 28 impairment of joint venture	<b>1 539</b>	<b>1 429</b>	59 999	47 521
IAS 36 impairment of assets	<b>161 589</b>	<b>142 129</b>	-	-
IAS 36 reversal of impairments	<b>( 49 338)</b>	<b>( 34 926)</b>	( 4 070)	( 4 070)
IAS 27 profit from disposal / part of subsidiary	<b>( 39 231)</b>	<b>( 36 483)</b>	( 39 805)	( 24 706)
IAS 40 fair value adjustment to investment property	<b>( 17 834)</b>	<b>( 15 009)</b>	15 608	11 090
IAS 39 profit on disposal of available for sale asset	<b>( 2 747)</b>	<b>( 2 747)</b>	-	-
Re- measurements included in equity-accounted earnings of associates	<b>( 408 026)</b>	<b>( 408 026)</b>	-	-
Headline profit		<b>369 516</b>		317 086

	Group		Company	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
40. NOTES TO THE CASH FLOW STATEMENT				
40.1 CASH GENERATED BY / (UTILISED IN) OPERATIONS				
Profit after taxation	<b>1 331 488</b>	1 883 291	<b>186 031</b>	229 233
Taxation	<b>680 464</b>	782 140	<b>13 867</b>	12 000
Depreciation and amortisation	<b>728 141</b>	646 810	-	-
Share based payments	<b>12 884</b>	2 629	-	-
Negative goodwill	<b>( 2 544)</b>	( 876 023)	-	-
Profit on disposal of property, plant and equipment	<b>29 143</b>	( 11 233)	-	-
Impairment of goodwill and investments	<b>211 840</b>	12 106	<b>17 731</b>	-
Other impairments	<b>30 501</b>	136 765	-	-
Equity accounted profits retained			-	-
in subsidiaries	<b>( 514 300)</b>	( 48 801)	-	-
Forex translation	<b>( 10 967)</b>	( 14 399)	-	-
Fair value adjustments	<b>( 20 740)</b>	240 756	-	( 94 018)
Investment income	<b>( 105 517)</b>	( 129 023)	<b>( 228 682)</b>	( 163 152)
Preference dividends and interest	<b>680 132</b>	722 350	<b>10 041</b>	5 124
Investment surplus	<b>( 35 979)</b>	( 49 778)	<b>( 11 500)</b>	( 19 734)
Movement in provisions	<b>81 849</b>	8 698	-	-
Post retirement medical aid benefits	<b>( 10 013)</b>	( 29 744)	-	-
Operating lease equalisation asset	<b>7 985</b>	20 707	-	-
Long term incentive charges	<b>23 141</b>	71 636	-	-
Other non cash items	<b>26 711</b>	( 5 228)	<b>2</b>	20 000
	<b>3 144 219</b>	3 363 659	<b>( 12 510)</b>	( 10 547)
40.2 CHANGES IN WORKING CAPITAL				
Inventory	<b>252 462</b>	67 062	-	-
Programming rights	<b>( 48 493)</b>	131 983	-	-
Trade and other receivables	<b>294 086</b>	421 863	<b>( 42)</b>	55 596
Trade and other payables	<b>( 302 931)</b>	( 765 383)	<b>( 11 632)</b>	8 811
Other	<b>( 18)</b>	( 67 650)	-	-
	<b>195 106</b>	( 212 125)	<b>( 11 674)</b>	64 407
40.3 TAXATION PAID				
Unpaid at beginning of year	<b>( 156 524)</b>	( 208 809)	<b>( 9 463)</b>	1 976
Charged to the income statement	<b>( 615 565)</b>	( 782 140)	<b>( 13 867)</b>	( 12 000)
Deferred tax movement	-	( 10 362)	-	-
Withholding tax	<b>( 6 471)</b>	-	-	-
Business combinations	<b>( 6 391)</b>	( 24 377)	-	-
Foreign exchange difference	<b>4 813</b>	( 254)	-	-
Unpaid at end of year	<b>79 209</b>	156 524	<b>21 407</b>	9 463
	<b>( 700 929)</b>	( 869 418)	<b>( 1 923)</b>	( 561)

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

## 40.4 BUSINESS COMBINATIONS/DISPOSALS

	<b>2010</b>	2009
	<b>Acquisition</b>	Acquisition
	<b>R'000</b>	R'000
<b>40.4.1 ACQUISITIONS</b>		
Property, plant and equipment	<b>(276 376)</b>	(1 590 227)
Intangible assets	-	( 27 775)
Investments	-	( 9 728)
Deferred tax asset	<b>(1 845)</b>	( 19 757)
Other non current assets	<b>(10 859)</b>	-
Goodwill	<b>(356 790)</b>	( 69 628)
Negative goodwill	-	876 023
Long term receivables	-	( 35 336)
Other current assets	<b>(58 658)</b>	(1 250 757)
Inventory	<b>(2 660)</b>	( 824 549)
Borrowings	<b>105 599</b>	127 437
Deferred liabilities	-	116 830
Bank overdrafts	-	498 338
Deferred tax liability	<b>15 917</b>	43 444
Non-current borrowings including current portion	-	332 919
Operating lease equalisation liability	-	3 238
Other current liabilities	<b>59 259</b>	949 601
	<b>(526 413)</b>	( 879 927)
Bank at date of acquisition	<b>23 579</b>	( 299 130)
	<b>(502 834)</b>	(1 179 057)
Minority interest	-	619 067
Costs	<b>( 2 279)</b>	-
Cash injected by minority	-	50 678
Existing share of net assets before business combination	-	216 892
Net cash outflow	<b>(505 113)</b>	( 292 420)

#### 40.4.2 DISPOSALS

	<b>2010</b>	2009
	<b>Disposal</b>	Disposal
	<b>R'000</b>	R'000
Property, plant and equipment	<b>118 285</b>	4 354
Bare dominiums	-	41 964
Investments	-	11 718
Intangible assets	-	7 085
Deferred tax assets	-	27 889
Other non current assets	-	313 832
Current portion of long term receivables	-	1 664 445
Other current receivables	<b>21 121</b>	396 599
Cash and cash equivalents	<b>5 905</b>	25 590
Long term borrowings	<b>( 51 343)</b>	( 538 506)
Deferred tax liabilities	<b>( 12 510)</b>	( 4 730)
Other non-current liability	-	( 280)
Current portion of long term borrowings	-	(1 832 988)
Other current liabilities	<b>( 2 152)</b>	( 22 320)
	<b>79 306</b>	94 652
Minority interest	<b>( 6 223)</b>	( 8 609)
	<b>73 083</b>	86 043
Gain on disposal of subsidiaries	<b>25 388</b>	54 307
Consideration received in cash	<b>98 471</b>	140 350
Less: Cash and cash equivalents disposed of	<b>( 5 905)</b>	( 25 590)
Net cash inflow	<b>92 566</b>	114 760

	Group		Company	
	<b>2010</b>	2009	<b>2010</b>	2009
	<b>R'000</b>	R'000	<b>R'000</b>	R'000
40.5 CASH AND CASH EQUIVALENTS				
Bank balances and deposits	<b>1 291 585</b>	895 354	<b>97 919</b>	14 883
Bank overdraft and loans	<b>( 332 189)</b>	( 345 656)	-	-
Bank balances classified as held for sale	<b>143</b>	-	-	-
	<b>959 539</b>	549 698	<b>97 919</b>	14 883

#### 41. HCI EMPLOYEE SHARE OPTION SCHEME

In terms of the option scheme, shares are offered either on a share option or on a combined share option and deferred sale basis. Participants can take up shares in tranches over periods of three to seven years from the date of the grant at the exercise price, provided that they remain in the group's employ until the options vest.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

## HCI EMPLOYEE SHARE OPTION SCHEME (continued)

Options must be exercised within three years of being granted, where after the options lapse. Options vest over periods of three to seven years. These vesting periods may be varied by the trustees of the scheme. Participants are required to pay for the shares between five and ten years from the date of grant.

Share options granted to eligible participants that have been exercised but have not yet become unconditional:

	<b>2010</b>	2009
	<b>Number of shares</b>	Number of shares
Balance at beginning of the year	<b>2 707 011</b>	3 348 905
Options granted	<b>2 121 102</b>	-
Options vested and paid for	<b>( 532 766)</b>	( 373 344)
Options forfeited	<b>( 113 466)</b>	( 268 550)
Balance at the end of the year	<b>4 181 881</b>	<u>2 707 011</u>

The options outstanding at 31 March 2010 become unconditional between the following dates:

	Number of share options	Exercise price R
1 September 2009 and 31 August 2011	250 000	8.55
25 July 2009 and 24 July 2011	107 500	40.50
25 July 2011 and 24 July 2013	107 500	40.50
8 September 2009 and 7 September 2011	97 115	40.50
8 September 2011 and 7 September 2013	97 115	40.50
29 June 2008 and 28 June 2010	263 075	70.00
29 June 2010 and 28 June 2012	263 075	70.00
29 June 2012 and 28 June 2014	263 075	70.00
4 June 2009 and 3 June 2011	1 041 318	37.80
4 June 2011 and 3 June 2012	1 041 318	37.80
	<u>3 531 091</u>	
Options vested but not yet paid for	150 000	8.50
Options vested but not yet paid for	246 250	40.50
Options vested but not yet paid for	254 540	70.00
	<u>4 181 881</u>	

HCI EMPLOYEE SHARE OPTION SCHEME (continued)

Options granted to executive directors

	<b>2010</b>		2009	
	<b>Number of shares</b>	<b>Weighted average exercise price R</b>	Number of shares	Weighted average exercise price R
<i>TG Govender*</i>				
Balance at the beginning of the year	<b>77 143</b>	<b>70.00</b>		
Options granted	<b>176 367</b>	<b>37.80</b>		
Balance at the end of the year	<b>253 510</b>	<b>47.60</b>		
<i>JA Copelyn</i>				
Balance at the beginning of the year	<b>308 571</b>	<b>70.00</b>	308 571	70.00
Options granted	<b>460 952</b>	<b>37.80</b>	-	
Balance at the end of the year	<b>769 523</b>	<b>50.71</b>	308 571	70.00
<i>MJA Golding</i>				
Balance at the beginning of the year	<b>308 571</b>	<b>70.00</b>	308 571	70.00
Options granted	<b>460 952</b>	<b>37.80</b>	-	
Balance at the end of the year	<b>769 523</b>	<b>50.71</b>	308 571	70.00

\* Mr Govender was appointed as a director on 11 June 2009

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FOR THE YEAR ENDED 31 MARCH 2010

	Direct beneficial		Indirect beneficial	
	Number	Percentage holding	Number	Percentage holding
<b>42. DIRECTORS' SHAREHOLDINGS</b>				
<b>31 March 2010</b>				
Executive directors				
JA Copelyn	<b>5 559 931</b>	<b>4.2</b>	-	-
MJA Golding	<b>7 541 109</b>	<b>5.7</b>	<b>1 519 133</b>	<b>1.2</b>
TG Govender	<b>100</b>	-	<b>17 250</b>	-
Non-executive directors				
VM Engel	<b>2 000</b>	-	-	-
JG Ngcobo	<b>3 995</b>	-	-	-
Y Shaik	<b>17 500</b>	-	-	-
	<b>13 124 635</b>	<b>9.9</b>	<b>1 536 383</b>	<b>1.2</b>
31 March 2009				
Executive directors				
JA Copelyn	5 559 931	4.4	-	-
MJA Golding	7 541 109	5.9	1 480 733	1.2
VE Mphande	152 500	0.1	-	-
A van der Veen	605 000	0.5	-	-
JA Mabuza	405 555	0.3	-	-
Non-executive directors				
VM Engel	7 000	-	-	-
JG Ngcobo	8 995	-	-	-
AM Ntuli	5 358	-	-	-
Y Shaik	17 500	-	-	-
	14 302 948	11.2	1 480 733	1.2

	Board fees R'000	Salary R'000	Other benefits R'000	Gains from share options, share appreciation and bonus plans R'000	Bonus R'000	Total R'000
<b>43. DIRECTORS EMOLUMENTS</b>						
<b>Year ended 31 March 2010</b>						
<i>Executive directors</i>						
JA Copelyn	-	4 356	-	1 825	3 267	9 448
MJA Golding	-	4 356	-	1 825	3 267	9 448
VE Mphande ##	-	387	-	-	-	387
A van der Veen ##	-	707	-	40	-	747
JA Mabuza ##	-	922	269	-	1 100	2 291
TG Govender #	-	1 438	-	610	1 300	3 348
<i>Non-executive directors</i>						
VM Engel	180	-	-	-	-	180
MF Magugu	210 *	-	-	-	-	210
LM Molefi	240 **	-	-	-	-	240
JG Ngcobo	210 *	-	-	-	-	210
AM Ntuli	53	-	-	-	-	53
R Garach	240 **	-	-	-	-	240
Y Shaik	240 **	-	-	-	-	240
	<b>1 373</b>	<b>12 166</b>	<b>269</b>	<b>4 300</b>	<b>8 934</b>	<b>27 042</b>

# appointed 11 June 2009

## resigned 11 June 2009

\* includes R30 000 remuneration committee fees

\*\* includes R60 000 audit committee fees

Year ended 31 March 2009

Executive directors

JA Copelyn	-	3 960	-	454	743	5 157
MJA Golding	-	3 960	-	454	743	5 157
VE Mphande	-	1 414	-	237	265	1 916
A van der Veen	-	2 829	-	286	530	3 645
JA Mabuza	-	2 293	1 700	34 994	2 100	41 087 ###

Non-executive directors

VM Engel	160	-	-	-	-	160
MF Magugu	160	-	-	-	-	160
LM Molefi	160	-	-	-	-	160
JG Ngcobo	160	-	-	-	-	160
AM Ntuli	160	-	-	-	-	160
R Garach	160	-	-	-	-	160
Y Shaik	160	-	-	-	-	160
	<b>1 120</b>	<b>14 456</b>	<b>1 700</b>	<b>36 425</b>	<b>4 381</b>	<b>58 082</b>

### These amounts were paid by Tsogo Sun Holdings (Proprietary) Limited, a subsidiary of HCI.

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

	<b>2010</b>	2009	<b>2010</b>	2009
	<b>R'000</b>	R'000	<b>R'000</b>	R'000

## 44. SEGMENT INFORMATION

The following are the summarised results for the various reportable operating segments:

	Revenue		Net gaming win	
Continuing operations				
Media and broadcasting	<b>1 614 898</b>	1 504 367	-	-
Limited payout gaming	<b>10 984</b>	10 534	<b>259 822</b>	225 226
Casino gaming	<b>646 871</b>	639 427	<b>3 409 651</b>	3 243 476
Hotels	<b>1 753 493</b>	2 037 375	-	-
Information technology	<b>230 281</b>	220 582	-	-
Transport	<b>897 554</b>	938 789	-	-
Vehicle component manufacture	<b>311 426</b>	499 600	-	-
Mining	<b>141 551</b>	6 409	-	-
Natural gas	<b>172 468</b>	220 994	-	-
Clothing and textiles	<b>2 586 923</b>	1 271 576	-	-
Exhibition and properties	<b>69 592</b>	60 553	-	-
Other	<b>14 271</b>	23 562	<b>16 883</b>	-
	<b>8 450 312</b>	7 433 768	<b>3 686 356</b>	3 468 702

Discontinued operations				
Conferencing and exhibition	<b>86 698</b>	89 338		
Financial services	-	58 553		
Vehicle component manufacture	<b>107 477</b>	324 016		
Clothing and textile	<b>366 758</b>	223 252		
Other	<b>30 914</b>	78 505		
	<b>591 847</b>	773 664		

	Segment Result (profit before tax)	
Continuing operations		
Media and broadcasting	<b>570 926</b>	466 392
Limited payout gaming	<b>14 168</b>	( 7 350)
Casino gaming	<b>1 144 973</b>	1 012 942
Hotels	<b>273 388</b>	641 602
Information technology	<b>35 724</b>	40 009
Transport	<b>98 048</b>	92 418
Vehicle component manufacture	<b>( 46 438)</b>	5 432
Food and beverage	<b>348 255</b>	( 2 398)
Exhibition and properties	<b>46 006</b>	13 077
Mining	<b>( 6 643)</b>	( 19 380)
Natural gas	<b>( 53 734)</b>	( 189 586)
Clothing and textile	<b>6 859</b>	( 52 509)
Other	<b>( 178 732)</b>	763 732
	<b>2 252 800</b>	2 764 381

	<b>2010</b>	2009	<b>2010</b>	2009
	<b>R'000</b>	R'000	<b>R'000</b>	R'000
SEGMENT INFORMATION (continued)				
	Segment Result (profit after tax)			
Discontinued operations				
Conferencing and exhibition	<b>9 036</b>	10 205		
Financial services	-	6 298		
Vehicle component manufacture	<b>( 65 870)</b>	( 7 201)		
Clothing and textile	<b>( 204 328)</b>	( 116 892)		
Natural gas	<b>( 55)</b>	( 1 951)		
Other	<b>9 537</b>	3 877		
	<b>( 251 680)</b>	( 105 664)		

	Assets		Liabilities	
Media and broadcasting	<b>1 345 094</b>	1 044 098	<b>503 856</b>	512 398
Limited payout gaming	<b>211 402</b>	204 178	<b>17 874</b>	29 250
Casino gaming	<b>7 140 427</b>	6 017 770	<b>4 545 147</b>	3 303 984
Hotels	<b>3 971 928</b>	4 029 090	<b>1 062 873</b>	1 259 651
Information technology	<b>145 759</b>	145 836	<b>78 004</b>	79 818
Transport	<b>1 071 401</b>	859 639	<b>405 605</b>	544 516
Vehicle component manufacture	<b>304 240</b>	554 197	<b>226 727</b>	363 402
Food and beverage	<b>603 806</b>	283 466	-	-
Mining	<b>501 695</b>	315 041	<b>67 084</b>	72 386
Natural gas	<b>667 900</b>	846 297	<b>197 053</b>	435 841
Exhibition and properties	<b>414 959</b>	436 443	<b>73 164</b>	56 780
Clothing and textile	<b>2 194 732</b>	2 586 092	<b>908 009</b>	1 169 630
Other	<b>297 081</b>	726 494	<b>2 404 838</b>	2 601 060
	<b>18 870 424</b>	18 048 641	<b>10 490 234</b>	10 428 716

	Fixed asset additions		Depreciation and amortisation	
Media and broadcasting	<b>79 170</b>	205 388	<b>66 748</b>	59 041
Limited payout gaming	<b>32 100</b>	89 738	<b>39 486</b>	32 308
Casino gaming	<b>678 193</b>	462 882	<b>284 318</b>	267 711
Hotels	<b>177 663</b>	359 340	<b>148 278</b>	117 696
Information technology	<b>12 492</b>	15 983	<b>13 632</b>	13 590
Transport	<b>60 911</b>	186 616	<b>49 922</b>	47 148
Vehicle component manufacture	<b>20 700</b>	70 860	<b>12 383</b>	8 403
Natural gas	<b>12 906</b>	42 112	<b>60 766</b>	73 427
Exhibition and properties	<b>2 577</b>	7 968	<b>2 799</b>	2 162
Mining	<b>138 471</b>	183 593	<b>6 559</b>	2 746
Clothing and textile	<b>50 115</b>	35 923	<b>43 739</b>	25 460
Other	<b>1 178</b>	1 327	<b>1 738</b>	343
	<b>1 266 476</b>	1 661 730	<b>730 368</b>	650 035

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## SEGMENT INFORMATION (continued)

Amounts applicable to associates  
and joint ventures included above :

	<b>2010</b>		2009	
	<b>Investment in associates and joint ventures</b>		Investment in associates and joint ventures	
	<b>Results</b>	<b>Results</b>	Results	Results
	<b>R'000</b>	<b>R'000</b>	R'000	R'000
Media and broadcasting	<b>(3 662)</b>	<b>49 755</b>	( 874)	17 159
Gaming, hotels and leisure	<b>87 656</b>	<b>1709 776</b>	64 697	1599 344
Information technology	<b>3 186</b>	<b>13 871</b>	2 938	11 676
Transport	<b>8 844</b>	<b>14 541</b>	8 363	11 303
Food and beverage	<b>443 161</b>	<b>603 806</b>	(2 539)	277 757
Natural gas	<b>(2 959)</b>	-	(5 497)	30 096
Clothing and textile	-	-	( 714)	-
Other	<b>217</b>	<b>13 505</b>	1 822	13 559
	<b>536 443</b>	<b>2405 254</b>	68 196	1960 894

The natural gas segment operates in the United States of America.

## 45. RELATED PARTY TRANSACTIONS

### *Related parties include:*

45.1 The group entered into transactions in the ordinary course of business with various partly owned subsidiaries and associated companies.

These transactions are conducted on an arms length basis and relate to funding and administrative services. Details of loans to these entities are set out in note 6 and annexure A.

45.2 Key management compensation was paid as follows:

	<b>2010</b>	2009
	<b>R'000</b>	R'000
Salaries and other short-term employee benefits	<b>79 060</b>	69 266

Details of directors' remuneration are disclosed in note 43 to the financial statements.

## 46. CONTINGENT LIABILITIES

### *Group*

Certain subsidiaries of the Group have entered into structured finance arrangements in relation to intellectual property sale and lease back transactions with Nedbank. SARS is currently assessing these financial structures, the outcome of which remains uncertain. This could have an adverse effect on the Group. The Group has taken advice on the matter and based on this advice believe that the Group will be able to defend any actions.

The Group has established bank guarantees in favour of the Department of Mineral and Energy against the future rehabilitation of its operations.

### *Company*

The company has issued guarantees and suretyships to ABSA Bank Limited and First Rand Bank Limited for the preference share debt granted to Mercanto Investments (Proprietary) Limited, Flaghigh Investments (Proprietary) Limited and Tangney Investments (Proprietary) Limited, subsidiaries. At 31 March 2010 the total amount owing in respect of this preference share debt amounted to R1 000 million (2009: R1,000 million). The company has issued guarantees and suretyships to Investec Bank Limited for the term loan debt granted to HCI Treasury (Proprietary) Limited, a subsidiary. At 31 March 2010 the total amount owing in respect of these term loans amounted to R300 million (2009: R300 million).

The company has issued capital guarantees in respect of obligations between certain of its subsidiaries.

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## 47. BUSINESS COMBINATIONS

### 47.1 SUBSIDIARIES ACQUIRED

	Principal activity	Date of acquisition	Proportion of shares acquired
Century Casinos Africa (Proprietary) Limited	Casino operator	30/06/2009	100%
Crystal Brook Distributions (Proprietary) Limited	Media distributor	30/09/2009	100%
Refinery Post Production Facilities (Proprietary) Limited	Media producer	28/02/2010	100%
Galaxy Bingo International (Proprietary) Limited	Bingo operator	10/12/2009	75%

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2010

## 47.2 COST OF ACQUISITION, NET CASH OUTFLOW ON ACQUISITION AND ANALYSIS OF ASSETS AND LIABILITIES ACQUIRED

	<b>2010</b>	2009
	<b>R'000</b>	R'000
Non-current assets		
Property, plant and equipment	<b>276 376</b>	1 590 227
Other non-current assets	<b>12 704</b>	92 596
Current assets	<b>61 318</b>	2 075 306
Non-current liabilities		
Borrowings	<b>( 105 599)</b>	( 577 186)
Deferred tax liability	<b>( 15 917)</b>	( 43 444)
Current liabilities	<b>( 59 259)</b>	(1 451 177)
	<b>169 623</b>	1 686 322
Minority share	-	( 619 067)
Existing share of net assets before business combination	-	( 216 892)
Excess fair value of assets acquired	-	( 876 023)
Cash injected by minority	-	( 50 678)
Goodwill on acquisition	<b>356 790</b>	69 628
Cost of acquisitions	<b>526 413</b>	( 6 710)
Costs	<b>2 279</b>	-
Cash balances acquired	<b>( 23 579)</b>	299 130
Net cash outflow on acquisition	<b>505 113</b>	292 420

47.3 PROCEEDS ON DISPOSAL, NET CASH INFLOW ON DISPOSAL AND ANALYSIS OF ASSETS AND LIABILITIES DISPOSED OF

	<b>2010</b>	2009
	<b>R'000</b>	R'000
Non-current assets		
Property, plant and equipment	<b>118 285</b>	4 354
Other non-current assets	-	402 489
Current assets	<b>27 026</b>	2 086 634
Non current liabilities		
Borrowings	<b>( 51 343)</b>	( 538 506)
Other non current liabilities	-	( 280)
Deferred tax liability	<b>( 12 510)</b>	( 4 730)
Current liabilities	<b>( 2 152)</b>	(1 855 308)
Minority share	<b>( 6 223)</b>	( 8 609)
Net assets disposed of	<b>73 083</b>	86 044
Gain on disposal	<b>25 388</b>	54 306
Consideration received in cash	<b>98 471</b>	140 350
Cash balance disposed of	<b>( 5 905)</b>	( 25 590)
Net cash inflow on disposal	<b>92 566</b>	114 760

47.4 GOODWILL ARISING ON ACQUISITION

The purchase price of the businesses acquired includes amounts in relation to the benefit of expected synergies, revenue growth and the assembled workforce of these businesses. These benefits are not recognised separately from goodwill as the future economic benefits arising from them cannot be reliably measured.

47.5 IMPACT OF THE ACQUISITIONS ON THE RESULTS OF THE GROUP

The acquired businesses contributed revenues of R61 million and profits after tax of R7 million to the group for the periods from dates of effective control to 31 March 2010. Had the acquisitions been effective on 1 April 2009 the contribution to revenue would have been R114 million and the contribution to profit after tax would have been R9 million of profit after tax.

## 48. FINANCIAL RISK MANAGEMENT

### 48.1 FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. 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 to hedge certain risk exposures.

Risk management is carried out by the treasury departments (Treasury) of the major operating units under policies approved by their board's of directors. Their boards provide principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, use of derivative financial instruments and non-derivative financial instruments, and investing excess liquidity. Credit risk is also managed at an entity level for trade receivables.

#### 48.1.1 MARKET RISK

##### *Currency risk*

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar and the Euro. Foreign exchange risk arises from exposure in the foreign operations due to trading transactions in currencies other than the functional currency. The Group secures its debt denominated in US Dollar in the offshore entities with assets and cash flows of those offshore operations (where the functional currency of these entities is US Dollars), with no recourse to the South African operations. As a result no forward cover contracts are required on this debt. Foreign currency import and exports within the Group are managed using forward exchange contracts.

MARKET RISK (continued)

The following significant exchange rates applied during the year:

	Average rate		Reporting date	
	<b>2010</b>	2009	<b>2010</b>	2009
United States Dollar	<b>7.83</b>	8.78	<b>7.30</b>	9.61
Euro	<b>11.05</b>	12.3	<b>9.86</b>	12.72

A 10% strengthening of the functional currency against the following currencies at 31 March would have increased/ (decreased) profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. This analysis is performed on the same basis for 2009.

	Profit/(loss)	
	<b>2010</b>	2009
	<b>R'000</b>	R'000
Local currency:		
Tanzanian Shilling	<b>112</b>	201
Mozabiquan Meticals	<b>( 584)</b>	( 308)
Lusaka Kwacha	<b>( 71)</b>	98
Seychelles Rupee	<b>( 90)</b>	5 265
Euro	<b>3 608</b>	5 972
Dollar	<b>7 003</b>	22 973
Swiss Franc	<b>15</b>	10

A 10% weakening of the functional currency against the above currencies at 31 March would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

The following carrying amounts were exposed to foreign currency exchange risk:

*Non current receivables*

Dollar	<b>13 132</b>	29 964
Seychelles Rupee	<b>3 151</b>	10 700
	<b>16 283</b>	40 664

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## MARKET RISK (continued)

	<b>2010</b>	2009
	<b>R'000</b>	R'000
<i>Trade and other receivables</i>		
Australian dollar	<b>809</b>	1 888
British pound	<b>1 704</b>	12 150
Dollar	<b>50 781</b>	40 813
Euro	<b>11 921</b>	16 654
Tanzanian Shilling	<b>547</b>	280
Mozabiquan Meticals	<b>4 612</b>	5 511
Lusaka Kwacha	<b>5 735</b>	5 582
Seychelles Rupee	<b>5 061</b>	4 207
United Arab Dirhams	<b>2 267</b>	-
	<b>83 437</b>	87 085
<i>Trade and other payables</i>		
Singapore dollar	-	1 639
Swiss Franc	<b>146</b>	247
Euro	<b>5 844</b>	5 966
British pound	<b>1 138</b>	1 110
Dollar	<b>170 593</b>	313 334
	<b>177 721</b>	322 296

### *Interest rate risk*

The Group's primary interest rate risk arises from long-term borrowings. It is exposed to a lesser extent to interest rate changes on loans to minority shareholders of fellow subsidiary companies. Borrowings at variable rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk. Where appropriate the Group manages its interest rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting floating rate borrowings to fixed rates. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating rate interest amounts calculated by reference to an agreed reference interest rate calculated on agreed notional principal amounts.

MARKET RISK (continued)

At 31 March the interest rate profile of the Group's interest-bearing financial instruments was:

	Carrying amount	
	2010	2009
	R'000	R'000
<i>Fixed rate instruments</i>		
Financial assets	36 341	39 525
Financial liabilities	( 180 022)	( 322 861)
	<b>( 143 681)</b>	<b>( 283 336)</b>
<i>Variable rate instruments</i>		
Financial assets	137 626	222 398
Financial liabilities	(6 700 025)	(6 063 302)
	<b>(6 562 399)</b>	<b>(5 840 904)</b>

Fair value sensitivity analysis for fixed rate instruments:

A change of 100 basis points in interest rates would have increased or decreased equity by R1,2 million (2009: R11,7 million).

Cash flow sensitivity analysis for variable rate instruments:

A change of 100 basis points in interest rates would have increased or decreased profit or loss by R56,3 million (2009: R29,7 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2009.

*Other price risk*

The group does not invest in listed securities and therefore does not have any equity price risk. The Group is not exposed to commodity price risk other than the market price of natural gas. In order to mitigate the risks associated with the fluctuations in natural gas prices from time to time the group enters short term future exchange contract to fix gas prices for portions of expected production volumes. A change of 1% in the gas price would have increased/decreased post tax profits by R0,65 million (2009: R3,3 million). The analysis assumes that all other variables remain constant.

#### 48.1.2 CREDIT RISK

The group has no significant concentrations of credit risk. Overall credit risk is managed at entity level. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to the Group's customer base, including outstanding receivables and committed transactions. For banks and financial institutions, only Group Audit Committee approved parties are accepted. The group has policies that limit the amount of credit exposure to any financial institution. Trade receivables comprise a large, widespread customer base and the group performs ongoing credit evaluations of the financial condition of its customers. The utilisation of credit limits are regularly monitored. Refer note 16 for further credit risk analysis in respect of trade and other receivables. No credit limits were exceeded during the year under review, and management does not expect any losses from non-performance by these counterparties.

#### 48.1.3 LIQUIDITY RISK

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the treasury functions of the major subsidiaries aim to maintain flexibility in funding by keeping committed credit lines available. Management monitors rolling forecasts of the Group's liquidity headroom on the basis of expected cash flow and the resultant borrowing position compared to available credit facilities. This process is performed during each financial year end for five years into the future in terms of the Group's long term planning process.

The table below analyses the Group's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

## LIQUIDITY RISK (continued)

	Less than 1 year R'000	Between 2 and 5 years R'000	Over 5 years R'000
At 31 March 2010			
Bank and other borrowings	<b>2 160 130</b>	<b>4 480 174</b>	<b>177 397</b>
Obligations under finance lease	<b>11 929</b>	<b>60 498</b>	<b>17 699</b>
Derivative financial instruments	<b>58 762</b>	<b>18 836</b>	-
Trade and other payables	<b>1 634 071</b>	-	-
	<b>3 864 892</b>	<b>4 559 508</b>	<b>195 096</b>
At 31 March 2009			
Bank and other borrowings	1 621 690	5 198 615	258 299
Obligations under finance lease	32 922	101 873	135 966
Derivative financial instruments	23 795	26 141	4 946
Trade and other payables	2 008 692	-	-
	<b>3 687 099</b>	<b>5 326 629</b>	<b>399 211</b>

## 48.2 CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and provide optimal returns for shareholders through maintaining an optimal capital structure. The Group defines capital as equity funding provided by shareholders and debt funding from external parties. Shareholder funding comprises permanent paid up capital, share premium, revenue reserves and other reserves being revaluation reserves (if any) and foreign currency translation reserves together with loans from shareholders. The board's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The board of directors monitors the cost of capital, which the Group defines as the weighted average cost of capital, taking into account the Group's internally calculated cost of equity (shareholder funding) and long term cost of debt assumptions. The board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound equity position. The Group's debt capacity and optimal gearing levels are determined by the cash flow profile of the Group and are measured through applicable ratios such as net debt to EBITDA and interest cover. In order to maintain or adjust the capital structure, in the absence of significant investment opportunities, the Group may adjust the

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amount of dividends paid to shareholders, return capital to shareholders or issue new shares. There were no changes in the Group's approach to capital management during the year. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

## 48.3 FAIR VALUE ESTIMATION

The group adopted the amendment to IFRS 7 for financial instruments that are measured in the statement of financial position at fair value. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

Level 1 - Quoted prices available in active markets for identical assets or liabilities

Level 2 - Inputs used, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly

Level 3 - Fair value determined by valuation that uses inputs that are not based on observable market data

The following financial instruments are measured at fair value:

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
At 31 March 2010				
<b>Assets</b>				
<i>Financial assets at fair value through profit or loss</i>				
Derivatives	-	-	9 059	9 059
Derivatives used for hedging	3 334	-	-	3 334
<i>Available-for-sale financial assets</i>				
Equity securities	24 357	-	-	24 357
Unit trust investments	-	187	-	187
Sinking fund insurance policy	-	-	48 775	48 775
Other	-	-	10 011	10 011
Total assets	<b>27 691</b>	<b>187</b>	<b>67 845</b>	<b>95 723</b>
<b>Liabilities</b>				
<i>Financial liabilities at fair value through profit or loss</i>				
Derivatives used for hedging	-	77 598	-	77 598
Total liabilities	-	<b>77 598</b>	-	<b>77 598</b>

## FAIR VALUE ESTIMATION

The following table presents the changes in level 3 financial instruments for the year ended 31 March 2010:

	Derivatives	Sinking fund insurance policy	Other	Total
	R'000	R'000	R'000	R'000
<i>Assets</i>				
Carrying amount at 31 March 2009	8 317	50 660	4 485	63 462
Additions	-	-	5 736	5 736
Disposals	-	-	( 210)	( 210)
Profits / (losses) recognised in profit and loss	742	( 1 885)	-	( 1 143)
Carrying amount at 31 March 2010	9 059	48 775	10 011	67 845
<i>Liabilities</i>				
Carrying amount at 31 March 2009				-
Carrying amount at 31 March 2010				-
Total gains and losses for the period included in profit or loss for instruments held at 31 March 2010	742	( 1 885)	-	( 1 143)
	742	( 1 885)	-	( 1 143)

## 49. POST BALANCE SHEET EVENTS

Prior to year end the group had entered into an agreement to dispose of its equity interests in Clover by way of a buyback of its ordinary shares by Clover and a restructuring of the present preference shares held. Subsequent to year end the disposal became unconditional and the group received approximately R490 million in proceeds from the disposal with the only remaining exposure to Clover being R110 million in three-year compulsory redeemable preference shares with a fixed dividend coupon of 90% of prime.

During the year shareholders were advised that Gold Reef Resorts Limited ("Gold Reef") and Tsogo Sun Holdings (Proprietary) Limited ("TSH"), a 51% subsidiary of Tsogo Investment Holdings Company (Proprietary) Limited ("TIH"), which in turn is a 74.67% subsidiary of HCI, had entered into an agreement (the "Exchange Agreement") detailing the terms and conditions of a merger of their respective gaming and hotel businesses (the "Proposed Transaction"), to form a combined business. On 26 April the shareholders of the company, TSH, TIH and Gold Reef approved the Proposed Transaction, which however remains subject to regulatory approval.

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	Loans and receivables		Financial / liabilities at amortised cost		Non financial instruments	
	2010	2009	2010	2009	2010	2009

## 50. FINANCIAL INSTRUMENTS

An analysis of the Group's assets and liabilities, classified by financial instrument, are set out below.

### Group

#### Assets

<i>Non-current assets</i>	<b>161 858</b>	170,795	-	-	<b>14 744 106</b>	13 745 009
Property, plant and equipment	-	-	-	-	<b>9 660 977</b>	9 271 620
Investment properties	-	-	-	-	<b>218 585</b>	166 937
Goodwill	-	-	-	-	<b>1 544 195</b>	1 263 883
Intangible assets	-	-	-	-	<b>565 506</b>	649 139
Intangible assets mining	-	-	-	-	<b>78 896</b>	53 993
Investments in associates	-	-	-	-	<b>2 278 535</b>	1 842 331
Investments in joint ventures	-	-	-	-	<b>126 719</b>	118 563
Other financial assets	-	-	-	-	-	-
Deferred taxation	-	-	-	-	<b>230 997</b>	343 446
Operating lease equalisation asset	-	-	-	-	<b>962</b>	4 970
Finance lease receivables	<b>38 626</b>	33,195	-	-	-	-
Non-current receivables	<b>123 232</b>	137,600	-	-	<b>38 734</b>	30 127
<i>Current assets</i>	<b>2 658 979</b>	2,618,469	-	-	<b>1 098 872</b>	1 313 460
Inventories	-	-	-	-	<b>743 803</b>	1 033 276
Programme rights	-	-	-	-	<b>268 631</b>	220 138
Other financial assets	-	-	-	-	-	-
Trade and other receivables	<b>1 367 394</b>	1 723 115	-	-	<b>77 301</b>	46 171
Taxation	-	-	-	-	<b>9 137</b>	13 875
Bank balances and deposits	<b>1 291 585</b>	895 354	-	-	-	-
Non-current assets/disposal group assets held for sale	-	-	-	-	<b>110 886</b>	26 972
Total assets	<b>2 820 837</b>	2 789 264	-	-	<b>15 953 864</b>	15 085 441
<b>Liabilities</b>						
<i>Non-current liabilities</i>	-	-	<b>4 715 207</b>	4 911 023	<b>1 161 244</b>	1 153 634
Financial liabilities	-	-	-	-	-	-
Operating lease equalisation liability	-	-	-	-	<b>287 429</b>	262 067
Borrowings	-	-	<b>4 657 471</b>	4 808 980	-	-
Finance lease liabilities	-	-	<b>57 736</b>	102 043	-	-
Post retirement medical benefit liabilities	-	-	-	-	<b>135 474</b>	146 968
Long term incentive plan	-	-	-	-	<b>15 964</b>	12 540
Long term provisions	-	-	-	-	<b>52 049</b>	43 483
Deferred revenue	-	-	-	-	<b>17 480</b>	3 667
Deferred taxation	-	-	-	-	<b>652 848</b>	684 909

Available for sale		Fair value through profit or loss		Held to maturity investments		Total	
2010	2009	2010	2009	2010	2009	2010	2009
<b>53 768</b>	56 026	<b>9 059</b>	7 726	-	-	<b>14 968 791</b>	13 979 556
-	-	-	-	-	-	<b>9 660 977</b>	9 271 620
-	-	-	-	-	-	<b>218 585</b>	166 937
-	-	-	-	-	-	<b>1 544 195</b>	1 263 883
-	-	-	-	-	-	<b>565 506</b>	649 139
-	-	-	-	-	-	<b>78 896</b>	53 993
-	-	-	-	-	-	<b>2 278 535</b>	1 842 331
-	-	-	-	-	-	<b>126 719</b>	118 563
<b>53 768</b>	56 026	<b>9 059</b>	7 726	-	-	<b>62 827</b>	63 752
-	-	-	-	-	-	<b>230 997</b>	343 446
-	-	-	-	-	-	<b>962</b>	4 970
-	-	-	-	-	-	<b>38 626</b>	33 195
-	-	-	-	-	-	<b>161 966</b>	167 727
<b>29 562</b>	90 203	<b>3 334</b>	19 981	-	-	<b>3 790 747</b>	4 042 113
-	-	-	-	-	-	<b>743 803</b>	1 033 276
-	-	-	-	-	-	<b>268 631</b>	220 138
<b>29 562</b>	90 203	<b>3 334</b>	19 981	-	-	<b>32 896</b>	110 184
-	-	-	-	-	-	<b>1 444 695</b>	1 769 286
-	-	-	-	-	-	<b>9 137</b>	13 875
-	-	-	-	-	-	<b>1 291 585</b>	895 354
-	-	-	-	-	-	<b>110 886</b>	26 972
<b>83 330</b>	146 229	<b>12 393</b>	27 707	-	-	<b>18 870 424</b>	18 048 641
-	-	<b>18 836</b>	31 087	-	-	<b>5 895 287</b>	6 095 744
-	-	<b>18 836</b>	31 087	-	-	<b>18 836</b>	31 087
-	-	-	-	-	-	<b>287 429</b>	262 067
-	-	-	-	-	-	<b>4 657 471</b>	4 808 980
-	-	-	-	-	-	<b>57 736</b>	102 043
-	-	-	-	-	-	<b>135 474</b>	146 968
-	-	-	-	-	-	<b>15 964</b>	12 540
-	-	-	-	-	-	<b>52 049</b>	43 483
-	-	-	-	-	-	<b>17 480</b>	3 667
-	-	-	-	-	-	<b>652 848</b>	684 909

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	Loans and receivables		Financial / liabilities at amortised cost		Non financial instruments	
	2010	2009	2010	2009	2010	2009
<b>FINANCIAL INSTRUMENTS (continued)</b>						
<i>Current liabilities</i>	-	-	<b>4 125 505</b>	3 815 124	<b>390 427</b>	494 053
Trade and other payables	-	-	<b>1 628 476</b>	1 994 329	<b>5 595</b>	14 363
Financial liabilities	-	-	-	-	-	-
Current portion of borrowings	-	-	<b>2 160 130</b>	1 455 175	-	-
Current portion of finance lease liabilities	-	-	<b>4 710</b>	19 964	-	-
Other financial liabilities	-	-	-	-	-	-
Taxation	-	-	-	-	<b>110 346</b>	170 399
Provisions	-	-	-	-	<b>250 164</b>	301 548
Long term incentive plan	-	-	-	-	<b>24 322</b>	7 743
Bank overdrafts	-	-	<b>332 189</b>	345 656	-	-
Non-current liabilities/disposal group liabilities held for sale	-	-	-	-	<b>20 253</b>	-
Total liabilities	-	-	<b>8 840 712</b>	8 726 147	<b>1 571 924</b>	1 647 687
<b>Company</b>						
<b>Assets</b>						
<i>Non-current assets</i>	<b>180 437</b>	-	-	-	<b>2 306 704</b>	2 329 281
Investments in associates	-	-	-	-	<b>9 256</b>	9 256
Subsidiary companies	-	-	-	-	<b>2 297 448</b>	2 320 025
Non-current receivables	<b>180 437</b>	-	-	-	-	-
<i>Current assets</i>	<b>98 054</b>	14 976	-	-	-	-
Tax	-	-	-	-	-	-
Trade and other receivables	<b>135</b>	93	-	-	-	-
Bank balances and deposits	<b>97 919</b>	14 883	-	-	-	-
Total assets	<b>278 491</b>	14 976	-	-	<b>2 306 704</b>	2 329 281
<b>Liabilities</b>						
<i>Current liabilities</i>	-	-	<b>384 180</b>	538 931	<b>31 408</b>	9 463
Trade and other payables	-	-	<b>1 193</b>	12 826	-	-
Amounts owing to subsidiaries	-	-	<b>382 987</b>	526 105	-	-
Taxation	-	-	-	-	<b>31 408</b>	9 463
Total liabilities	-	-	<b>384 180</b>	538 931	<b>31 408</b>	9 463

Available for sale		Fair value through profit or loss		Held to maturity investments		Total	
2010	2009	2010	2009	2010	2009	2010	2009
-	-	<b>58 762</b>	23 795	-	-	<b>4 574 694</b>	4 332 972
-	-	-	-	-	-	<b>1 634 071</b>	2 008 692
-	-	<b>58 762</b>	23 795	-	-	<b>58 762</b>	23 795
-	-	-	-	-	-	<b>2 160 130</b>	1 455 175
-	-	-	-	-	-	<b>4 710</b>	19 964
-	-	-	-	-	-	-	-
-	-	-	-	-	-	<b>110 346</b>	170 399
-	-	-	-	-	-	<b>250 164</b>	301 548
-	-	-	-	-	-	<b>24 322</b>	7 743
-	-	-	-	-	-	<b>332 189</b>	345 656
-	-	-	-	-	-	<b>20 253</b>	-
-	-	<b>77 598</b>	54 882	-	-	<b>10 490 234</b>	10 428 716
-	242	-	-	-	-	<b>2 487 141</b>	2 329 523
-	-	-	-	-	-	<b>9 256</b>	9 256
-	-	-	-	-	-	<b>2 297 448</b>	2 320 025
-	242	-	-	-	-	<b>180 437</b>	242
-	-	-	-	-	-	<b>98 054</b>	14 976
-	-	-	-	-	-	-	-
-	-	-	-	-	-	<b>135</b>	93
-	-	-	-	-	-	<b>97 919</b>	14 883
-	242	-	-	-	-	<b>2 585 195</b>	2 344 499
-	-	-	-	-	-	<b>415 588</b>	548 394
-	-	-	-	-	-	<b>1 193</b>	12 826
-	-	-	-	-	-	<b>382 987</b>	526 105
-	-	-	-	-	-	<b>31 408</b>	9 463
-	-	-	-	-	-	<b>415 588</b>	548 394