

Notes To The Annual Financial Statements

For the year ended 31 March 2008

	Group		Company	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
1. PROPERTY, PLANT AND EQUIPMENT				
<i>Cost</i>				
Broadcast studios and equipment	252 730	141 448		
Land and buildings	5 493 359	4 853 634		
Leasehold improvements	95 268	87 422		
Properties under construction	29 523	310 704		
Plant and machinery	299 238	153 531		
Buses	496 832	362 064		
Other equipment and vehicles	2 142 604	1 675 983		
Gas rights	278 590	249 190		
	9 088 144	7 833 976		
<i>Accumulated depreciation</i>				
Broadcast studios and equipment	186 212	96 220		
Land and buildings	664 601	622 681		
Leasehold improvements	31 700	22 968		
Plant and machinery	97 141	68 854		
Buses	100 066	68 053		
Other equipment and vehicles	1 106 570	883 074		
Gas rights	25 000	4 500		
	2 211 290	1 766 350		
<i>Carrying value</i>				
Broadcast studios and equipment	66 518	45 228		
Land and buildings	4 828 758	4 230 953		
Leasehold improvements	63 568	64 454		
Properties under construction	29 523	310 704		
Plant and machinery	202 097	84 677		
Buses	396 766	294 011		
Other equipment and vehicles	1 036 034	792 909		
Gas rights	253 590	244 690		
	6 876 854	6 067 626		
<i>Movements in property, plant and equipment</i>				
Balance at beginning of year				
Broadcast studios and equipment	45 228	49 891		
Land and buildings	4 230 953	339 482		
Leasehold improvements	64 454	5 708		
Properties under construction	310 704	-		
Plant and machinery	84 677	73 121		
Buses	294 011	271 972		
Other equipment and vehicles	792 909	54 854		
Gas rights	244 690	-		
	6 067 626	795 028		
<i>Additions</i>				
Broadcast studios and equipment	22 399	11 444		
Land and buildings	306 129	45 920		
Leasehold improvements	1 549	3 202		
Properties under construction	132 845	127 960		
Plant and machinery	102 768	40 813		
Buses	136 087	51 600		
Other equipment and vehicles	390 750	123 257		
	1 092 527	404 196		

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	Group		Company	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
1. PROPERTY, PLANT AND EQUIPMENT (continued)				
<i>Business combinations</i>				
Broadcast studios and equipment	16 234	-		
Land and buildings	1 500	3 811 115		
Leasehold improvements	2 397	59 327		
Properties under construction	-	323 391		
Plant and machinery	34 946	-		
Other equipment and vehicles	9 563	675 668		
Gas rights	-	249 190		
	64 640	5 118 691		
<i>Disposals</i>				
Broadcast studios and equipment	-	-		
Land and buildings	(8 620)	(14 605)		
Leasehold improvements	(143)	(324)		
Plant and machinery	(1 063)	(2 225)		
Buses	(946)	(14 847)		
Other equipment and vehicles	(43 854)	(5 716)		
	(54 626)	(37 717)		
<i>Depreciation</i>				
Broadcast studios and equipment	(17 252)	(16 107)		
Land and buildings	(116 536)	(35 767)		
Leasehold improvements	(4 343)	(4 054)		
Plant and machinery	(20 286)	(14 548)		
Buses	(32 386)	(27 336)		
Other equipment and vehicles	(216 734)	(65 581)		
Gas rights	(19 000)	(4 500)		
	(426 537)	(167 893)		
<i>Revaluations and impairment reversals</i>				
Land and buildings	51 800	9 390		
Leasehold improvements	-	1		
Plant and machinery	-	138		
	51 800	9 529		
<i>Currency translation</i>				
Broadcast studios and equipment	(91)	-		
Land and buildings	47 016	5 198		
Other equipment and vehicles	30 976	545		
Gas rights	27 900	-		
	105 801	5 743		
<i>Realloactions and transfers</i>				
Land and buildings	316 516	70 220		
Leasehold improvements	(346)	594		
Properties under construction	(414 026)	(140 647)		
Plant and machinery	1 055	-		
Other equipment and vehicles	72 424	9 882		
	(24 377)	(59 951)		
<i>Balances at end of year</i>				
Broadcast studios and equipment	66 518	45 228		
Land and buildings	4 828 758	4 230 953		
Leasehold improvements	63 568	64 454		
Properties under construction	29 523	310 704		
Plant and machinery	202 097	84 677		
Buses	396 766	294 011		
Other equipment and vehicles	1 036 034	792 909		
Gas rights	253 590	244 690		
	6 876 854	6 067 626		

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	Group		Company	
	2008	2007	2008	2007
	R'000	R'000	R'000	R'000

1. PROPERTY, PLANT AND EQUIPMENT (continued)

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

Encumbrances

Mortgages are registered over access platforms, certain plant and machinery and certain land and buildings as security for the loans details in note 22. The carrying values of assets encumbered is R 1 521 million (2007: R1 056,5 million)

2. INVESTMENT PROPERTIES

Investment properties consist of:

Bare dominiums

11 665	24 459
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Other investment properties

171 000	173 840
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182 665	198 299
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Investment properties are stated at fair value. The fair value of the 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 the other investment properties at 31 March 2008 has been arrived at on the basis of a valuation carried out at 1 March 2008 by Mr Conrad Penny, an independent valuer not related to the Group. The valuation was 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.

Reconciliation of carrying value

At beginning of year

198 299	154 235
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Fair value adjustments

29 171	464
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Transfer from property, plant and equipment

(2 840)	43 700
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Disposals

-	(100)
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Transfer to non-current assets held for sale

(41 965)	-
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At end of year

182 665	198 299
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The operating costs relating to the bare dominiums are borne by the holders of the usufructs. The operating costs of the other investments properties included in profit and loss for the year was R 11,1 million (2007: R11,9 million)

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	Group		Company	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
3. GOODWILL				
Arising on acquisition of shares in businesses	846 968	609 807		
<i>Reconciliation of carrying value</i>				
At beginning of year	609 807	82 683		
Business combinations (refer note 48)	107 451	532 002		
Increase in holdings	147 638	-		
Derecognised	(9 479)	(1 190)		
Transfer to non-current assets held for sale	(6 509)	-		
Impairment	(5 005)	(4 488)		
Effects of foreign exchange currency differences	2 195	800		
At end of year	846 098	609 807		

Goodwill relates primarily to the groups casino and hotel interests (R 679,5million in the current year and R 537,6 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 "Earning 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 would achieve were it to list.

The value of other cash generating units to which goodwill has been allocated has been determined based on value in use calculations using management generated cash flow projections. The net present value has been calculated to be in excess of the current carrying value and therefore no impairment is required.

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4. OTHER INTANGIBLE ASSETS

	Bid costs R'000	Management contracts R'000	Computer software R'000	Trademarks R'000	Exploration assets R'000	Tax credits R'000	Customer contracts R'000	Total R'000
<i>Group 2008</i>								
Carrying value at beginning of year	83 569	6 662	48 045	10 984	6 007	25 060	114 140	294 467
Additions	-	88	40 577	-	13 694	-	-	54 359
Business Combinations	-	-	888	-	-	-	-	888
Transfers	-	-	1 077	57	-	(6 660)	(38)	(5 564)
Foreign exchange differences	-	-	-	-	-	1 800	13 000	14 800
Amortisation	(13 925)	(6 662)	(22 248)	(456)	-	(20 200)	(8 900)	(72 391)
Carrying value at end of year	69 644	88	68 339	10 585	19 701	-	118 202	286 559
Cost	159 803	273 921	145 301	11 459	19 701	28 400	129 900	768 485
Accumulated amortisation	(90 159)	(273 833)	(76 962)	(874)	-	(28 400)	(11 698)	(481 926)
	69 644	88	68 339	10 585	19 701	-	118 202	286 559
<i>Group 2007</i>								
Carrying value at beginning of year	-	-	1 876	-	-	-	-	1 876
Additions	-	-	8 267	-	6 007	-	-	14 274
Business Combinations	88 508	32 404	28 401	11 136	-	35 960	116 240	312 649
Transfers	-	-	15 959	-	-	-	-	15 959
Amortisation	(4 939)	(25 742)	(6 458)	(152)	-	(10 900)	(2 100)	(50 291)
Carrying value at end of year	83 569	6 662	48 045	10 984	6 007	25 060	114 140	294 467
Cost	159 803	273 833	111 906	11 402	6 007	35 960	116 240	715 151
Accumulated amortisation	(76 234)	(267 171)	(63 861)	(418)	-	(10 900)	(2 100)	(420 684)
	83 569	6 662	48 045	10 984	6 007	25 060	114 140	294 467

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	10 to 12.5 years
Management contracts	5 years
Computer software	1 to 3 years
Trademarks	25 years
Tax credits	1 year
Customer contracts	15 years
Exploration assets	over the useful life of the mine

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5. INVESTMENTS IN ASSOCIATES

Unlisted

Name of associates	Principal activity	Group's interest		Group Carrying value		Company Carrying value	
		2008	2007	2008 R'000	2007 R'000	2008 R'000	2007 R'000
<i>The following are the Groups' principal associates:</i>							
Business Systems Group							
(Proprietary) Limited	Information technology	40%	40%	10 858	9 299	3 000	3 000
Clover Industries Limited	Food and Beverage	45%	45% *	292 740	169 341	-	-
Johnson Crane Hire							
(Proprietary) Limited	Crane Hire		50%	-	44 164	-	-
Hotel Formula 1							
(Proprietary) Limited	Hotel operator	47%	47%	30 089	19 740	-	-
Galaxy Bingo International							
South Africa (Proprietary) Limited		49%		45 230	-	-	-
Malelane Lodge (Proprietary) Ltd	Hotel operator	49%	49%	-	4 361	-	-
Monte Cinemas (Proprietary) Ltd	Hotel operator	49%		21 188	-	-	-
Noah Financial Innovation							
(Proprietary) Limited	Financial Services	49%	49%	7 790	24 086	-	-
Magellan-Montauk LFS LLC #	Energy	50%	50%	84 830	79 558	-	-
Apollo Energy III LLC #	Energy	50%	50%	-	15 976	-	-
Other associates**				49 472	41 832	6 256	6 256
				542 197	408 357	9 256	9 256
Directors valuation				577 157	461 081		

* Economic interest

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

Incorporated in the United States

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

	Information Technology	Food and Beverage	Financial Services	Hotels and Energy	Casino
Total assets	30 517	3 051 842	150 642	70 800	131 126
Total liabilities	(6 603)	(2 094 993)	(130 758)	(500)	(42 690)
Net assets	23 914	956 849	19 884	70 300	88 436
Revenue	58 404	2 778 200	47 530	18 800	129 590
Groups' share of associates profits/ (losses) for the year	3 484	129 735	7 886	(3 915)	31 022

The following associates do not have 31 March year ends:

Name of associate	Year end
Johnson Crane Hire (Proprietary) Limited	June
Hotel Formula 1 (Proprietary) Limited	December
Magellan-Montauk LFS LLC	December
Clover Industries Limited	December

The results of these associates are equity accounted using management prepared information on a basis co-terminous with the Groups' year end.

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6. 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	
		2008	2007	2008 R'000	2007 R'000
The Cullinan Hotel (Proprietary) Limited	Hotel operator	50%	50%	87 302	80 621
Southern Sun Middle East LLC *	Hotel operator	49%	49%	932	241
United Resorts & Hotels Limited **	Hotel operator	50%	50%	123 136	103 241
				211 370	184 103

* Incorporated in Dubai

** Incorporated in Seychelles

The following amounts are not included in the Group's financial statements as the Group accounts for its investment in joint venture on an equity basis:

Current assets	106 990	69 675
Non-current assets	372 693	304 030
Current liabilities	(62 992)	(72 788)
Non-current liabilities	(271 484)	(133 329)
Income	131 747	94 551
Expenses	115 826	92 297
Net	15 921	2 254
Group's share of associates' capital commitments #	20 478	40 372

of which R20 million is subject to contractual negotiations

	Group		Company	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000

7. OTHER FINANCIAL ASSETS

Derivatives designated and effective as hedging instruments carried at fair value

Natural gas put options	33 500	-
Interest rate swap	1 168	2 575
	34 668	2 575

The put options were accounted for in accordance with IAS 39 for the year ended 31 March 2007, the group had not designated the put options as hedges and therefore recorded the changes in fair value of the put options through the income statement. Effective 1 April 2007, the group has designated these put options as cashflow hedges and as a result recorded the change in market value of the unexpired put options through equity since the designation date. The hedging instrument was effective throughout the year.

Financial assets carried at fair value through profit or loss

Natural gas put options	-	75 740
Option to purchase shares	7 002	-
Foreign exchange contract	20 171	-
	27 173	75 740

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	Group		Company	
	2008	2007	2008	2007
	R'000	R'000	R'000	R'000
<i>Available for sale investments held at fair value *</i>				
Redeemable preferences shares**	103 600	110 045		
Sinking fund insurance policies	39 000	30 060		
Short term investment fund	175 907	-		
Other	5 654	24 109		
	324 161	164 214		
	386 002	242 529		
Current portion	32 843	15 945		
Non-current portion	353 159	226 584		
	386 002	242 529		

* 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.

** Redeemable preference shares comprise investments in unlisted companies of which R 5 million is redeemable in 2008, R 85,2 million is redeemable by December 2009 and R 13,4 million is redeemable by 2012 and attract dividends at rates linked to prime rate.

8. SUBSIDIARY COMPANIES

Shares at cost less impairment	1 025 642	1 145 097
Amounts owing by subsidiary companies	607 072	368 120
	1 632 714	1 513 217
Amounts owing to subsidiary companies	(163 260)	(75 050)
	1 469 454	1 438 167

These loans are interest free and have no set dates of repayment. Full details of subsidiary companies are provided on pages 86 and 87.

9. DEFERRED TAX

Movements in deferred taxation

At beginning of year	(136 814)	303 927
Business combination	(883)	(375 657)
Asset revaluations	(9 482)	(2 685)
Accelerated tax allowances	(18 274)	(30 823)
Provisions and accruals	10 940	51 385
Assessed losses	(69 341)	(67 437)
Other	9 395	16 991
Change in rate	(189)	-
Transfer to non-current assets held for sale	(32 729)	-
Application of AC 501	(9 521)	(32 515)
At end of year	(256 898)	(136 814)

Analysis of deferred taxation

Application of AC 501	-	15 007
Accelerated tax allowances	(250 784)	(232 596)
Provisions and accruals	207 728	201 230
Deferred revenue	11 540	11 434
Asset revaluations	(390 060)	(381 939)
Assessed losses	145 785	240 327
Other	18 893	9 723
	(256 898)	(136 814)

Composition of deferred taxation

Deferred taxation assets	255 004	345 783
Deferred taxation liabilities	(511 902)	(482 597)
	(256 898)	(136 814)

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	Group		Company	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
10. OPERATING LEASE EQUALISATION				
<i>Straight-lining of operating leases</i>				
Assets	4 980	5 000		
Liabilities	(279 521)	(266 457)		
	(274 541)	(261 457)		
11. FINANCE LEASE RECEIVABLES				
Finance lease receivables	-	299 725		
<i>Details of finance lease receivables</i>				
Gross investment in leases	-	550 658		
Initial direct costs to be amortised	-	13 084		
Unearned finance income	-	(133 537)		
Net investment in leases	-	430 205		
Provision for impairment of finance lease receivables	-	(42 908)		
Additional amortisation of indirect costs due to provision for impairment	-	(2 476)		
	-	384 821		
Present value of minimum lease payments	-	384 821		
Less: short term portion	-	(85 096)		
	-	299 725		

The finance lease receivables relate to the Mettle Group of Companies and have been transferred to "non-current assets held for sale".

12. NON-CURRENT RECEIVABLES				
Loans to minority shareholders	99 000	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 (Pty) Ltd, 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 (Pty) Ltd, a subsidiary of the Group.				
Loans to development trusts	11 500	11 500	-	-
These unsecured loans are interest free, and have no set dates of repayment				
Loan to HCI Employee Share Trust (2001)	-	-	7 835	9 536
This unsecured loan is interest free and has no set date of repayment				
*Other loans	16 967	16 496	-	-
These loans are due within 2 to 6 years and bear interest at rates ranging from 0% to 5% per annum.				
	127 467	126 996	7 835	9 536

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.

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	Group		Company	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
12. NON-CURRENT RECEIVABLES (Continued)				
Non-current receivables are denominated in the following currencies:				
South African Rand	102 204	112 548	7 835	9 536
United States Dollars	11 995	14 448	-	-
Seychelles Rupee	13 268	-	-	-
	127 467	126 996	7 835	9 536
13. FINANCIAL ASSETS				
Financial assets	-	5 475 922		
Short term portion of financial assets	-	(1 489 061)		
	-	3 986 861		
Financial assets consist of:				
Loans and receivables	-	3 811 647		
Held-to-maturity investments (preference shares)	-	1 664 275		
	-	5 475 922		

Detailed records of the shares are maintained at the subsidiary company's registered office and will be made available upon written request.

Group 2008

These financial assets, which relate to the business of the Mettle Group of Companies, have been classified as "non-current assets held for sale"

Group 2007

Maturity dates for each class of financial asset:

	Loans and receivables	Held-to-maturity investments	Total
< 1 year	1 489 061	-	1 489 061
1 - 2 years	2 148 916	1 664 275	3 813 191
2 - 3 years	117 007	-	117 007
4 - 5 years	16 646	-	16 646
> 5 years	40 017	-	40 017
Total	3 811 647	1 664 275	5 475 922

Aggregate carrying value of fixed rate and floating interest and dividend rate financial assets:

	Floating rate	Fixed rate	Total
Loans and receivables	222 523	3 589 124	3 811 647
Held-to-maturity investments	-	1 664 275	1 664 275
	222 523	5 253 399	5 475 922

Range of effective rates for each class of financial assets:

	Low	High
Loans and receivables (interest rate)	7.69%	18.65%
Held-to-maturity investments (dividend rate)	7.61%	18.51%

Loans and receivables have been ceded as security for the obligation to redeem preference shares. R 7 622 099 is denominated in US Dollars, secured, with interest at 12,5% pa and repayable within one year.

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	Group		Company	
	2008	2007	2008	2007
	R'000	R'000	R'000	R'000
14. INVENTORIES				
Raw materials	62 910	33 613		
Work in progress	25 168	7 560		
Finished goods	42 878	17 358		
Consumables and spares	31 907	24 830		
Merchandise	31 575	31 858		
Operating equipment	88 199	69 024		
Provision for obsolete inventory	(2 528)	(3 763)		
	280 109	180 480		
No inventory is held at net realisable value				
<i>Encumbrances</i>				
Certain inventories have been ceded as security for loans due. Refer note 22.				
15. PROGRAMME RIGHTS				
Television programmes				
- International	267 520	153 825		
- Local	96 989	32 489		
	364 509	186 314		
Reconciliation of carrying value				
At beginning of year	186 314	230 565		
Additions	331 320	84 328		
Acquired through business combinations	9 522	-		
Amortised through cost of sales	(162 647)	(128 579)		
At end of year	364 509	186 314		
16. TRADE AND OTHER RECEIVABLES				
Trade receivables	774 810	664 071	-	-
Other receivables	431 757	263 705	75 689	15 935
Provision for impairment of trade receivables	(20 531)	(12 650)	-	-
Provision for impairment of other receivables	(1 740)	(335)	-	-
Net trade and other receivables	1 184 296	914 791	75 689	15 935

The above values approximate fair value.

Trade receivables past due but not impaired

At 31 March 2008, trade receivables of R131 413 million (2007:R57 953 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 ageing analysis of these trade receivables is as follows:

30 to 60 days	54 141	36 020
60 to 90 days	18 087	8 710
More than 90 days	59 185	13 223

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	Group		Company	
	2008	2007	2008	2007
	R'000	R'000	R'000	R'000
16. TRADE AND OTHER RECEIVABLES (Continued)				
<i>Impairment of trade receivables</i>				
At 31 March 2008, trade receivables of R 20,5 million (2007: R 12,6 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.				
Movements on the provision for impairment of trade receivables is as follows:				
Balance at 1 April	12 650	18 678		
Provision for receivables impairment	11 093	3 768		
Receivables written off during the year as uncollectible	(1 029)	2 424		
Unused amounts reversed	(2 183)	(12 220)		
Balance at 31 March	20 531	12 650		
<i>Other receivables past due but not impaired</i>				
At 31 March 2008, other receivables of R14,4 million (2007: R15,2 million) were past due but not impaired. The aging analysis of these trade receivables is as follows:				
Up to 3 months	3 530	3 700		
3 to 6 months	2 000	4 789		
More than 6 months	8 857	6 737		
<i>Impairment of other receivables</i>				
At 31 March 2008, other receivables of R1,74 million (2007: R0,34 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.				
Movements on the provision for impairment of other receivables is as follows:				
Balance at 1 April	335	-		
Provision for receivables impairment	1 405	335		
Balance at 31 March	1 740	335		
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	1 103 728	836 641	75 689	15 935
US Dollars	52 130	54 746	-	-
Euro	11 173	10 345	-	-
Other currencies	17 265	13 059	-	-
	1 184 296	914 791	75 689	15 935

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

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17. PLEDGED DEPOSITS

Bank deposits of R 2,01 million (2007 : R 2,01 million) have been pledged to support guarantees of R 2 million (2007 : R 2 million) issued by the company's bankers in favour of certain South African Provincial Gaming Boards for the due and punctual fulfilment of the licence obligations under which certain group subsidiaries operate.

A bank deposit of R10 million has been pledged to support a guarantee issued by the company's bankers in favour of a third party vendor for the obligations of the Company.

	Group		Company
	2008	2007	2008
	R'000	R'000	R'000
18. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE			
Non-current assets classified as held for sale	3 855 894	-	
Liabilities associated with the non-current assets held for sale	(3 764 185)	-	
	91 709	-	
18.1 Prior to the year end the Group had entered into agreements to dispose of its interest in the Mettle Group of Companies for an aggregate consideration of R 85 million. At year end the conditions precedent had not yet been fulfilled. The transaction became unconditional on 9 July 2008.			
<i>Assets associated with the Mettle Group of Companies classified as held for sale</i>	3 844 621		
Investments in associates	1 036		
Property, plant, equipment and intangibles	4 740		
Investment properties	41 965		
Finance lease receivables	230 116		
Financial assets	3 188 165		
Goodwill	6 509		
Deferred tax assets	33 721		
Bank balances	49 276		
Other assets	289 093		
<i>Liabilities associated with the Mettle Group of Companies classified as held for sale</i>	3 761 294		
Financial liabilities	3 199 705		
Borrowings	523 128		
Deferred tax liabilities	992		
Other liabilities	37 469		
Net assets of the Mettle Group of Companies classified as held for sale	83 327		

Notes To The Annual Financial Statements

For the year ended 31 March 2008

	Group		Company	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
18. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE (Continued)				
18.2 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.				
Assets associated with the passive landfill sites classified as held for sale	11 273			
Property, plant and equipment	8 400			
Other	2 873			
Liabilities associated with the passive landfill sites classified as held for sale	(2 891)			
Net assets of associated with the passive landfill sites classified as held for sale	8 382			

19. ORDINARY SHARE CAPITAL

	2008 Number of shares	2007 Number of shares	2008 R'000	2007 R'000
Authorised				
Ordinary shares of 25 cents each	450 000	450 000	112 500	112 500
Issued				
In issue in company	126 369	126 209	31 592	31 552
Treasury shares held by subsidiary and employee share trust	(2 518)	(2 313)	(629)	(561)
	123 851	123 896	30 963	30 991

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

	Number of shares R'000	Share capital R'000	Share premium R'000
In issue at 31 March 2006	124 723	31 181	641 646
Issued for cash	1 786	446	66 503
Shares repurchased	(300)	(75)	(11 625)
	126 209	31 552	696 524
Treasury shares held by subsidiary and employee share trust	(2 313)	(561)	(33 368)
In issue at 31 March 2007	123 896	30 991	663 156
In issue at 31 March 2007	126 209	31 552	696 524
Issued for cash	1 160	290	42 210
Shares repurchased	(1 000)	(250)	(66 750)
	126 369	31 592	671 984
Treasury shares held by subsidiary and employee share trust	(2 518)	(629)	(59 192)
In issue at 31 March 2008	123 851	30 963	612 792

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

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20. OTHER RESERVES

	Share based		Hedging	Revaluation	Other	NDR	Total
	FCTR R'000	payments R'000					
Group 2008							
At beginning of year	11 210	4 010	111	15 784	-	(4 268)	26 847
Exchange differences on translation of foreign subsidiaries	63 947	-	-	-	-	-	63 947
Equity-settle share based payments	-	1 816	-	-	-	-	1 816
Current revaluations	-	-	-	16 589	-	-	16 589
Other	-	-	(12 895)	271	529	-	(12 095)
Transfer of revaluation to profit or loss	-	-	-	(5 621)	-	-	(5 621)
At end of year	75 157	5 826	(12 784)	27 023	529	(4 268)	91 483
Group 2007							
At beginning of year	2 066	4 007	-	-	-	(4 268)	1 805
Exchange differences on translation of foreign subsidiaries	9 144	-	-	-	-	-	9 144
Equity-settle share based payments	-	3	-	-	-	-	3
Fair value gains	-	-	111	-	-	-	111
Current revaluations	-	-	-	26 303	-	-	26 303
Transfer of revaluation to profit or loss	-	-	-	(10 519)	-	-	(10 519)
At end of year	11 210	4 010	111	15 784	-	(4 268)	26 847

	Group		Company	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
21. FINANCIAL LIABILITIES				
Financial liabilities	-	5 529 631	-	-
Short term portion of financial liabilities	-	(1 485 275)	-	-
	-	4 044 356	-	-
Financial liabilities consist of:				
Loans due to third parties	-	1 888 307	-	-
Preference share liabilities	-	3 641 324	-	-
	-	5 529 631	-	-

Group 2008

These financial liabilities, which relate to the business of the Mettle Group of Companies, have been classified as "non-current assets held for sale".

Group 2007

Maturity date for each class of financial liabilities:

	Loans due to third parties	Preference share liabilities	Total
< 1 year	220 057	1 265 219	1 485 276
1 - 2 years	1 668 250	2 199 610	3 867 860
2 - 3 years	-	117 771	117 771
4 - 5 years	-	18 683	18 683
> 5 years	-	40 041	40 041
Total	1 888 307	3 641 324	5 529 631

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For the year ended 31 March 2008

Aggregate carrying value of fixed rate and floating interest and dividend rate financial liabilities:

	Floating rate	Fixed rate	Total
Loans due to third parties	199 091	1 689 216	1 888 307
Held-to-maturity investments	24 752	3 616 572	3 641 324
	<u>223 843</u>	<u>5 305 788</u>	<u>5 529 631</u>

Range of effective rates for each class of financial assets:

	Low	High
Loans due to third parties (interest rate)	7.11%	16.10%
Preference share liabilities (dividend rate)	7.72%	18.51%

The obligation to redeem preference shares is secured by loans and receivables - refer to note 13

	Group		Company	
	2008	2007	2008	2007
	R'000	R'000	R'000	R'000
22. BORROWINGS				
Bank borrowings	1 038 584	1 880 806		
Other borrowings	665 828	572 455		
Redeemable preference shares	1 000 000	113 583		
Loans from minority shareholders	99 401	108 578		
	2 803 813	2 675 422		
Current portion of borrowings	(643 621)	(795 035)		
	2 160 192	1 880 387		
Secured	2 498 912	2 205 516		
Unsecured	304 901	476 546		
	2 803 813	2 682 062		
The following represents the book value of the security for these borrowings:				
Property, plant and equipment	1 521 481	948 130		
Inventory	8 704	5 406		
Other financial assets	119 700	-		
Customer contracts	118 200	-		
Trade receivables	151 627	56 700		
Finance lease receivables	-	134 040		
Bank balances	5 300	6 049		
Guarantees	1 590 655	780 726		
	3 515 667	1 931 051		
Fixed rates	263 943	763 784		
Floating rates	2 539 870	1 918 278		
	2 803 813	2 682 062		
Maturity of these borrowings is as follows:				
Due within 1 year	643 621	795 035		
Due within 2 - 5 years	2 160 192	1 578 117		
Due after 5 years	-	308 910		
	2 803 813	2 682 062		
Analysis by currency				
United States Dollar	339 072	419 580		
South African Rand	2 464 741	2 262 482		
	2 803 813	2 682 062		
Weighted average effective interest rates	10.70 %	9.40 %		

At 31 March 2008, the carrying value of borrowings approximates their fair value.

Notes To The Annual Financial Statements

For the year ended 31 March 2008

	Group		Company	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
23. FINANCE LEASE LIABILITIES				
Due within 1 year	28 642	23 110		
Due within 2 to 5 years	93 594	71 584		
Due after 5 years	51 155	59 921		
	173 391	154 615		
Less future finance charges	(59 834)	(51 523)		
Present value of finance lease liabilities	113 557	103 092		
Due within 1 year	21 743	19 446		
Due within 2 to 5 years	68 544	59 518		
Due after 5 years	23 270	24 128		
	113 557	103 092		
Included in financial statements as:				
Current	14 491	11 955		
Non-current	99 066	91 137		
	113 557	103 092		
Interest rates linked to the prime overdraft rate vary from 12.1% to 13.36%				
The following represents the carrying value of security for these liabilities:				
Property, plant and equipment	116 991	98 430		
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.				
Present value of funded obligations	31 612	38 042		
Fair value of plan assets	(18 835)	(18 286)		
	12 777	19 756		
Unrecognised actuarial gains	7 015	3 446		
Unrecognised past service costs	6 269	(1 448)		
	26 061	21 754		

Notes To The Annual Financial Statements

For the year ended 31 March 2008

	2008 %	Group 2007 %
24. RETIREMENT BENEFIT INFORMATION (Continued)		
The principal actuarial assumptions used for the valuation were:		
Discount rate	8.75	7.75
Health care cost inflation	7.50	6.75
Expected return on plan assets	9.75	8.75
Remuneration inflation	7.00	6.25
24.2.2A subsidiary pays a monthly grant to the Golden Arrow Employees' Medical Benefit Fund ("MBF" or "the Fund"). The Fund uses the grant to cover the outgoings not financed from member contributions. The administrators of MBF are the Metropolitan Health Group. The subsidiary also makes contributions to Discovery Health. The amounts recognised in the income statement are as follows:		
Current service cost	1 700	1 535
Interest cost	2 634	2 365
Net actuarial loss	2 492	1 244
Total included in employee costs	6 826	5 144
Movements in the net liability recognised in the balance sheet are as follows:		
Balance at beginning of year	34 311	30 823
Net expense recognised in the income statement	6 826	5 144
Benefit payments	(1 792)	(1 656)
Balance at end of year	39 345	34 311
The calculation of accrued service liability in respect of post-retirement healthcare was performed by Fifth Quadrant Actuaries and Consultants as at 31 March 2008.		
The principal actuarial assumptions used for the valuation were:		
Discount rate	8.5%	8.5%
Medical aid subsidy increase rate	5.5 to 7%	5.5% to 7%
Normal retirement age	65 years	65 years
Continuation of membership at retirement	55%	55%

Notes To The Annual Financial Statements

For the year ended 31 March 2008

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 moves 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 6 above. The Group has two long term incentive payment plans:

25.1 The Tsogo Sun Group Share Incentive Plan is 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 2008 the Group has recorded liabilities of R 320,5 million (2007: R340 million) in respect of this long term incentive plan. The current portion of this liability is R 293,7 million (2007: R125,4 million).

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

Group	Number of shares	Weighted average exercise price per share
Outstanding at beginning of year	7 491 762	R 8.92
Exercised during the year	(2 383 076)	R 69.40
Outstanding at year end	<u>5 108 686</u>	
Exercisable at year end	<u>5 108 686</u>	

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. 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.

At 31 March 2008 the Group has recorded liabilities of R 31,8 million (2007: R13,9 million) in respect of this plan. The current portion of this liability is R 5 million (2007: Rnil).

Notes To The Annual Financial Statements

For the year ended 31 March 2008

	Group		Company	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
26. PROVISIONS				
<i>Frequent guest</i>				
Balance at beginning of year	31 645	-		
On acquisition of subsidiary	-	38 675		
Raised during the year	50 262	15 545		
Utilised	(46 426)	(22 575)		
Balance at end of year	35 481	31 645		
<i>Incentives</i>				
Balance at beginning of year	65 158	-		
On acquisition of subsidiary	-	46 087		
Raised during the year	76 417	35 171		
Utilised	(72 525)	(16 100)		
Balance at end of year	69 050	65 158		
<i>Jackpot provisions</i>				
Balance at beginning of year	17 892	-		
On acquisition of subsidiary	-	14 149		
Raised during the year	49 695	19 612		
Utilised	(57 261)	(15 869)		
Balance at end of year	10 326	17 892		
<i>Envirogas preferred stock</i>				
Balance at beginning of year	7 300	-		
Unused amounts reversed	(7 300)	-		
On acquisition of subsidiary	-	7 300		
Balance at end of year	-	7 300		
<i>Asset retirement obligation</i>				
Balance at beginning of year	12 000	-		
On acquisition of subsidiary	-	11 800		
Raised during the year	9 300	200		
Utilised	(200)	-		
Balance at end of year	21 100	12 000		
<i>Leave pay</i>				
Balance at beginning of year	17 118	14 460		
On acquisition of subsidiary	-	100		
Raised during the year	12 784	14 361		
Unused amounts reversed	(1)	(3)		
Utilised	(3 423)	(11 800)		
Balance at end of year	26 478	17 118		
<i>Staff bonuses</i>				
Balance at beginning of year	25 424	11 521		
On acquisition of subsidiary	-	5 300		
Raised during the year	28 365	29 730		
Unused amounts reversed	(274)	(7 600)		
Transfers	(2 230)	-		
Utilised	(31 338)	(13 527)		
Balance at end of year	19 947	25 424		

Notes To The Annual Financial Statements

For the year ended 31 March 2008

	Group		Company	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
26. PROVISIONS (Continued)				
<i>Repurchase of service</i>				
Balance at beginning of year	33 665	30 247		
On acquisition of subsidiary	2 994	3 418		
Balance at end of year	36 659	33 665		
<i>Third party claims</i>				
Balance at beginning of year	9 181	8 919		
Raised during the year	5 250	5 944		
Utilised	(6 330)	(5 682)		
Balance at end of year	8 101	9 181		
<i>Provision in respect of guarantees given</i>				
Balance at beginning of year	20 000	-		
Raised during the year	-	20 000		
Balance at end of year	20 000	20 000		
<i>Other</i>				
Balance at beginning of year	31 039	5 782		
On acquisition of subsidiary	-	8 000		
Raised during the year	33 316	13 155		
Unused amounts reversed	(1 893)	(2 097)		
Utilised	(39 562)	(2 751)		
Other	1 600	8 950		
Balance at end of year	24 500	31 039		
Total provisions	271 642	270 422		
Non-current	26 354	35 530		
Current	245 288	234 892		
	271 642	270 422		

Repurchase of service

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.

Third party claims

Third party claims are legal claims resulting from traffic accidents. Claims that are insured are excluded from this provision

Asset retirement obligation

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,

27. TRADE AND OTHER PAYABLES				
Trade payables	613 849	423 012	-	-
Operating lease liabilities	4 220	3 312	-	-
Other payables	728 041	652 832	4 003	43 129
	1 346 110	1 079 156	4 003	43 129

Notes To The Annual Financial Statements

For the year ended 31 March 2008

	Group		Company	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
28. SHORT TERM LOANS				
Loan structured as 90 day unsecured non amortising debentures. Interest payments are due quarterly in arrears. The rate on the facility is priced quarterly at the 3 month JIBAR rate plus 80 basis points. The security for these debts are managed in terms of the Trust Deed under the Mettle Motor Loans Debenture Holders Trust.	-	388 821		
Loan secured by a debtors book bearing interest at 1.5% per month	-	27 817		
Loan secured by a residual cession of a debtors book bearing interest at the prime rate plus 3%	-	15 057		
Unsecured term loans bearing interest at varying rates	-	8 658		
	-	440 353		

29. BANK OVERDRAFTS

Trade receivables totalling R 117,4 million have been ceded as security for debtor's factoring facility. The balance of the facility at year end was R 29,9 million.

30. COMMITMENTS

Operating lease arrangements where the Group is a lessee:

Future leasing charges:

Payable within one year

148 384 145 068

Payable within two to five years

522 309 611 344

Payable after five years

859 881 835 110

1 530 574 1 591 522

Operating lease arrangements where the Group is a lessor:

Future leasing charges for premises:

Receivable within one year

56 188 15 012

Receivable within two to five years

95 317 25 463

Receivable after five years

7 402 2 411

158 907 42 886

Capital expenditure:

Authorised by directors but not yet contracted for:

Property, plant and equipment

1 400 924 848 467

Intangible assets - software

60 266 53 800

1 461 190 902 267

Authorised by directors and contracted to be expended:

Property, plant and equipment

45 993 252 737

Intangible assets - software

3 002 1 800

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

Notes To The Annual Financial Statements

For the year ended 31 March 2008

	Group		Company	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
31. REVENUE				
Sale of Goods	1 482 466	498 469		
Provision of Services	4 039 895	2 520 678		
	5 522 361	3 019 147		
32. INVESTMENT INCOME				
Dividends				
Unlisted investments	15 540	34 558	-	-
Associates	-	-	1 925	4 275
Subsidiaries	-	-	183 642	106 578
	15 540	34 558	185 567	110 853
Interest				
Bank	85 587	102 670	3 161	530
Other	10 858	1 394	-	-
	96 445	104 064	3 161	530
33. INVESTMENT SURPLUS				
Gain on sale of associates	75 394	-	-	-
Gain on disposal of other investments	-	6 327	-	4 022
Gain on disposal of business	-	51 312	-	-
Gain on disposal/part disposal of subsidiary	8 490	-	35 155	-
	83 884	57 639	35 155	4 022
34. IMPAIRMENT OF GOODWILL AND INVESTMENTS				
Impairment of goodwill and investments	12 422	2 963	-	-
Impairment of investments in subsidiaries	-	-	1 128	33 284
	12 422	2 963	1 128	33 284
35. FINANCE COSTS				
Interest	307 214	164 754	951	100
Preference dividends	37 256	10 069	-	-
	344 470	174 823	951	100

Notes To The Annual Financial Statements

For the year ended 31 March 2008

	Group		Company	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
36. PROFIT BEFORE TAXATION				
Auditors remuneration				
- Audit fees - current year	7 078	6 617	301	542
- prior year	1 243	561	798	-
- Other services	328	1 598	40	187
Consultancy fees	9 801	51 770	4 610	297
Secretarial fees	183	225	182	225
Operating lease charges				
- Premises	192 626	85 846	-	-
- Plant and equipment	29 389	11 964	-	-
Foreign exchange (profit) / loss	(4 282)	7 547	-	-
(profit) on disposal of property, plant and equipment	(38 495)	(1 746)	-	-
Gaming levies	288 125	110	-	-
VAT	382 286	139 871	-	-
Share based payments	1 816	3	-	-
Staff costs	1 468 041	745 305	-	-
Pension fund contributions	65 966	20 114	-	-
37. TAXATION				
<i>South African taxes</i>				
Current normal tax	694 197	279 615	-	-
Prior year normal tax	13 568	3 221	-	-
Deferred normal tax	95 881	48 835	-	-
Capital gains tax	6 570	-	-	-
Secondary tax on companies	57 319	3 660	-	-
	867 535	335 331	-	-
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.				
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	403 259	616 405	-	-
- Capital gains tax	358 198	362 500	-	-
- Secondary tax on companies	-	167 045	-	-
Tax relief at current rates:				
- Normal tax	112 913	178 757	-	-
- Capital gains tax	50 147	52 563	-	-
- Secondary tax on companies	-	20 881	-	-

Notes To The Annual Financial Statements

For the year ended 31 March 2008

	Group		Company	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
37. TAXATION (Continued)				
<i>Reconciliation of tax rate</i>	%	%		
Normal tax rate	29	29		
Deferred tax not raised on losses	1	2		
Capital losses and non-deductible expenses	4	3		
Non-taxable income including share of associates income	(2)	(4)		
Raising of deferred tax assets	(1)	(7)		
Differential tax rates - CGT and foreign	(1)	1		
Secondary tax on companies	2	4		
Effective rate	32	28		
38. DISCONTINUED OPERATIONS				
38.1 Prior to the year end the Group had entered into agreements to dispose of its interest in the Mettle Group of Companies for an aggregate consideration of R 85 million. At year end the conditions precedent had not yet been fulfilled. The transaction became unconditional on 9 July 2008.				
Profit from discontinued operations relating to the Mettle Group of companies				
Revenue	212 434	127 820		
Net funding income	46 086	66 477		
Operating and other costs & income	(247 756)	(183 002)		
Profit before taxation	10 764	11 295		
Taxation	(15 920)	(29 319)		
	(5 156)	(18 024)		
<i>Cash flows from discontinued operations</i>				
Cash flows from operating activities	(91 861)	76 529		
Cash flows from investing activities	26 734	22 965		
	(65 127)	99 494		
38.2 Discontinued operations relate to interests that a subsidiary of Blue Wolf Energy Holdings LLC has in certain passive landfill sites. A decision has been taken to dispose of these sites in the next 12 months.				
Profit from discontinued operations relating to the passive landfill sites				
Revenue	19 200	8 800		
Operating costs	(36 278)	(16 673)		
Loss before taxation	(17 078)	(7 873)		
Taxation	4 300	10 400		
	(12 778)	2 527		
Cash flows from discontinued operations				
Cash flows from operating activities	15 700	19 000		
Cash flows from investing activities	7 800	900		
	23 500	19 900		

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	Group		Company	
	2008	2007	2008	2007
	R'000	R'000	R'000	R'000

39. EARNINGS PER SHARE

39.1 Earnings per share is based on the weighted average number of 124 179 177 ordinary shares in issue (2007 : 123 691 000)

39.2 Diluted earnings per share is based on the weighted average number of 127 304 718 ordinary shares in issue (2007: 125 647 212)

39.3 Headline earnings per share (cents)

- Continuing operations
- Discontinued operations

	555.28	412.21
	569.72	424.73
	(14.44)	(12.52)

Diluted headline earnings per share (cents)

- Continuing operations
- Discontinued operations

	684.86	456.33
	698.95	468.67
	(14.09)	(12.34)

39.4 In order to more accurately reflect the economic reality of the Groups' results adjusted headline profit and earnings per share are also disclosed

Adjusted headline earnings exclude all abnormal profits and losses includes non recurring transaction costs and the effects of net deferred tax assets raised or expensed in respect of unused tax losses and available STC credits.

39.5 Reconciliation of headline earnings:

	2008		2007	
	Gross R'000	Net R'000	Gross R'000	Net R'000
Earnings attributable to equity holders of the parent	-	871 855	-	573 371
IAS 16 gains on disposal of property	(38 898)	(10 418)	(5 271)	(5 271)
IAS 16 gains on disposal of plant and equipment	403	967	1 571	891
IAS 16 impairment of plant & equipment	2 500	264	-	-
IAS 39 impairment of investments	7 534	5 752	-	-
IFRS 3 Impairment of goodwill	4 888	4 888	3 112	3 112
IFRS 3 Excess of fair value of assets of business acquired	(4 885)	(2 613)	-	-
IFRS 3 Excess of fair value of assets of an associate	4 489	1 533	-	-
IAS 28 gain on disposal of associates	(75 394)	(59 855)	-	-
IAS 36 reversal of impairments	(30 175)	(19 306)	-	-
IAS 27 profit from disposal / part of subsidiary	(7 209)	(7 209)	(57 749)	(48 299)
IAS 40 fair adjustment to investment property	(29 171)	(24 519)	777	777
Re-measurements included in equity-accounted earnings of associates	-	(71 799)	-	(14 720)
Headline profit		689 540		509 861
Deferred tax in respect of losses	-	-		(33 421)
Deferred tax in respect of STC credits	-	9 521		32 515
Adjusted headline profit		699 061		508 955

39.6 On 15 May 2008 the company declared dividend number 40 of 60 cents (2007:50 cents) per share, this dividend was paid to shareholders on 7 July 2008.

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	Group		Company	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
40. NOTES TO THE CASH FLOW STATEMENT				
40.1 CASH GENERATED BY OPERATIONS				
Profit for the year	1 839 028	948 664	217 689	70 412
Taxation	878 960	368 410	-	-
Depreciation and amortisation	519 711	218 196	-	-
Share based payments	1 816	3	-	-
Profit on disposal of property, plant and equipment	(38 495)	(1 746)	-	-
Impairment of goodwill and investments	12 539	6 400	-	-
Other impairments	61 558	51 943	1 128	33 284
Equity accounted profits retained in subsidiaries	(143 627)	(188 421)	-	-
Forex translation	(33 941)	(26 182)	-	-
Fair value adjustments	(57 525)	(454)	-	-
Investment income	(232 009)	(138 628)	(188 728)	-
Preference dividends and interest	438 256	175 662	951	100
Non cash movements in natural gas put options	-	(76 151)	-	-
Investment surplus	(5 550)	(55 208)	(38 456)	-
Movement in provisions	90 924	68 633	-	-
Post retirement medical retirement benefits	5 034	36 462	-	-
Operating lease equalisation asset	21 632	14 716	-	-
Long term incentive charges	124 814	79 301	-	-
Other non cash items	(3 375)	(26)	67	-
	3 479 750	1 481 574	(7 349)	103 796
40.2 CHANGES IN WORKING CAPITAL				
Inventory	(72 418)	(20 991)	-	-
Programming rights	(208 020)	44 251	-	-
Trade and other receivables	(230 306)	(542 759)	(39 126)	(13 196)
Trade and other payables	(225 363)	164 066	(59 754)	8 089
Other	6 368	(14 343)	-	-
Net financial liabilities	(42 168)	5 926	-	-
	(771 907)	(363 850)	(98 880)	(5 107)
40.3 TAXATION PAID				
Unpaid at beginning of year	4 809	(11 223)	703	483
Charged to the income statement	(893 842)	(370 079)	-	-
Deferred tax movement	18 391	78 248	-	-
Business combinations	(17 397)	(170 583)	-	-
Foreign exchange difference	(2 376)	-	-	-
Unpaid at end of year	151 965	153 359	(1 976)	(703)
	(738 450)	(320 278)	(1 273)	(220)

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For the year ended 31 March 2008

40.4 BUSINESS COMBINATIONS

	2008 Acquisition R'000		2007 Acquisition R'000	
At acquisition				
Property, plant and equipment	(74 569)		(5 105 583)	
Programming rights	(9 522)		-	
Intangible assets	(999)		(307 539)	
Investments	-		(299 695)	
Deferred tax asset	-		(66 078)	
Goodwill	(107 451)		(518 493)	
Derivative financial instruments	-		(2 164)	
Negative goodwill	4 885		-	
Long term receivables	-		(112 876)	
Other current assets	(204 175)		(676 237)	
Deferred tax liability	302		430 240	
Non-current borrowings including current portion	25 566		2 024 035	
Long term incentive plan liability	-		260 611	
Post retirement medical aid liabilities	-		19 603	
Operating lease equalisation liability	-		227 841	
Other current liabilities	127 876		1 176 223	
	(238 087)		(2 950 112)	
Bank at date of acquisition	79 605		206 366	
	(158 482)		(2 743 746)	
Minority interest	23 804		1 698 439	
Issue of shares	-		32 450	
Amounts owing to group offset against purchase price	-		416 000	
Purchase price remaining unpaid	24 500		36 000	
Carrying value of investments at date that it became a subsidiary	341		546 808	
	(109 837)		(14 049)	
40.5 CASH AND CASH EQUIVALENTS				
Bank balances and deposits	672 990	742 103	3 383	3 540
Bank overdraft and loans	(100 547)	(31 658)	-	-
Bank balances classified as held for sale	47 276	-	-	-
	619 719	710 445	3 383	3 540

41. HCI EMPLOYEE SHARE OPTION SCHEME

In terms of the option scheme, shares are offered on a combined share option and deferred sale basis. Participants can take up shares in tranches over a period of 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.

Options must be exercised within ten years of being granted, whereafter the options lapse. Options vest as follows : 25% after 1 year, 25% after 3 years, 25% after 5 years and 25% after 7 years. These vesting periods may be varied by the trustees of the scheme. Participants have ten years from date of grant to pay for the shares.

Notes To The Annual Financial Statements

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41. HCI EMPLOYEE SHARE OPTION SCHEME (Continued)

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

	2008	2007
	Number of shares	Number of shares
Balance at beginning of the year	2 389 197	1 324 474
Options granted and exercised	1 200 300	1 134 460
Options vested and paid for	(193 092)	(69 737)
Options forfeited	(47 500)	-
Balance at the end of the year	3 348 905	2 389 197

The options outstanding at 31 March 2008 become unconditional between the following dates:

	Number of share options	Exercise price R
1 September 2007 and 31 August 2008	334 895	8,55
1 September 2009 and 31 August 2011	250 000	8,55
25 July 2007 and 24 July 2009	151 187	40,50
25 July 2009 and 24 July 2011	151 187	40,50
25 July 2011 and 24 July 2007	151 188	40,50
8 September 2007 and 7 September 2009	97 115	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 2007 and 28 June 2008	300 075	70,00
29 June 2008 and 28 June 2010	300 075	70,00
29 June 2010 and 28 June 2012	300 075	70,00
29 June 2012 and 28 June 2014	300 075	70,00
	2 530 102	
Options vested but not yet paid for	570 500	8,55
Options vested but not yet paid for	248 303	40,50
	3 348 905	

Options granted to executive directors

	2008		2007	
	Number of shares	Weighted average exercise price	Number of shares	Weighted average exercise price
<i>VE Mphande</i>				
Balance at the beginning of the year	850 000	8,55	900 000	8,55
Options granted and exercised	49 592	70,00	-	-
Options vested and paid for	(70 000)	8,55	(50 000)	8,55
Balance at the end of the year	829 592		850 000	
<i>A van der Veen</i>				
Balance at the beginning of the year	250 000	8,55	250 000	8,55
Options granted and exercised	99 184	70,00	-	-
Balance at the end of the year	349 184		250 000	
<i>JA Copelyn</i>				
Balance at the beginning of the year	-	-		
Options granted and exercised	308 571	70,00		
Balance at the end of the year	308 571			
<i>MJA Golding</i>				
Balance at the beginning of the year	-	-		
Options granted and exercised	308 571	70,00		
Balance at the end of the year	308 571			

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42. DIRECTORS' SHAREHOLDINGS

31 March 2008	Direct beneficial		Indirect beneficial		Non beneficial	
	Number	Percentage holding	Number	Percentage holding	Number	Percentage holding
<i>Executive directors</i>						
JA Copelyn	5 559 931	4.4	-	-	12 097 225 *	9,6
MJA Golding	7 541 109	6.0	1 480 733	1.2	4 500 000 *	3,6
VE Mphande	-	-	-	-	4 500 000 *	3,6
A van der Veen	605 000	0.5	-	-	-	-
JA Mabuza	405 555	0.3	-	-	-	-
<i>Non-executive directors</i>						
VM Engel	-	-	-	-	4 500 000 *	3,6
MF Magugu	-	-	-	-	-	-
ML Molefi	-	-	-	-	-	-
JG Ngcobo	8 995	-	-	-	-	-
AM Ntuli	5 358	-	-	-	-	-
Y Shaik	-	-	-	-	-	-
	14 125 948	11.2	1 480 733	1.2		

31 March 2007	Direct beneficial		Indirect beneficial		Non beneficial	
	Number	Percentage holding	Number	Percentage holding	Number	Percentage holding
<i>Executive directors</i>						
JA Copelyn	5 549 931	4.4	7 047 587	5.6	4 549 638 *	3,6
MJA Golding	7 541 109	6.0	1 480 733	1.2	4 500 000 *	3,5
VE Mphande	-	-	-	-	4 500 000 *	3,5
A van der Veen	600 000	0.5	-	-	-	-
JA Mabuza	455 555	0.4	-	-	-	-
<i>Non-executive directors</i>						
VM Engel	-	-	-	-	4 500 000 *	5,0
MF Magugu	-	-	-	-	-	-
ML Molefi	-	-	-	-	-	-
JG Ngcobo	6 995	-	-	-	-	-
AM Ntuli	3 358	-	-	-	-	-
Y Shaik	-	-	-	-	-	-
	14 156 948	11.3	8 528 320	6.8		

* Includes 4 500 000 shares in HCI held by the HCI Foundation. The trustees of the foundation include Messrs JA Copelyn, VE Mphande, MJA Golding and VM Engel. To this extent they are indirectly non-beneficially interested in these shares.

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For the year ended 31 March 2008

43. DIRECTORS EMOLUMENTS

Year ended 31 March 2008	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
<i>Executive directors</i>						
JA Copelyn	-	3 606	-	340	1 800	5 746
MJA Golding	-	3 606	-	340	1 800	5 746
VE Mphande	-	1 331	-	218	643	2 192
A van der Veen	-	2 583	-	150	1 286	4 019
JA Mabuza	-	1 997	1 484	16 545	1 900	21 926 #
<i>Non-executive directors</i>						
VM Engel	160	-	-	-	-	160
MF Magugu	160	-	-	-	-	160
ML Molefi	160	-	-	-	-	160
JG Ngcobo	160	-	-	-	-	160
AM Ntuli	160	-	-	-	-	160
Y Shaik	160	-	-	-	-	160
	960	13 123	1 484	17 593	7 429	40 589

These amounts were paid by Tsogo Sun Holdings (Pty) Ltd ("Tsogo"), a subsidiary of HCl.

Year ended 31 March 2007	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
<i>Executive directors</i>						
JA Copelyn	-	1 866	-	-	5 487##	7 353
MJA Golding	-	1 866	-	-	5 487##	7 353
VE Mphande	-	832	-	41	2 173##	3 005
A van der Veen	-	1 109	-	164	2 498##	3 607
JA Mabuza	-	1 033	25	7 172	-	8 230#
<i>Non-executive directors</i>						
VM Engel	120	-	-	-	-	120
MF Magugu	120	-	-	-	-	120
ML Molefi	30	-	-	-	-	30
JG Ngcobo	120	-	-	-	-	120
AM Ntuli	120	-	-	-	-	120
Y Shaik	120	-	-	-	-	120
	630	6 706	25	7 377	15 645	30 178

These amounts represent bonuses paid in respect of the 2007 and 2006 financial years.

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44. SEGMENT INFORMATION

The following are the summarised results for the various primary group segments:

	Revenue		Net gaming win	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
<i>Continuing operations</i>				
Media and broadcasting	1 175 169	903 252	-	-
Financial services	-	5 150	-	-
Limited payout gaming	3 075	2 250	169 242	119 071
Casino gaming	610 122	151 900	3 222 990	1 047 084
Hotels	1 665 645	478 798	-	-
Information technology	204 662	120 799	-	-
Transport	782 416	738 809	-	-
Industrial	737 041	442 400	-	-
Energy	177 357	40 739	-	-
Exhibition and properties	144 706	118 000	-	-
Other	22 168	17 050	-	-
	5 522 361	3 019 147	3 392 232	1 166 155
<i>Discontinued operations</i>				
Financial services	212 434	127 820		
Energy	19 200	8 800		
	231 634	136 620		

	Segment Result	
	2008 R'000	2007 R'000
<i>Continuing operations</i>		
Media and broadcasting	459 698	346 871
Financial services	38 310	3 197
Limited payout gaming	11 656	8 000
Casino gaming	1 312 303	570 024
Hotels	600 407	111 563
Information technology	45 705	28 631
Transport	116 905	120 911
Industrial	37 550	53 718
Food and beverage	129 802	28 796
Energy	73 140	36 000
Exhibition and properties	(107 919)	(68 657)
Other	6 940	60 438
	2 724 497	1 299 492
<i>Discontinued operations</i>		
Financial services	(5 156)	(18 024)
Energy	(12 778)	2 527
	(17 934)	(15 497)

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For the year ended 31 March 2008

	Assets		Liabilities	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
44. SEGMENT INFORMATION (Continued)				
Media and broadcasting	981 500	527 040	534 327	186 382
Financial services	3 882 568	6 231 276	3 770 081	6 103 688
Limited payout gaming	134 023	93 103	14 949	33 805
Casino gaming	4 301 186	3 805 165	1 124 457	1 791 425
Hotels	2 708 840	2 674 283	1 094 502	706 078
Information technology	128 880	90 015	56 144	45 218
Transport	845 680	518 318	488 479	377 704
Industrial	545 980	314 310	375 993	181 214
Food and beverage	295 765	172 639	-	-
Energy	1 125 226	923 377	528 259	472 833
Exhibition and properties	433 400	375 900	82 900	65 100
Other	703 651	645 670	1 783 524	1 470 338
	16 086 699	16 371 096	9 853 615	11 433 785

	Property, plant and equipment additions		Depreciation	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
Media and broadcasting	35 184	16 320	23 938	21 372
Financial services	-	2 554	-	907
Limited payout gaming	79 523	45 722	16 061	8 677
Casino gaming	443 812	163 256	196 376	53 615
Hotels	218 594	47 504	84 161	22 252
Information technology	13 464	11 908	10 348	4 613
Transport	147 010	59 439	36 830	31 582
Industrial	96 540	35 108	15 769	13 206
Energy	56 101	24 459	39 046	7 966
Exhibition and properties	1 400	1 500	3 800	3 600
Other	899	2 578	208	103
	1 092 527	410 348	426 537	167 893

Amounts applicable to associates and joint ventures included above :

	Results	Investment	Results	Investment
	2008 R'000	in associates and joint ventures 2008 R'000	2007 R'000	in associates and joint ventures 2007 R'000
Media and broadcasting	(3 079)	12 351	(2 756)	5 817
Financial services	7 883	16 525	16 482	33 828
Gaming, hotels and leisure	46 943	260 896	140 372	221 747
Information technology	3 484	14 101	3 187	9 638
Transport	5 719	9 891	7 494	9 891
Industrial	-	-	18 414	44 164
Food and beverage	129 735	292 740	31 474	169 341
Energy	(3 915)	84 830	(492)	95 566
Other	1 266	48 965	728	2 468
	188 036	740 299	214 903	592 460

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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 5 and annexure A.

45.2 A subsidiary acquired 100% of Yired (Proprietary) Limited from the existing shareholders, which included the Company, an unrelated outside shareholder, Rivetprops 47 (Pty) Ltd of which Mr JA Copelyn is a director; Geomer Investments (Pty) Ltd of which Mr MJA Golding is a director and shareholder and Majorshelf 183 (Pty) Ltd of which Mr TG Govender is a director. Messrs Copelyn and Golding are directors of the Company. Mr Govender is the Company Secretary.

45.3 Key management compensation was paid as follows:

	2008	2007
	R'000	R'000
Salaries and other short-term employees benefits	46 113	28 213

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

46. CONTINGENT LIABILITIES

Group

As part of its provision of funding and investment services, FI Funding and Investments Holdco (Pty) Ltd enter into various guarantees, pledges, options and cessions as security arrangements with client companies. These should not result in any net exposure to the Group.

There are existing claims of R181 million against certain FI Funding and Investments Holdco (Pty) Ltd subsidiaries. The directors of these companies are confident that the claims be successfully defended.

The assets and liabilities of FI Funding and Investments Holdco (Pty) Ltd and its subsidiaries have been classified as held for sale at 31 March 2008. The agreement to dispose of FI Funding and Investments Holdco (Pty) Ltd became unconditional on 9 July 2008.

Certain subsidiaries of the Group have entered into structured finance arrangements in relation to intellectual property sale and lease back transactions with Nedbank Limited. 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.

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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 (Pty) Ltd, Flaghigh Investments (Pty) Ltd and Tangney Investments (Pty) Ltd, subsidiaries. At 31 March 2008 the total amount owing in respect of this preference share debt amounted to R 1 000 million (2007: R581 million).

47. RESTATEMENT AND RECLASSIFICATION OF PRIOR YEAR FIGURES

Certain prior figures have been restated or reclassified, this is primarily as a result of the finalisation of, at acquisition, fair values in terms of IFRS 3 (refer to note 48.3) and the classification of certain operations as held for sale. These restatements and reclassifications are detailed below:

	Restatements arising from finalisation of at acquisition fair values in terms of IFRS 3	Reclassifications relating to the application of IFRS 5	Other reclassifications
Balance sheet			
<i>Non current assets</i>			
Property, plant and equipment	1 239 224		(18 838)
Goodwill	(298 835)		
Other intangible assets	(1 090)		18 838
<i>Current assets</i>			
Trade and other receivables	988		
<i>Capital and reserves</i>			
Accumulated reserves	1 366		
Minority interest	(588 789)		
<i>Non current liabilities</i>			
Borrowings	6 640		
Deferred taxation	(361 254)		
<i>Current liabilities</i>			
Trade and other payables	1 750		(2 925)
Provisions			2 925
Income statement			
Revenue		(131 081)	
Net funding income		(66 477)	
Depreciation and amortisation	5 754	5 985	
Other operating expenses		178 143	
Investments income		(6)	
Share of profits of associates		(504)	
Investment surplus		(8)	
Fair value adjustment of investment properties		(568)	
Fair value adjustments of investments		(424)	
Impairment of goodwill and investments		149	
Finance costs		839	
Taxation	(1 699)	33 079	
Discontinued operations		(19 127)	

Certain intangible assets, previously classified as property, plant and equipment, have been reclassified as it more correctly reflects the nature of these assets.

As a result of the above IFRS 3 restatements earnings and headline earnings per share have been restated from 464.66 and 413.31 cents per share to 463.55 and 412.21 cents per share respectively.

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48. BUSINESS COMBINATIONS

48.1 SUBSIDIARIES ACQUIRED

	Principal activity	Date of acquisition	Proportion of shares acquired
Viamedia (Proprietary) Limited	Cell phone content provider	16/07/2007	50.01%
Sasani Africa (Proprietary) Limited	Television studio operator	16/03/2008	100.00%
Mikros Traffic Monitoring (Proprietary) Limited	Traffic management	01/04/2007	100.00%
Syntell Imaging (Proprietary) Limited	Traffic management	01/04/2007	50.50%
Tubeworx (Proprietary) Limited	Vehicle component manufacturer	01/04/2007	100.00%
Auto Tube Manufacturers (Proprietary) Limited	Vehicle component manufacturer	01/10/2007	100.00%

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

Non-current assets

Property, plant and equipment	74 569
Other non-current assets	1 089

Current assets

Programming rights	9 522
Other current assets	124 480
Bank and cash	79 605

Non-current liabilities

Borrowings	(25 566)
Deferred tax liability	(302)

Current liabilities

	(127 876)
	135 521
Minority share	(23 804)
Existing share of net assets before business combination	(341)
Excess fair value of assets acquired	(4 885)
Goodwill on acquisition	107 451
Cost of acquisitions	213 942
Deferred payment	(24 500)
Cash balances acquired	(79 605)
Net cash outflow on acquisition	109 837

48.3 FAIR VALUES DETERMINED ON A PROVISIONAL BASIS

Prior year acquisition

The acquisition of Tsogo Sun was accounted for using provisional figures provided by Tsogo Sun. Following a detailed assessment of Tsogo's assets, liabilities and contingent liabilities, the following adjustments were made:

Property	1 251 458
Deferred taxation	(362 923)
Goodwill	(591 508)
Minority interest	(297 027)

In finalising the fair value of the assets acquired, goodwill of R 139,6 million was recognised. This goodwill relates primarily to the Tsogo Sun Casino licenses and associated benefits such as brand names, specialised workforce skills and non-contractual customer relationships. These items are not considered to be separately identifiable and are therefore not recognised as individual intangible assets.

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48.3 FAIR VALUES DETERMINED ON A PROVISIONAL BASIS

Current year acquisition

The acquisition of Sasani Africa (Proprietary) Limited and Viamedia (Proprietary) Limited have been provisionally accounted for, as permitted by IFRS 3. The purchase price allocation will be completed within the next 12 months and any resulting fair value adjustments to assets and the recognition of intangible assets will be accounted for accordingly.

48.4 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.

48.5 IMPACT OF THE ACQUISITIONS ON THE RESULTS OF THE GROUP

The acquired businesses contributed revenues of R 396 million and profit before tax of R 79 million to the Group for the periods from dates of effective control to 31 March 2008. Had the acquisitions been effective on 1 April 2007 the contribution to revenue would have been R 635 million and the contribution to profit before tax would have been R 166 million.

49. FINANCIAL RISK MANAGEMENT

49.1 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.

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49. FINANCIAL RISK MANAGEMENT (Continued)

49.1.1 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 is required on this debt. Foreign currency import and exports within the Group are managed using forward exchange contracts.

The following significant exchange rates applied during the year:

	Average rate		Reporting date	Closing rate
	2008	2007	2008	2007
United States Dollar	7.15	7.06	8.15	7.29
Euro	10.3	9.03	12.84	9.74

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 2007.

	Profit/(loss)	
	2008	2007
	R'000	R'000
Local currency:		
Tanzanian Shilling	696	46
Mozambiquan Meticals	(1 431)	(602)
Lusaka Kwacha	(240)	188
Seychelles Rupee	763	2 185
Euro	3 375	118
Dollar	5 936	3 838
Swiss Franc	7	38

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.

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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.

At 31 March the interest rate profile of the Group's interest-bearing financial instruments (excluding those disclosed in note 13) was:

Fixed rate instruments

Financial assets
Financial liabilities

Variable rate instruments

Financial assets
Financial liabilities

Carrying amount	
2008	2007
R'000	R'000
30 325	16 496
(192 943)	(763 784)
(162 618)	(747 288)
378 507	209 045
(3 673 427)	(2 021 370)
(3 294 920)	(1 812 325)

Fair value sensitivity analysis for fixed rate instruments:

A change of 100 basis points in interest rates would have increased or decreased equity by R1,5 million (2007: R6,9 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 R5,0 million (2007: R4,6 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2007.

Other price risk

The Group does not invest in listed securities and therefore does not have any equity price risk other than a current derivative financial instrument – a put option (refer note 12). 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 the Group purchased in the money put options for a significant portion of the anticipated gas production for the calendar years 2008 to 2011. A change of 1% in the gas price would have increased/decreased post tax profits by R3,3 million (2007: Rnil). The analysis assumes that all other variables remain constant.

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49.1.2 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, derivatives financial instruments and deposits with banks and financial institutions, as well as credit exposures 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.

49.1.3 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, Group Treasury aims 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.

	Less than 1 year R'000	Between 2 and 5 years R'000	Over 5 years R'000
<i>At 31 March 2008</i>			
Bank borrowings	595 621	2 137 192	-
Obligations under finance lease	21 743	68 544	23 270
Derivative financial instruments	58 871	-	-
Trade and other payables	1 394 110	-	-
	<u>2 070 345</u>	<u>2 205 736</u>	<u>23 270</u>
<i>At 31 March 2007</i>			
Bank and other borrowings	795 035	1 578 117	308 910
Obligations under finance lease	19 446	59 518	24 128
Trade and other payables	1 079 156	-	-
	<u>1 893 637</u>	<u>1 637 635</u>	<u>333 038</u>

49.2 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 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.

49.3 FAIR VALUE ESTIMATION

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date. The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair value due to the short-term nature of trade receivables. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments. All interest rates are market related in terms of the Group's current credit rating with financial institutions.