KAGISO SIZANANI CAPITAL (PROPRIETARY) LIMITED
(Registration number 2003/0289448/07)
Annual financial statements
for the year ended 30 June 2010

PRICEWATERHOUSECOOPERS

KAGISO SIZANANI CAPITAL (PROPRIETARY) LIMITED
(REGISTRATION NUMBER 2003/0289448/07)
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

GENERAL INFORMATION

COMPANY REGISTRATION NUMBER	2003/0289448/07
NATURE OF BUSINESS AND PRINCIPAL ACTIVITIES	Providing funding to the Kagiso Group companies.
DIRECTORS	MR Shangase Z J Matlala L Gcwabe
REGISTERED OFFICE	Kagiso House 16 Fricker Road Illovo Boulevard Illovo 2196
BUSINESS ADDRESS	P O Box 55276 Northlands Illovo Boulevard Illovo 2116
POSTAL ADDRESS	P O Box 55276 Northlands 2116
COUNTRY OF INCORPORATION AND DOMICILE	South Africa
HOLDING COMPANY	Kagiso Trust Investments (Proprietary) Limited incorporated in South Africa
AUDITORS	PricewaterhouseCoopers Inc. Registered Auditors
COMPANY SECRETARY	D Mtshali

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The reports and statements set out below comprise the annual financial statements presented to the shareholder:

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DIRECTORS' RESPONSIBILITY STATEMENT AND APPROVAL

In accordance with the Companies Act of South Africa,1973, the directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and the related information. The annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies Act of South Africa,1973.

The auditors are responsible to report on the fair presentation of theannual financial statements.

The directors are also ultimately responsible for the company's internal financial controls. The controls are designed to provide reasonable, but not absolute assurance as to the reliability of the annual financial statements, and to adequately safeguard, verify and maintain accountability of the assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The directors consider that in applying IFRS in the annual financial statements they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements, estimates and assumptions, and that all accounting standards that they consider to be applicable have been followed. Based on the information and explanations given by management, the directors are satisfied that the information contained in the annual financial statements fairly presents the results of operations for the year and the financial position of the company at year end.

The annual financial statements have been prepared on the going concern basis, since the directors have every reason to believe that the company has adequate resources in place to continue in operation for the foreseeable future. For this reason they continue to adopt the going concern assumption in preparing these annual financial statements.

The annual financial statements have been audited by the independent audit firm, PricewaterhouseCoopers Inc., which was given unrestricted access to all financial records and related data, including minutes of all the board of directors' meetings. The directors believe that all representations made to the independent auditors during their audit are valid and appropriate. The unqualified audit report of PricewaterhouseCoopers Inc. is presented on page 5 of these annual financial statements.

The annual financial statements set out on pages 6 to 29 were approved by the board of directors on 18 August 2010 and are signed on its behalf by:

MR Shangase
DIRECTOR

L Ncwabe
DIRECTOR

CERTIFICATE BY THE COMPANY SECRETARY

In my capacity as company secretary, I hereby confirm, in terms of the Companies Act, 1973, that for the year ended 30 June 2010 the company has lodged with the Registrar of Companies all such returns as are required of a private company in terms of this Act and that all such returns are true, correct and up-to-date.

D Mtshali
Company Secretary

18 August 2010

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF KAGISO SIZANANI CAPITAL (PROPRIETARY) LIMITED

We have audited the annual financial statements of Kagiso Sizanani Capital (Proprietary) Limited, which comprise the statement of financial position as at 30 June 2010, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 6 to 29.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Kagiso Sizanani Capital (Proprietary) Limited as at 30 June 2010, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

PricewaterhouseCoopers Inc

PricewaterhouseCoopers Inc
Director: R P Hariparsad
Registered Auditor
Johannesburg

18 August 2010

DIRECTORS' REPORT

The directors present their annual report, which forms part of the audited annual financial statements of the company and for the year ended 30 June 2010.

1. PRINCIPAL ACTIVITIES

Main business and operations

The principal activities of the company is that of providing funding to the Kagiso group companies.

2. SHAREHOLDER INFORMATION

The company is a wholly owned subsidiary of Kagiso Trust Investments (Proprietary Limited, a company incorporated in South Africa. The ultimate holding entity of the company is Kagiso Charitable Trust which owns 50.3% of the holding company.

During the year, the company did not declare a dividend to ordinary shareholders (2009:R nil).

3. INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The company financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS"). In the prior years the company's financial statements were prepared under South African Generally Accepted Accounting Practice (SA GAAP). Having followed the guidelines set out in "IFRS 1: First time Adoption of IFRS", the company's financial position, comprehensive income and cash flow position under IFRS were materially the same as under SA GAAP.

The date of transition to IFRS has been established as 1 July 2008. IFRS 1 requires retrospective application of all standards of IFRS applicable at 30 June 2010. At the transition date, IFRS allows a number of exemptions and mandatory exceptions to the retrospection application principle.

Refer to note 1.1 of the financial statements for further details on the transition.

4. DIRECTORS

The directors of the company during the year and to the date of this report are as follows:

MR Shangase	Non-executive Director	
MJN Njeke	Non-executive Director	Resigned 30 June 2010
Z J Matlala	Non-executive Director	Appointed 13 July 2009
L Gcwabe	Non-executive Director	Appointed 30 June 2010

There were no other changes in directorate during the year.

5. COMPANY SECRETARY

The secretary of the company is D Mtshali whose business and postal addresses are as follows:

Business address
Kagiso House
16 Fricker Road
Illovo Boulevard
Illovo
2196

Postal address
P O Box 55276
Northlands
2116

6. SHARE CAPITAL

6.1 There were no movements in the ordinary shares in the current year (2009:nil).

Refer to note 10 of the annual financial statements for further details on the authorised and issued shares.

6.2 100 million Preference Shares were issued as part of the Domestic Note and Redeemable Preference Share Programme in the current year (2009: No redeemable preference shares were issued) refer to note 11.

7. EVENTS AFTER THE REPORTING PERIOD

The directors are not aware of any matter or circumstance arising since the end of the financial year.

8. AUDITORS

PricewaterhouseCoopers Inc. will continue in office in accordance with section 270(2) of the Companies Act.

KAGISO SIZANANI CAPITAL (PROPRIETARY) LIMITED
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ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

STATEMENT OF FINANCIAL POSITION

Figures in Rands	Notes	2010	2009
ASSETS			
Non-current assets			
Loans to shareholders	5	97 900 000	109 836 000
Preference shares	4	250 000 000	169 886 000
		347 900 000	**279 722 000**
Current assets			
Loans due from related parties	8	1 899 596	2 724 261
Loans to shareholders	5	10 415 487	7 037 940
Deferred income tax assets	6	-	15 186
Cash and cash equivalents	9	923 720	2 034 605
		13 238 803	**11 811 992**
Total assets		**361 138 803**	**291 533 992**
EQUITY AND LIABILITIES			
EQUITY			
Ordinary shares	10	3 300 300	3 300 300
Accumulated loss		(2 571 839)	(1 639 492)
		728 461	**1 660 808**
LIABILITIES			
Non-current liabilities			
Financial liabilities held at amortised cost	11	348 000 000	280 000 000
Current liabilities			
Financial liabilities held at amortised cost	11	4 259 096	4 127 901
Current income tax liabilities	7	11 870	-
Trade and other payables	12	83 390	104 539
Preference dividend payable		8 055 986	5 640 744
		12 410 342	**9 873 184**
Total liabilities		**360 410 342**	**289 873 184**
Total equity and liabilities		**361 138 803**	**291 533 992**

STATEMENT OF COMPREHENSIVE INCOME

Figures in Rands	Notes	2010	2009
Preference dividend income	13	24 263 087	20 196 151
Operating expenses	14	(1 025 516)	(257 071)
Profit before interest and taxation		23 237 571	19 939 080
Interest income	13	13 384 537	18 305 363
Finance costs	16	(37 527 399)	(38 300 821)
Loss before taxation		**(905 291)**	**(56 378)**
Taxation	17	(27 056)	-
Loss for the year		**(932 347)**	**(56 378)**
Other comprehensive income		-	-
Total comprehensive loss		**(932 347)**	**(56 378)**

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STATEMENT OF CHANGES IN EQUITY

Figures in Rands	Ordinary share capital	Share premium	Total share capital	Accumulated loss	Total equity
Balance at 01 July 2008	**400**	**3 299 900**	**3 300 300**	**(1 583 114)**	**1 717 186**
Changes in equity					
Total comprehensive loss for the year	-	-	-	(56 378)	(56 378)
Total changes	-	-	-	(56 378)	(56 378)
Balance at 01 July 2009	**400**	**3 299 900**	**3 300 300**	**(1 639 492)**	**1 660 808**
Changes in equity					
Total comprehensive loss for the year	-	-	-	(932 347)	(932 347)
Total changes	-	-	-	(932 347)	(932 347)
Balance at 30 June 2010	**400**	**3 299 900**	**3 300 300**	**(2 571 839)**	**728 461**

KAGISO SIZANANI CAPITAL (PROPRIETARY) LIMITED
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STATEMENT OF CASH FLOWS

Figures in Rands	Notes	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash (used in) / generated from operations	20	(1 046 665)	865 806
Interest received		13 384 537	18 305 363
Dividends received		24 263 087	20 196 151
Finance costs		(13 255 107)	(18 077 350)
Income tax paid	19	-	(85 500)
Net cash flows from operating activities		**23 345 852**	**21 204 470**
CASH FLOWS FROM INVESTING ACTIVITIES			
Loans to group companies repaid		2 724 261	2 658 724
Loans advanced to group companies		(1 899 596)	(2 724 261)
Repayment of loans and prefence shares by group companies		40 000 000	41 000 000
Redemption of held-to-maturity financial assets		(92 114 000)	(41 000 000)
Net cash flows from investing activities		**(51 289 335)**	**(65 537)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from / (repayment of) financial liabilities held at amortised cost		40 131 195	(56 246 576)
Proceeds from shareholder's loan		8 558 453	41 497 962
Dividends paid	18	(21 857 050)	(21 314 683)
Net cash flows from financing activities		**26 832 598**	**(36 063 297)**
Total cash movement for the year		**(1 110 885)**	**(14 924 364)**
Cash at the beginning of the year		2 034 605	16 958 969
Total cash at end of the year	9	**923 720**	**2 034 605**

1 ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the annual financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1. Basis of preparation

These annual financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, International Financial Reporting Interpretations Committee ("IFRIC") Interpretations and the requirements of South African Companies Act of 1973, as amended. As these are the company's first annual financial statements prepared under IFRS, "IFRS 1 - First-time Adoption of International Financial Reporting Standards" has been applied in preparing these annual financial statements. These financial statements are the first company annual financial statements to be prepared in accordance with IFRS.

The annual financial statements of the company until 30 June 2009 had been prepared in accordance with South African Statements of Generally Accepted Accounting Practice ("SA GAAP"). SA GAAP differs in certain respects from IFRS. When preparing the 2010 annual financial statements, management has not amended any of the accounting or valuation methods applied in the SA GAAP financial statements as they did not differ from IFRS. As a result, the comparative figures in respect of the company's annual financial statements at 30 June 2008, and for the year ended 30 June 2009 were not restated.

The annual financial statements have been prepared under the historic cost convention, as modified by the revaluation of financial assets (including derivative instruments) held at fair value through profit or loss.

The preparation of annual financial statements in accordance with IFRS necessitates the use of estimates, assumptions and judgement that affect the reported amounts in the statement of financial position and comprehensive income. Although estimates are based on management's best knowledge and judgement of current facts as at financial position date, the actual outcome may differ from those estimates.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the companies financial statements are disclosed in note 3.

1.2 Financial instruments

Classification

The company classifies financial assets and financial liabilities into the following categories:

- Financial assets at fair value through profit or loss - held for trading
- Financial liabilities measured at amortised cost

Classification depends on the purpose for which the financial instruments were obtained / incurred and takes place at initial recognition. Classification is re-assessed on an annual basis, except for derivatives and financial assets designated as at fair value through profit or loss, which shall not be classified out of the fair value through profit or loss category.

1.2.1 Initial recognition and measurement

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for- sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument. Transaction costs on financial instruments at fair value through profit or loss are recognised in comprehensive income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are recognised initially at fair value. These instruments are carried at amortised cost using the effective interest rate method. They are included in current assets, except for those maturing more than twelve months from the financial position date, in which case they are included in non-current assets.

A provision for impairment of loans and receivables is established when there is objective evidence that the company will not be able to

1.2 Financial instruments (continued)

amount and the recoverable amount, being the present value of expected cash flows, discounted at the market rate of interest for similar borrowers.

a) Fair value considerations

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (as for unlisted securities), the company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

b) Impairment of financial assets

The company assesses, at each financial position date, whether there is objective evidence that a financial asset or a company of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in comprehensive income on equity instruments are not reversed through profit or loss.

c) Derecognition of financial assets

Investments are de-recognised when the rights to receive cash flows from investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

d) Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in comprehensive income within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in comprehensive income.

e) Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

f) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts.

1.2.2 Financial liabilities

a) Recognition and measurement

Financial liabilities are initially recognised at fair value, net of transaction costs incurred. Financial liabilities are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in comprehensive income over the period of the borrowings using the effective interest method.

b) Classification of financial liabilities

Financial liabilities are classified as current liabilities in the statement of financial position unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the financial position date.

c) Preference shares

Preference shares, which carry a mandatory coupon, or are redeemable at the option of the shareholder or if dividend payments are not

1.2 Financial instruments (continued)

discretionary, are classified as financial liabilities or compound financial instruments. All other preference shares are classified as equity. Dividends on preference shares classified as financial liabilities are recognised in comprehensive income as interest expense on an amortised cost basis using the effective interest rate method.

d) Debt security

Debt securities which carry a mandatory coupon, or are redeemable at specific dates at the option of the holder are recognised initially at fair value, net of transaction costs incurred. Debt securities are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in comprehensive income over the period of the borrowing using the effective interest rate method. Interest paid on these debt securities is charged in comprehensive income on the effective interest rate method.

Debt securities are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the financial position date.

e) Derecognition of financial liabilities

Financial liabilities are derecognised when the company's obligation specified in the contract is discharged or cancelled or has expired. On derecognition, the difference between the carrying amount of the financial liability, including related unamortised costs, and the amount paid for it, is included in comprehensive income.

1.2.3 Derivative financial instruments and hedging activities

Derivative financial instruments, which are not designated as hedging instruments, consisting of foreign exchange contracts and interest rate swaps, are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses reported in profit or loss.

Changes in the fair value of derivative financial instruments are recognised in comprehensive income as they arise.

Derivatives are classified as financial assets at fair value through profit or loss - held for trading.

Any derivatives embedded in financial instruments are separated from the host contract when their economic characteristics are not closely related to those of the host contract and the host contract is not carried at fair value. The host contract is accounted for at fair value. Gains and losses are reported in the statement of comprehensive income.

All derivatives are disclosed as assets if positive, and as liabilities when the fair value is negative, subject to offsetting principles.

1.3 Impairment of non-financial assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

1.3 Impairment of non-financial assets (continued)

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.4 Taxation

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the financial position date.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Income tax and capital gains tax on the profit or loss for the year comprise current and deferred tax. Current tax represents the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the financial position date, and any adjustments to tax payable in respect of previous years.

Deferred income tax and deferred capital gains tax are provided for on a comprehensive basis, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the annual financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is also not recognised on the initial recognition of goodwill, nor is it recognised on investments in subsidiaries and joint ventures where the company controls the timing of the reversal of temporary differences and it is possible that these differences will not reverse in the foreseeable future.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax income assets and deferred capital gains tax are reviewed at each financial position date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of each asset or liability, and is not discounted.

Current and deferred tax relating to items charged or credited directly to equity, is also charged or credited directly to equity and is subsequently recognised in the statement of comprehensive income when the related deferred gain or loss is recognised.

Secondary Tax on Companies (STC)

To the extent that it is probable that dividends will be declared against which unused STC credits can be utilised, a deferred tax asset is recognised for STC credits. The STC effect of dividends paid on equity instruments is recognised in the period in which the dividends are declared. For financial instruments classified as financial liabilities, the STC relating to any contractual payments is accrued in the same period as the interest accrued.

1.5 Share capital

Ordinary shares issued by the company are recorded at the net proceeds received, which is the fair value less costs that are incurred in connection with the share issue. The nominal par value of the shares issued is taken to the share capital account and any excess is recorded in the share premium account, including the costs that were incurred with the share issue.

1.6 Provisions

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

Contingent assets and contingent liabilities are not recognised.

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

When the effect of discounting is material, provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

1.7 Interest income and expenses

Interest income is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the company. Interest income on impaired loans is recognised using the original effective interest rate. Dividends on preference shares are recognised when the right to receive payment is established.

1.8 Dividends paid

The company recognises dividends when the company's rights to receive payment is established. Dividends are recorded in the company's financial statements in the period in which they are approved by the company's shareholders.

1.9 Standards, interpretations and amendments to published standards that are not yet effective

The following amendments and revisions to standards not yet effective have been early adopted by the company:

Amendment to IFRS 1: Additional exemptions for first-time adopters (effective for periods beginning on or after 1 January 2010)
The amendment extends the deemed cost exemption to oil and gas assets. In respect of leases if a first-time adopter made the determination of whether an arrangement contained a lease in accordance with previous GAAP as that required by "IFRIC 4 - Determine whether an arrangement contains a lease", but at a date other than that required by IFRIC 4, the first-time adopter need not reasses determination when it adopts IFRSs.

Amendment to IFRS 1: Limited exemption from comparative IFRS 7 disclosures for first-time adopters (effective for periods beginning on or after 1 July 2010)
The amendment to IFRS 1 provides first-time adopters with the same transition provisions as included in the amendment to IFRS 7.

The following International Financial Reporting Standards and amendments issued as at 30 June 2010 but not effective on that date, were considered by management.

Amendments to IFRS 2: Group cash-settled share-based payment transactions (effective for periods beginning on or after 1 January 2010)
The amendment clarifies the accounting for group cash-settled share-based payment transactions. The entity receiving the goods or services shall measure the share-based payment transaction as equity-settled only when the awards granted are its own equity instruments, or the entity has no obligation to settle the share-based payment transaction. The entity settling a share-based payment transaction when another entity in the group receives the goods or services recognises the transaction as equity-settled only if it is settled in its own equity instruments. In all other cases, the transaction is accounted for as cash-settled.

Amendments to IAS 32 – Classification of rights issues (effective for periods beginning on or after 1 February 2010)
The amendment clarifies the accounting treatment when rights issues are denominated in a currency other than the functional currency of

Standards, interpretations and amendments to published standards that are not yet effective (continued)
the issuer. The amendment states that if such rights are issued pro rata to an entity's existing shareholders for a fixed amount of currency, these should be classified as equity regardless of the currency in which the exercise price is denominated.

Amendment to IAS 24 - Related party disclosures (effective for periods beginning on or after 1 January 2011)
This amendment provides partial relief from the requirement for government related entities to disclose details of all transactions with government and other government-related entities. It also clarifies and simplifies the definition of a related party.

IFRS 9 - Financial instruments (effective for periods beginning on or after 1 January 2013)
This IFRS is part of the IASB's project to replace IAS 39. IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised and fair value.

Amendment to IFRS 1 - Limited exemption from comparative IFRS 7 disclosures for first-time adopters
The amendment to IFRS 1 provides first-time adopters with the same transition provisions as included in the amendment to IFRS 7.

Improvements to IFRSs (issued April 2009) was issued by the IASB as part of the 'annual improvements process' resulting in the following amendments to standards issued, but not effective for 30 June 2010 year-ends (unless otherwise specified the amendments are effective for annual periods beginning on or after 1 January 2010):

Amendments to IFRS 2: Share-based payment - Scope of IFRS 2 and revised IFRS 3 (effective for annual periods beginning on or after 1 July 2009)
IFRS 5: Non-current assets held for sale and discontinued operations - Disclosures of non-current assets (or disposal groups) classified as held for sale or discontinued operations.
IFRS 8: Operating segments - Disclosure of information about segment assets.
IAS 1: Presentation of financial statements - Current and non-current classification of convertible instruments.
IAS 7: Statement of cash flows - Classification of expenditures on unrecognised assets.
IAS 18: Revenue - Determining whether an entity is acting as a principal or as an agent.
IAS 36: Impairment of assets - Unit of accounting for goodwill impairment test.
IAS 38: Intangible assets - Additional consequential amendments arising from revised IFRS 3 and measuring the fair value of an intangible asset acquired in a business combination (effective for annual periods beginning on or after 1 July 2009)
IAS 39: Financial instruments: Recognition and measurement - Treating loan prepayment penalties as closely related embedded derivative scope exemption for business combination contracts; and cash flow hedge accounting.
IFRIC 9: Reassessment of embedded derivatives - Scope of IFRIC 9 and revised IFRS 3 (effective for annual periods beginning on or after 1 July 2009)
IFRIC 16: Hedges of a net investment in a foreign operation - Amendment to the restriction on the entity that can hold hedging instrument (effective for annual periods beginning on or after 1 July 2009)

Interpretations of International Financial Reporting Standards effective for the first time for 30 June 2010 year-end

IFRIC 15: Agreements for the construction of real estate
IFRIC 16: Hedges of a net investment in a foreign operation
IFRIC 17: Distributions of non-cash assets to owners
IFRIC 18: Transfers of assets from customers
IFRIC 19: Extinguishing financial liabilities with equity instruments
Amendments to IFRIC 14: Pre-payments of a minimum funding requirement

2. RISK MANAGEMENT

2.1 FINANCIAL RISK MANAGEMENT

MARKET RISK

Interest rate risk - The interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rate.

Interest rate risk arises from the re-pricing of floating rate debt securities as well as incremental funding/new borrowings and the roll-over of maturing debt securities/refinancing of existing borrowings. All material borrowings are at floating rates.

Management of risk

Interest rate risk is regularly assessed to determine:

1. The period for which interest rate swaps are required to hedge interest rate against adverse movements in interest rates.
2. The portion of interest rate risk that needs to be hedged. In principle the company applies the following policy guidelines for evaluating interest rate risk should a hedge strategy be implemented:

   a) 50% hedged, 50% unhedged
   b) 40% hedged, 60% unhedged
   c) 60% hedged, 40% unhedged

Interest rate risk is hedged with hedge counter parties that have a long-term rating of A1 and short-term rating of A1 on a National Scale of Rating Agencies recognised pursuant to the Collective Investments Schemes Control Act.

Hedging arrangements are not used for speculative purposes and as such hedging arrangements on funding are mirrored on a back-to-back basis on loans disbursed into the rest of the Group.

Sensitivity analysis

The company borrows from the market and lends the Kagiso Group companies at the same rates, as a result any movements in the interest rates will not have an effect on the pre-tax statement of comprehensive income results. At 30 June 2010 had the interest rate moved by 50 basis points upwards or downwards the before-tax comprehensive income effect would have been R7 382 (2009: R1 099) upwards or downwards respectively as a result of funds invested on call accounts. Other receivables and payables are not affected by interest rate movements.

CREDIT RISK

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit risk arises from cash deposits and cash equivalents, advances to Kagiso Group companies and other receivables. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

The company is exposed to credit-related losses in the event of non-performance by counterparties. The counterparties to these contracts are other financial institutions and inter-group companies. The company continually monitors its positions and the credit ratings of its counterparties and limits the extent to which it enters into contracts with any one party.

The credit exposure as at 30 June 2010 was limited predominantly to financial institutions with short-term ratings not less than A1 and inter-group companies.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	**2010**	**2009**
Loans to shareholders - held-to-maturity	97 900 000	116 873 940
Preference shares -held-to-maturity financial assets (refer to note 4)	250 000 000	169 886 000
Cash and cash equivalents	923 720	2 034 605

Figures in Rands	2010	2009

LIQUIDITY RISK

Liquidity risk is the risk that the company is unable to meet its payment obligations associated with its financial liabilities when they fall due.

Liquidity risk arises from existing commitments associated with financial instruments and the management of funds in order to meet these commitments. The company manages liquidity risk by maintaining counterparty relations on a professional and sound basis and only issues specifically defined instruments within set limits and policy guidelines being set by the company's holding company.

The table below analyses the company's financial liabilities and net-settled financial liabilities into relevant maturity groupings based on the remaining period at the financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. All balances reprice within 12 months and as a result their carrying balances are not significantly affected by discounting.

At 30 June 2010	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Preference share liability	-	-	250 000 000	-
Debt securities instruments	-	-	98 000 000	-
Other payables	83 390	-	-	-

At 30 June 2009	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Preference share liability	20 000 000	-	150 000 000	-
Debt securities instruments	20 000 000	-	90 000 000	-
Other payables	104 539	-	-	-
Holding company loan	6 444	-	-	-

The company borrows from the market and lends the Kagiso Group companies at the same rates, as a result any movements in the interest rates will not have different results on the statement of comprehensive income.

2.2 CAPITAL RISK MANAGEMENT

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the company consists of debt, which includes the borrowings (excluding derivative financial liabilities) and advances to Kagiso group companies as disclosed in notes 5, 8 and 11, cash and cash equivalents disclosed in note 9, and equity as disclosed in the statement of financial position.

In order to maintain or adjust the capital structure, the company may adjust the amounts of dividends paid to shareholders, return capital to stakeholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

During 2010 the company's strategy, which was unchanged from 2009, was to maintain a Baaa2 credit rating for long-term and A2 for short-term commitments . The gearing ratios at 30 June 2010 and 2009 were as follows:

	2010	2009
Total borrowings	360 315 082	289 786 645
Less: cash and cash equivalents	(923 720)	(2 034 605)
Less: advances to Group companies	(360 215 083)	(289 484 201)
Net debt	(823 721)	(1 732 161)
Total equity	728 461	1 660 808
Total capital	**(95 260)**	**(71 353)**
Gearing ratio	865 %	2 428 %

There have been no changes to what the entity manages as capital, the strategy for capital maintenance or extrernally imposed capital requirement from the previous year. Since the company borrows to fund companies in the Group, the net debt is calculated after adjusting for advances to Group companies. The change in the gearing ratio in the current year is mainly attributable to the timing between advances to Group companies and borrowings as well as the fact that borrowing costs decreased during this current period.

2.3 FAIR VALUE ESTIMATION

The carrying value less impairment provision of receivables and payables are assumed to approximate their fair values due to the short-term nature of trade receivables and payables. The fair value of financial liabilities for disclosure purposes is at the current market interest rate that is available to the company for similar financial instruments.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates, judgements and assumptions are made that could affect the reported amounts of assets and liabilities within the next financial year. These are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Income taxes

The company is subject to complex tax legislation. Significant judgement is required in determining the provision for income taxes. The company recognises liabilities for anticipated tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of each asset or liability, and is not discounted.

Refer to note 17 for detail regarding the taxation charge and the deferred tax charge for the year ended 30 June 2010.

Notes to the annual financial statements

Figures in Rands	2010	2009

4. PREFERENCE SHARES

Held-to-maturity		
Redeemable preference shares	250 000 000	169 886 000
The preference shares in Kagiso Trust Investments (Proprietary) Limited and Kagiso Financial Services Limited have the same terms and conditions as the listed redeemable preference share liability on the Kagiso Domestic Medium Term Note Programme listed on the Johannesburg Stock Exchange. Refer to note 11 for terms and conditions.		

Held-to-maturity financial assets are invested as follows:		
KTI share capital	194	113
KTI preference shares	193 999 806	113 885 887
KFS share capital	56	56
KFS preference shares	55 999 944	55 999 944
	250 000 000	**169 886 000**

Reconciliation of held-to-maturity instruments:		
Balance at the beginning of the year	169 886 000	169 886 000
Arising during the year	100 000 000	-
Repayment	(19 886 000)	-
	250 000 000	**169 886 000**

Total other financial assets		
Held-to-maturity financial assets	250 000 000	169 886 000

Non-current assets		
Held-to-maturity	250 000 000	169 886 000

The company has not reclassified any financial assets from cost or amortised cost to fair value, or from fair value to cost or amortised cost during the current or prior year.

There were no gains or losses realised on the disposal of held to maturity financial assets in 2010 and 2009, as all the financial assets were disposed of at their redemption date.

Figures in Rands	2010	2009

5. LOANS TO SHAREHOLDERS

Kagiso Trust Investments (Proprietary) Limited Advances to the Kagiso Trust Investments (Proprietary) Limited are made on the same terms and conditions associated with the issuing of debt securities. Such advances are governed by proper approval and loan agreements that incorporate the terms and conditions attached to the Registered Domestic Note and Redeemable Preference Share Programme dated 16 September 2005. Refer to note 11 for terms and conditions attached to debt securities.	108 315 487	116 873 940
Non-current assets	97 900 000	109 836 000
Current assets	10 415 487	7 037 940
	108 315 487	**116 873 940**

Credit quality of loans to shareholders

The credit quality of loans to shareholders that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Credit rating		
Baaa2	108 315 487	116 873 940

Fair value of loans to and from shareholders

Loans from shareholders	-	6 444

The loans reprice within 12 months and as a result approximate fair values (none of the loans are past due nor impaired).

6. DEFERRED INCOME TAX ASSETS

Deferred tax asset

Reconciliation of opening and closing balances

At beginning of the year	-	15 186
Adjustments due to prior years	-	(15 186)
	-	-

7. CURRENT INCOME TAX LIABILITIES

Normal tax liabilities	7 918	-
STC	3 952	-
	11 870	-

Reconciliation of current income tax liabilities		
Arising during the year	11 870	-

Figures in Rands	2010	2009

8. AMOUNTS DUE FROM RELATED PARTIES

Fellow subsidiaries

Kagiso Financial Services Limited ("KFS") Advances to KFS are made on the same terms and conditions associated with the issuing of debt securities. Such advances are governed by proper approval and loan agreements that incorporate the terms and conditions attached to the Registered DMTN Programme dated 16 September 2005. Refer to note 11 for terms and conditions attached to debt securities.	1 899 596	2 724 261

Credit quality of loans to related parties

The credit quality of loans to group companies that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Counterparties without external credit rating		
Existing customers (more than 6 months) with no defaults in the past	1 899 596	2 724 261

Fair value of loans to related parties

Existing customers (more than 6 months) with no defaults in the past	1 899 596	2 724 261

None of the loans to related parties have been impaired or past due. These amounts are guaranteed by KTI to the extent of R56,000,000 (2009: R56,000,000).

9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of:

Bank balances	923 720	2 034 605

Credit quality of cash at bank and short term deposits, excluding cash on hand

The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:

Credit rating		
A1	923 720	2 034 605

10. ORDINARY SHARES

Authorised		
1 000 Ordinary shares of R1 each	1 000	1 000
Reconciliation of number of shares issued:		
Reported at beginning and end of the year	400	400
Issued		
Ordinary	400	400
Share premium	3 299 900	3 299 900
	3 300 300	**3 300 300**

Figures in Rands	2010	2009

11. FINANCIAL LIABILITIES HELD AT AMORTISED COST

Held at amortised cost		
Redeemable preference shares	250 000 000	170 000 000
Debt securities - bonds	102 259 096	114 127 901
	352 259 096	**284 127 901**

11.1 PREFERENCE SHARE LIABILITIES

Authorised preference shares		
1 000 000 redeemable preference shares of R1 each	1 000 000	1 000 000

Issued preference share liabilities		
250 redeemable preference shares of R1 each	250 000 000	170 000 000

The holders of fixed and variable rate cumulative redeemable preference shares have no voting rights at any meeting of the company.

Reconciliation of issued preference share liabilities		
At beginning of year	170	185
Arising during the year	100	-
Repaid during the year	(20)	(15)
Total share capital	250	170
At beginning of year	169 999 830	184 999 815
Arising during the year	99 999 900	-
Repaid during the year	(19 999 980)	(14 999 985)
Total share premium	249 999 750	169 999 830
	250 000 000	**170 000 000**

Redeemable preference shares issued under the Domestic Note and Redeemable Preference Share Programme dated 16 September 2005 comprise the following:

KSP002 with redemption date 30 June 2010		
Shares at cost	-	20
Share premium	-	19 999 980
	-	**20 000 000**

KSP003 with redemption date 1 February 2013		
- Shares at cost	78	78
- Share premium	77 999 922	77 999 922
	78 000 000	**78 000 000**

KSP004 with redemption date 25 March 2013		
- Shares at cost	72	72
- Share premium	71 999 928	71 999 928
	72 000 000	**72 000 000**

Figures in Rands	2010	2009

11. FINANCIAL LIABILITIES HELD AT AMORTISED COST (continued)

KSP005 with redemption date 31 July 2012		
- Shares at cost	100	-
- Share premium	99 999 900	-
	100 000 000	**-**

On 16 September 2005, Kagiso established a Domestic Note and Redeemable Preference Share Programme for a total programme value of R1 billion.

KSP002, for a nominal value of R20 million is a floating yield Redeemable Preference Share. The shares bear dividend which is payable and repriced six monthly at 75% of prime on a NACS basis. The shares redeem on 30 June 2010 and are listed on the Johannesburg Stock Exchange (JSE).

KSP003, for a nominal value of R78 million is a floating yield Redeemable Preference Share. The shares bear dividend which is payable and repriced six monthly at 77% of prime on a NACS basis. The shares redeem on 1 February 2013 and are listed on the Johannesburg Stock Exchange (JSE).

KSP004, for a nominal value of R72 million is a floating yield Redeemable Preference Share. The shares bear dividend which is payable and repriced six monthly at 77% of prime on a NACS basis. The shares redeem on 1 April 2013 and are listed on the Johannesburg Stock Exchange (JSE).

KSP005, for a nominal value of R100 million is a floating yield Redeemable Preference Share. The shares bear a dividend which is payable and repriced six monthly at 90% of prime on a NACS basis. The shares redeem on the 01 July 2012 and are listed on the Johannesburg Stock Exchange (JSE).

The nominal proceeds of Redeemable Preference Shares in issue at financial year-end have been invested in Redeemable Preference Shares of Kagiso Group companies as follows

Kagiso Trust Investments (Proprietary) Limited	194 000 000	113 886 000
Kagiso Financial Services Limited	56 000 000	56 000 000
	250 000 000	**169 886 000**

Figures in Rands	2010	2009

11. FINANCIAL LIABILITIES HELD AT AMORTISED COST (continued)

11.2 DEBT SECURITIES - BONDS

KSB003 KSB003, for a nominal value of R20 million is a floating rate note.The instrument bears interest which is payable and repriced quartely at a fixed margin of 2.35% above 3 month JIBAR. The instruments matures on 30 June 2010.It is listed on the JSE.	-	20 000 000
KSB004 KSB004, for a nominal value of R50 million is a floating rate note. The instrument bears interest which is payable and repriced quarterly at a fixed yield of 12%. The instrument matures on 1 February 2013. It is listed on the JSE.	52 469 613	52 449 315
KSB005 KSB005, for a nominal value of R40 million is a floating rate note. The instrument bears a coupon half- yearly on a determination date at a fixed margin of 2.70 above a fixed coupon of Government Stock R201. The instrument matures on 28 February 2013. It is listed on the JSE.	41 664 902	41 678 586
KSB006 KSB006, for a nominal value of R8 million is a floating rate note. The instrument bears interest which is payable and repriced quartely at a fixed margin of 3.2% above 3-month JIBAR. The instrument matures on the 02 Feb 2012. It is listed on the JSE.	8 124 581	-
Total debt securities - bonds	**102 259 096**	**114 127 901**

Total debt securities

In conformance to internal company and group authority an amount of R152 million (2009: R220 million) is available for issuing of new and additional instruments in the short-to-medium term.

The nominal proceeds of debt instruments in issue at financial year-end have been on-lent to Kagiso group companies as follows:

Kagiso Trust Investments (Proprietary) Limited	291 900 000	223 722 000
Kagiso Financial Services Limited	56 000 000	56 000 000
	347 900 000	**279 722 000**

Availability of future and immediate capabilities for the issuance of debt securities are as follows:		
Registered Programme Value	1 000 000 000	1 000 000 000
Total financial liabilities held at amortised cost- non-current		
At amortised cost	348 000 000	280 000 000
Total financial liabilities held at amortised cost -current		
At amortised cost	4 259 096	4 127 901
	352 259 096	**284 127 901**

Notes to the annual financial statements

Figures in Rands	2010	2009

12. TRADE AND OTHER PAYABLES

Accrued audit fees	79 720	67 350
Other payables	3 670	37 189
	83 390	**104 539**

13. INVESTMENT REVENUE

Preference dividend income		
Listed financial assets - Local	24 263 087	20 196 151
Interest income		
Unlisted financial assets	13 249 044	18 049 045
Bank	135 493	256 318
	13 384 537	**18 305 363**
	37 647 624	**38 501 514**

14. OTHER OPERATING EXPENSES

Auditor's remuneration (refer to note 15)	97 902	93 160
Other expenses	927 614	163 911
	1 025 516	**257 071**

15. AUDITOR'S REMUNERATION

Fees	83 366	67 350
Adjustment for previous year	14 536	25 810
	97 902	**93 160**

16. FINANCE COSTS

Non-current borrowings	13 255 107	18 077 350
Preference dividends	24 272 292	20 223 471
	37 527 399	**38 300 821**

Finance costs consists of the following:

Finance costs:		
Dividend on preference shares	13 252 107	20 223 471
Interest expense on debt securities	24 275 292	18 077 350
	37 527 399	**38 300 821**

Notes to the annual financial statements

Figures in Rands	2010	2009

17. TAXATION

Major components of the tax expense

Current		
Local income tax	23 104	-
STC	3 952	-
	27 056	**-**

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.

Standard tax rate	28.00 %	28.00 %
Exempt income	(31.00)%	(28.00)%
	(3.00)%	**- %**

18. DIVIDENDS PAID

Balance at beginning of the year	(5 640 744)	(6 731 956)
Dividends paid to Investors	(24 272 292)	(20 223 471)
Balance at end of the year	8 055 986	5 640 744
	(21 857 050)	**(21 314 683)**

19. INCOME TAX PAID

Balance at beginning of the year	15 186	(85 500)
Current tax for the year recognised in profit or loss	(27 056)	-
Adjustment in deferred tax for the current year	-	15 186
Balance at end of the year	11 870	(15 186)
	-	**(85 500)**

20. CASH (USED IN) / GENERATED FROM OPERATIONS

Loss before taxation	(905 291)	(56 378)
Adjustments for:		
Dividends received	(24 263 087)	(20 196 151)
Interest received	(13 384 537)	(18 305 363)
Finance costs	37 527 399	38 300 821
Changes in working capital:		
Trade and other receivables	-	1 122 158
Trade and other payables	(21 149)	719
	(1 046 665)	**865 806**

Figures in Rands	2010	2009

21. RELATED PARTIES

Relationships

Ultimate holding company	Kagiso Charitable Trust
Holding company	Kagiso Trust Investments (Proprietary) Limited
Fellow subsidiary	Kagiso Securities Limited
Fellow subsidiary	Kagiso Financial Services Limited

Related party balances

	2010	2009
Loan accounts - Owing by related parties		
Kagiso Trust Investments (Proprietary) Limited	117 836 000	116 880 384
Kagiso Financial Services Limited	1 899 596	2 724 261

There is no provision for doubtful debts, nor any bad debt written off during the year, that relates to related parties.

	2010	2009
Investment in preference shares (refer to note 11)		
Kagiso Trust Investments (Proprietary) Limited	213 886 000	113 886 000
Kagiso Financial Services Limited	56 000 000	56 000 000

Related party transactions

	2010	2009
Interest received from related parties		
Kagiso Trust Investments (Proprietary) Limited	(10 501 595)	(18 049 045)
Dealer fees paid to related parties		
Kagiso Securities Limited	75 294	50 701