

**PALADIN CAPITAL LIMITED**

**(REGISTRATION NO. 2006/011238/06)**

**GROUP ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
28 FEBRUARY 2009**

# **PALADIN CAPITAL LIMITED**

## **ANNUAL FINANCIAL STATEMENTS**

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# **PALADIN CAPITAL LIMITED**

## **APPROVAL OF ANNUAL FINANCIAL STATEMENTS**

The directors are responsible for the maintenance of adequate accounting records and to prepare annual financial statements that fairly represent the state of affairs and the results of the group. The external auditors are responsible for independently auditing and reporting on the fair presentation of these annual financial statements. Management fulfils this responsibility primarily by establishing and maintaining accounting systems and practices adequately supported by internal accounting controls. Such controls provide assurance that the group's assets are safeguarded, that transactions are executed in accordance with management's authorisations and that the financial records are reliable. The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the South African Companies Act 1973. Appropriate and recognised accounting policies are consistently applied.

The Company is classified as a widely held company in terms of the Companies Act, but has not appointed a statutory audit committee since the functions in terms of S 270A (1) of the Act are performed on its behalf by the audit committee of its holding company. The audit committee of the holding company has confirmed to the directors of the Company that these functions have been performed without any exceptions noted in relation to the financial statements and that they are satisfied that the auditors were independent of the Company. The external auditors have unrestricted access to all records, assets and personnel as well as to the audit committee.

The financial statements are prepared on the going concern basis, since the directors have every reason to believe that the group has adequate resources to continue for the foreseeable future.

The financial statements set out on pages 4 to 55 were approved by the board of directors of Paladin Capital Limited and are signed on its behalf by:

**JF Mouton**  
*Chairman*

**F Swart**  
*Chief Executive Officer*

16 July 2009  
Stellenbosch

## **DECLARATION BY THE COMPANY SECRETARY**

We declare that, to the best of our knowledge, the company has lodged with the Registrar all such returns as are required of a public company in terms of the Companies Act and that all such returns are true, correct and up to date.

**PSG Corporate Services (Pty) Limited**  
**Per WL Greeff**  
*Company secretaries*

16 July 2009  
Stellenbosch

## REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF PALADIN CAPITAL LIMITED

We have audited the annual financial statements and group annual financial statements of Paladin Capital Limited, which comprise of the directors report, the separate balance sheet and the consolidated balance sheet as at 28 February 2009, the separate income statement and the consolidated income statement, the separate statement of changes in equity and the consolidated changes in equity, the separate cash flow statement and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 4 to 55.

### *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 in 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 the directors, 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 the company and group as at 28 February 2009, and of their financial performance and their 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**

**Director: HD Nel**

**Registered Auditor**

**Cape Town**

**16 July 2009**

# PALADIN CAPITAL LIMITED

## DIRECTORS' REPORT

### NATURE OF BUSINESS

The company is a private equity company with a bias towards unlisted investments.

### REVIEW OF ACTIVITIES

During the current year the group expanded its current investment portfolio by acquiring a new investment in associated companies and increasing its shareholding in investments held at 28 February 2008.

During the year the main transactions that took place were as follows:

- During March 2008 the company increased its shareholding in PSG Capital (Pty) Ltd from 60,0% to 74,9%. PSG Capital (Pty) Ltd was sold to PSG Financial Services Ltd on 1 March 2009 and was therefore treated as held for sale.
- The company acquired a 10,7% stake in Topfix Holdings Limited, a listed company operating in the scaffolding and labour broking market.
- The company acquired a 25,1% stake in Target Investments (Pty) Ltd, a mill located in Durban.
- The company increased its shareholding in Erbacon Group Limited after it diluted in March 2008 to 25,5%.
- The company increased its shareholding in CIC Holdings Limited from 46,6% to 48,6%.
- The company increased its shareholding in Iquad Group Limited from 38,9% to 42,4%.
- The company increased its shareholding in Precrete Nozala (Pty) Ltd from 13,4% to 22,1%.
- The company's shareholding in African Unity Insurance Limited (formally known as Algoa Insurance Company Limited) diluted from 60,0% to 54,0%. The effective merger with another company is pending approval from the FSB and will dilute Paladin's shareholding to 43,2%. For accounting purposes, the company was treated as a subsidiary (54%) and classified as held for sale pending the FSB shareholding approval.

The change in the group's investment portfolio can be viewed in Annexure A (Interest in subsidiaries and associates).

### OPERATING RESULTS

The operating results and the state of affairs of the company and the group are fully set out in the attached income statements, balance sheets and notes thereto. The group's loss attributable to equity holders amounted to R37.2 million (2008: Profit R127,3 million).

### SHARE CAPITAL

Details of the authorised and issued share capital appear in note 11 to the financial statements.

During the year under review, the following changes to share capital were effected:

- On 1 March 2008 the company issued an additional 250 000 shares to directors at R20 per share.
- During June and July 2008 the company issued an additional 1 125 015 shares at a price of R20 per share.

### DIVIDENDS

An interim dividend of 25c per share was declared during the year. A final dividend of 25c per share has been declared by the directors on 7 April 2009. A dividend of 30c per share was paid during the year relating to the 2008 financial year.

### DIRECTORS AND COMPANY SECRETARY

#### Directors:

E de V Greyling	
JA Grobbelaar	Resigned 20 March 2009
JA Holtzhausen	
P Malan	Resigned 16 February 2009
JF Mouton	
PJ Mouton	Appointed 1 April 2009
F Swart	Appointed 16 February 2009
A Wiese	Resigned 13 June 2008
J Bezuidenhout	Appointed 7 April 2009
B van der Linde	Appointed 7 April 2009

**Directors' emoluments incurred by the company and its subsidiaries:**

<b>CASH-BASED REMUNERATION (R000)</b>	<b>Basic salaries</b>	<b>Company contributions</b>	<b>Performance related</b>	<b>Fees</b>	<b>Total</b>	<b>Total 2008</b>
<b>Executive</b>						
P Malan **	1 106	105	2 229		3 440	5 713
JA Holtzhausen	853	71	1 574		2 498	4 078
JA Grobbelaar	1 184	99	621		1 904	2 548
A Wiese*				269	269	99
<b>Non-executive</b>						
E de V Greyling				-	-	60
JJ Mouton				-	-	60
<b>TOTAL</b>	<b>3 143</b>	<b>275</b>	<b>4 424</b>	<b>269</b>	<b>8 111</b>	<b>12 558</b>

\*A Wiese was employed on a contract basis and resigned on 13 June 2008.

\*\* P Malan resigned 16 February 2009

**Shareholding of directors:**

The shareholding of directors in the issued share capital of the company as at 28 February 2009 was as follows:

Name	Beneficial		Non-beneficial		Total shareholding		2008
	Direct	Indirect	Direct	Indirect	Number	%	%
JA Holtzhausen	581 100				<b>581 100</b>	<b>1.47</b>	<b>0.72</b>
JA Grobbelaar	150 000				<b>150 000</b>	<b>0.38</b>	<b>0.05</b>
<b>TOTAL</b>	<b>1 651 100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 651 100</b>	<b>4.17</b>	<b>0.77</b>

**Company secretary:**

The company secretary is PSG Corporate Services (Pty) Limited whose business and postal addresses are as follows:

Business

1<sup>st</sup> Floor, Ou Kollege  
35 Kerk Street  
Stellenbosch, 7600

Postal

PO Box 7403  
Stellenbosch  
7599

**REGISTERED AND POSTAL ADDRESS**

Registered

1<sup>st</sup> Floor, Ou Kollege  
35 Kerk Street  
Stellenbosch, 7600

Postal

PO Box 7403  
Stellenbosch  
7599

**HOLDING COMPANY**

The holding company is PSG Financial Services Limited that holds 86,9% of the issued shares. The ultimate holding company is PSG Group Limited.

**SUBSIDIARIES**

Details of the company's interest in subsidiaries are set out in Annexure A.

**SPECIAL RESOLUTIONS OF SUBSIDIARIES**

No special resolutions which are material to the group were passed by subsidiaries during the year under review.

**AUDITORS**

PricewaterhouseCoopers Incorporated will continue in office in accordance with Section 270(2) of the Companies Act of South Africa.

**POST BALANCE SHEET EVENTS**

There following were changes in the affairs or financial position of the company since the balance sheet date:

- The company sold its investment in PSG Capital (Pty) Ltd (74,9%) to PSG Financial Services Ltd for R25m in cash effective 1 March 2009
- The Paladin Share Incentive Trust was dissolved on 1 March 2009.

**PALADIN CAPITAL LIMITED**

**BALANCE SHEETS**  
as at 28 February 2009

	Notes	GROUP		COMPANY	
		2009 R000	2008 R000	2009 R000	2008 R000
<b>Assets</b>					
Property, plant and equipment	1	-	282	-	-
Intangible assets	2	-	437	-	-
Interest in subsidiaries	3	-	-	13 707	44 107
Interest in associates	4	709 804	646 169	671 935	548 584
Financial assets					
Equity securities	5	2 600	18 633	-	-
Loans and advances	6	19 543	60 005	19 247	27 931
Deferred tax assets	7	1 110	1 683	1 110	1 335
Receivables	8	2 041	5 182	2 041	7 390
Cash and cash equivalents	9	55	4 352	55	-
Non-current assets held for sale	10	36 677	-	25 000	-
<i>Total assets</i>		<b>771 830</b>	736 743	<b>733 095</b>	629 347
<b>Capital and reserves attributable to the company's equity holders</b>					
Share capital	11	40	38	40	38
Share premium		504 520	477 823	504 520	477 823
Common control transaction reserve	28	-	(34 570)	-	-
Retained earnings		97 361	190 263	71 579	92 686
<i>Ordinary shareholders' funds</i>		<b>601 921</b>	633 554	<b>576 139</b>	570 547
Minority interests		1 814	1 075	-	-
<i>Total equity</i>		<b>603 735</b>	634 629	<b>576 139</b>	570 547
<b>Liabilities</b>					
Insurance contracts	12	-	1 739	-	-
Financial liabilities					
Borrowings	13	150 748	33 009	155 316	1 190
Provisions for other liabilities and charges	14	-	1 671	-	-
Trade and other payables	15	1 013	62 449	1 640	56 968
Current income tax liabilities		-	3 246	-	642
Liabilities directly associated with non-current assets classified as held for sale	10	16 334	-	-	-
<i>Total liabilities</i>		<b>168 095</b>	102 114	<b>156 956</b>	58 800
<b>Total liabilities and shareholders' funds</b>		<b>771 830</b>	736 743	<b>733 095</b>	629 347

**PALADIN CAPITAL LIMITED**

**INCOME STATEMENTS**

for the year ended 28 February 2009

	Notes	GROUP		COMPANY	
		2009 R000	2008 R000	2009 R000	2008 R000
<b>Income</b>					
Sales from trading operations	16	-	1 316 839	-	-
Investment income	17	<b>23 975</b>	14 883	<b>46 448</b>	103 360
Commission and other fee income	19	-	21 535	-	-
Other operating income	20	<b>458</b>	48 642	<b>53</b>	-
<b>Total income</b>		<b>24 433</b>	1 401 899	<b>46 501</b>	103 360
<b>Expenses</b>					
Cost of sales of trading operations	16	-	1 181 590	-	-
Fair value losses on financial instruments	18	<b>2 172</b>	332	-	-
Marketing, administration and other expenses	21	<b>9 059</b>	126 967	<b>33 300</b>	688
<b>Total expenses</b>		<b>11 231</b>	1 308 889	<b>33 300</b>	688
<b>Results of operating activities from continuing operations</b>					
		<b>13 202</b>	93 010	<b>13 201</b>	<b>102 672</b>
Finance costs	22	<b>(12 473)</b>	(3 389)	<b>(12 985)</b>	(187)
Share of profits/(losses) of associated companies	4	<b>(43 596)</b>	50 921	-	-
<b>(Loss)/profit before taxation from continuing operations</b>					
		<b>(42 867)</b>	140 542	<b>216</b>	102 485
Taxation	23	<b>(224)</b>	(10 535)	<b>(225)</b>	(661)
<b>Net (loss)/profit for the year from continued operations</b>					
		<b>(43 091)</b>	130 007	<b>(9)</b>	101 824
<b>Net profit for the year from discontinued operations</b>					
	10	<b>8 628</b>	14 444	-	-
		<b>(34 463)</b>	144 451	<b>(9)</b>	101 824
<b>Total</b>					
<b>Attributable to:</b>					
- minority interests		<b>2 771</b>	17 109	-	-
- equity holders of the company		<b>(37 234)</b>	127 342	<b>(9)</b>	101 824

**PALADIN CAPITAL LIMITED**

**STATEMENTS OF CHANGES IN EQUITY**  
for the year ended 28 February 2009

<b>GROUP</b>	<b>Share capital R000</b>	<b>Share premium R000</b>	<b>Common control transaction reserve R000</b>	<b>Retained earnings R000</b>	<b>Minority interests R000</b>	<b>Total R000</b>
<b>Balance at 1 March 2007</b>	28	276 757	(34 570)	72 428	2 628	317 271
Issue of share capital	10	201 066	-	-	-	201 076
Net profit for the year	-	-	-	127 343	17 109	144 452
Movement in interest in subsidiaries	-	-	-	32	(14 776)	(14 744)
Dividends paid	-	-	-	(9 540)	(3 886)	(13 426)
<b>Balance at 29 February 2008</b>	<b>38</b>	<b>477 823</b>	<b>(34 570)</b>	<b>190 263</b>	<b>1 075</b>	<b>634 629</b>
Issue of share capital	2	27 498	-	-	-	27 500
Shares issue cost	-	(801)	-	-	-	(801)
Net (loss)/profit for the year	-	-	-	(37 234)	2 771	(34 463)
Movement in interest in subsidiaries	-	-	-	-	(323)	(323)
Dividends paid	-	-	-	(21 098)	(1 709)	(22 807)
Transfer of reserves	-	-	34 570	(34 570)	-	-
<b>Balance at 28 February 2009</b>	<b>40</b>	<b>504 520</b>	<b>-</b>	<b>97 361</b>	<b>1 814</b>	<b>603 735</b>

<b>COMPANY</b>	<b>Share capital R000</b>	<b>Share premium R000</b>	<b>Retained earnings R000</b>	<b>Total R000</b>
<b>Balance at 1 March 2007</b>	28	276 757	402	277 187
Issue of share capital	10	201 066	-	201 076
Net profit for the year	-	-	101 824	101 824
Dividend paid	-	-	(9 540)	(9 540)
<b>Balance at 29 February 2008</b>	<b>38</b>	<b>477 823</b>	<b>92 686</b>	<b>570 547</b>
Issue of share capital	2	27 498	-	27 500
Shares issue cost	-	(801)	-	(801)
Net loss for the year	-	-	(9)	(9)
Dividend paid	-	-	(21 098)	(21 098)
<b>Balance at 28 February 2009</b>	<b>40</b>	<b>504 520</b>	<b>71 579</b>	<b>576 139</b>

**PALADIN CAPITAL LIMITED**

**CASH FLOW STATEMENTS**

for the year ended 28 February 2009

	Notes	GROUP		COMPANY	
		2009 R000	2008 R000	2009 R000	2008 R000
<b>Cash retained from operating activities</b>					
<b>Cash (utilised)/generated by operating activities</b>	27.1	<b>(41 537)</b>	42 557	<b>(54 193)</b>	(7 805)
Interest paid		(12 473)	(264)	(12 985)	(187)
Taxation paid	27.2	(6 700)	(8 729)	(642)	(1 354)
<b>Net cash flow from operating activities</b>		<b>(60 710)</b>	33 564	<b>(67 820)</b>	(9 346)
<b>Cash flows from investing activities</b>					
Purchase of financial assets		(8 540)	(14 300)	-	-
Proceeds from sale of financial assets		4 150	12 009	-	-
Investment income		4 258	7 933	46 448	27 814
Additional shares in / loans to subsidiaries acquired		(5 013)	(1 167)	(17 578)	-
Acquisition of associates		(78 070)	(202 811)	(78 070)	(202 811)
Acquisition of preference shares		-	(13 880)	(24 136)	(13 880)
Loans advanced to associates		(27 200)	-	(27 200)	-
Rights issue of associate		-	29 636	-	29 636
Proceeds from disposal of associate		-	36 432	-	36 432
Loans repaid / (advanced)		40 462	(60 005)	8 684	(27 931)
Purchase of property, plant and equipment		(302)	(282)	-	-
Purchase of intangible assets		(891)	(873)	-	-
<b>Net cash flow from investing activities</b>		<b>(71 146)</b>	(207 308)	<b>(91 852)</b>	(150 740)
<b>Cash flows from financing activities</b>					
Proceeds from issuance of ordinary shares		26 699	171 302	26 699	171 302
Dividends paid		(21 098)	(9 540)	(21 098)	(9 540)
Dividends paid to minorities		(1 709)	(3 886)	-	-
Increase /(repayment) of borrowings		127 505	14 877	154 126	(1 676)
<b>Net cash flow from financing activities</b>		<b>131 397</b>	172 753	<b>159 727</b>	160 086
<b>Net (decrease)/increase in cash</b>		<b>(459)</b>	(991)	<b>55</b>	-
<b>Cash and cash equivalents at beginning of year</b>		<b>4 352</b>	5 343	-	-
<b>Cash and cash equivalents at end of year</b>		<b>3 893</b>	4 352	<b>55</b>	-
<b>Continued operations</b>		<b>55</b>	-	<b>55</b>	-
<b>Discontinued operations</b>		<b>3 838</b>	4 352	-	-
<b>Casflow relating to discontinued operations included in cash flows above:</b>					
Operating cash flows		7 317	(42 910)	-	-
Investing cash flows		20 706	56 568	-	-
Financing cash flows		(28 537)	(9 306)	-	-
<b>Net decrease in cash and cash equivalents</b>		<b>(514)</b>	4 352	-	-
<b>Cash and cash equivalents at beginning of year</b>		<b>4 352</b>	-	-	-
<b>Cash and cash equivalents at end of year</b>		<b>3 838</b>	4 352	-	-

**PALADIN CAPITAL LIMITED**  
**ACCOUNTING POLICIES (CONTINUED)**

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented.

**BASIS OF PREPARATION**

The consolidated and company financial statements of Paladin Capital Limited have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed further on in the accounting policies.

**STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS THAT ARE EFFECTIVE FOR THE FIRST TIME IN 2009**

- Amendments to IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 - Financial Instruments: Disclosures Reclassification of Financial Assets (effective July 2008)
- IFRIC 12 Service Concession Arrangements (effective January 2008)
- IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective January 2008)

The implications of these statements have no impact on measurements of assets and liabilities or disclosures in the current or prior years.

**STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED STANDARDS THAT ARE NOT YET EFFECTIVE**

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the group's accounting periods beginning on or after 1 March 2009 or later periods, but which the group has not early adopted are as follows:

- IFRS 8 Operating Segments (effective January 2009)  
IFRS 8 requires an entity to adopt the 'management approach' to reporting on the financial performance of its operating segments. The Standard sets out requirements for disclosure of information about and entity's operating segments and also about the entity's products and services, the geographical areas in which it operates, and its major customers. The disclosure should enable users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates.
- IAS 1 Revised - Presentation of Financial Statements (effective January 2009)  
The changes made to IAS 1 are to require information in financial statements to be aggregated on the basis of shared characteristics and to introduce a statement of comprehensive income. This will enable readers to analyse changes in a company's equity resulting from transactions with owners in their capacity as owners separately from 'non-owner' changes. The revisions include changes in the titles of some of the financial statements to reflect their function more clearly. The new titles are not mandatory for use in financial statements.
- IFRS 3 Revised - Business Combinations (effective July 2009)  
The new standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with some contingent payments subsequently re-measured at fair value through income. Goodwill may be calculated based on the parent's share of net assets or it may include goodwill related to the minority interest. All transaction costs will be expensed.

**PALADIN CAPITAL LIMITED**  
**ACCOUNTING POLICIES (CONTINUED)**

- IAS 27 Revised - Consolidated and Separate Financial Statements (effective July 2009)  
IAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control. They will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value and a gain or loss is recognised in profit or loss.
- Amendment to IFRS 1 – First Time Adoption of International Financial Reporting Standards and IAS 27 – Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Joint Controlled Entity or Associate (effective January 2009)  
The amendment allow first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The amendment also removed the definition of the cost method from IAS 27 and replaced it with a requirement to present dividends as income in the separate financial statements of the investor.
- Amendment to IFRS 2 Share Based Payment Vesting Conditions and Cancellations (effective January 2009)  
The amendment deals with two matters. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment.
- Amendments to IFRS 7 Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments (effective January 2009)  
The amendments require enhanced disclosures about fair value measurements and liquidity risk.

Management is in the process of assessing the impact of these amendments and standards on the reported results of the group and the company.

Standards, amendments and interpretations to existing standards that are not yet effective or not relevant to the group's operations, are as follows:

- IFRIC 15 Agreements for the Construction of Real Estate (effective January 2009)
- IFRIC 16 Hedges of a Net Investment in Foreign Operations (effective October 2008)
- IFRIC 18 Transfers of assets from customers (effective July 2009)
- AC 503 Revised – Accounting for Black Economic Empowerment (BEE) Transactions
- AC 504 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction in the South African Environment

**GROUP FINANCIAL STATEMENTS**

The group annual financial statements comprise those of the company, its subsidiaries and associated companies.

**Subsidiaries**

Subsidiaries are all entities (including special purpose entities and collective investment schemes) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group and are no longer consolidated from the date on which control ceases.

The group uses the purchase method of accounting to account for the acquisition of subsidiaries. The cost of an acquisition is measured, as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

If the initial accounting for business combinations has been determined provisionally, then adjustments to these values resulting from the emergence of new information within twelve months after the acquisition date are made against goodwill. In addition, the cost of the business combination and the subsequent goodwill, is adjusted for changes in the estimated value of contingent considerations given in the business combination when they arise.

**PALADIN CAPITAL LIMITED**  
**ACCOUNTING POLICIES (CONTINUED)**

Intra-group transactions, balances and unrealised gains on intra-group transactions are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred.

Investment in subsidiaries in the company financials are carried at cost less provision for impairment.

**Transactions with minorities**

The group applies a policy of treating transactions with minority interests as transactions with parties external to the group. Disposals to minority interests result in gains and losses for the group that are recorded in the income statement. Purchases from, minority interest's result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

**Associated companies**

Associated companies are all entities over which the group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associated companies are accounted for by the equity method of accounting and are initially recognised at cost. The group's investment in associated companies includes goodwill (net of any accumulated impairment loss) identified on acquisition (see note 4).

The results of associated companies are accounted for according to the equity method, based on their most recent audited financial statements or latest management information. Equity accounting involves recognising the group's share of its associated companies' post-acquisition profits or losses in the income statement, and its share of post-acquisition movements in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associated company.

Unrealised gains on transactions between the group and its associated companies are eliminated to the extent of the group's interest in the associated companies. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Cross-holdings between the group and its associates are eliminated in accordance with normal consolidation procedure. Associates' accounting policies have been changed where necessary to ensure consistency with the policies adopted by the group.

Dilution gains and losses arising in investment in associated companies are recognised in the income statement.

For step acquisitions of investment in associated companies the carrying value of pre-associate investments are restated to cost through equity. The pre-associate interest in identifiable net assets is also stepped up to fair value through equity. Goodwill is calculated at each stage of step acquisition. The step acquisition investment in associated companies is initially carried at fair value of the group's share of net assets plus goodwill arising from each stage of step acquisition.

Certain associated companies have year-ends that differ from that of the group. In such circumstances, the results of certain unlisted companies are accounted for from the latest published information and management accounts as at year-end, respectively.

Loans to associated companies are disclosed as part of the carrying amount of the investment.

Investments in associated companies are carried at cost less provision for impairment in the company.

**Accounting for the company's acquisition of the controlling interest in subsidiaries and businesses under common control**

The IFRS on business combinations (IFRS 3) does not apply to business combinations effected between parties that are ultimately controlled by the same entity, otherwise known as common control transactions. The company has elected to apply the principle of "predecessor accounting", as determined by the generally accepted accounting principles in the United States of America, to such transactions.

The result of operations for the period is presented as though the acquisition of the company's controlling interest through a transaction under common control had occurred at the beginning of the comparative period. The effects of intercompany transactions have been eliminated in determining the results of operations for the period prior to the acquisition of the controlling interest, meaning that those are on substantially the same basis as the results of operations for the period after the acquisition of the controlling interest. Similarly, the consolidated balance sheet with related notes has been presented as though the assets and liabilities, recorded at predecessor values, of the combining entities had been transferred at the beginning of the comparative period. Therefore no restatement of

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**ACCOUNTING POLICIES (CONTINUED)**

the acquiree's assets and liabilities to fair value was required.

Accordingly financial statements and financial information presented for prior periods is restated as if the transaction occurred at the beginning of the comparative period.

The difference between the consideration given and the predecessor values are recognised directly in equity in a separate reserve. As a result, no goodwill is recognised on acquisition.

**SEGMENT REPORTING**

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. No geographical segment is disclosed as revenue is derived mainly from within South Africa. Therefore, all risks and returns are exposed to the same economic environment

**FOREIGN CURRENCY TRANSLATION**

**Functional and presentation currency**

Items included in the financial statements of each of the company entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

The consolidated financial statements are presented in South African rand, which is the company's functional and presentation currency.

**Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available for sale are included in the fair value reserve in equity.

**PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation is calculated on the straight-line method at rates considered appropriate to reduce book values to estimated residual values over the useful lives of the assets, as follows:

Leasehold improvement – Rental period  
Office equipment 5 - 7 years  
Computer equipment 3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

**PALADIN CAPITAL LIMITED**  
**ACCOUNTING POLICIES (CONTINUED)**

**INTANGIBLE ASSETS**

**Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary/associated company undertaking at the date of acquisition. Goodwill is reported in the balance sheet as an intangible asset. Goodwill on acquisition of associated companies is included in investments in associated companies. Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

An excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities arises where the net assets of a subsidiary at the date of acquisition, fairly valued, exceed the cost of the acquisition. This excess arising on acquisitions is taken directly to income.

**Computer software**

Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred. Costs that are directly associated with identifiable and unique software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include staff costs of the software development team and an appropriate portion of relevant overheads.

Expenditure that enhances or extends the performance of computer software programmes beyond their original specifications is recognised as capital improvement and added to the original cost of the software. Computer software development costs recognised as assets are amortised using the straight-line method over their useful lives not exceeding a period of two years. Expenditure to acquire trademarks and licences is capitalised and amortised using the straight-line method over their useful lives not exceeding a period of two years.

**IMPAIRMENT OF NON-FINANCIAL ASSETS**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

**FINANCIAL INSTRUMENTS**

Financial instruments recognised on the balance sheet include financial assets, receivables, cash and cash equivalents financial liabilities and trade and other payables. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

**OFFSETTING FINANCIAL INSTRUMENTS**

Financial assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**FINANCIAL ASSETS**

The group classifies its financial assets into the following categories: financial assets at fair value through profit or loss, held-to-maturity financial assets, available-for-sale assets and loans and advances. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this at every reporting date.

**Financial assets at fair value through profit or loss**

This category has two subcategories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Financial assets designated at fair value through profit or loss at inception are those that are managed and whose performance is evaluated on a fair value basis. Information about these financial assets is provided internally on a fair value basis to the group's key management personnel. Derivatives are categorised as held for trading.

**PALADIN CAPITAL LIMITED**  
**ACCOUNTING POLICIES (CONTINUED)**

**Held-to-maturity financial assets**

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities – other than those that meet the definition of loans and advances – that the group's management has the positive intention and ability to hold to maturity.

**Loans and advances**

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that the group intends to sell in the short term. Loans and advances are carried at amortised cost using the effective-interest method. Specific provisions are made against identified doubtful advances.

**Available-for-sale financial assets**

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories.

**Recognition and measurement of financial assets**

Purchases and sales of financial assets are recognised on trade date – the date on which the group commits to purchase or sell the asset. Financial assets are initially recognised for all financial assets not carried at fair value through profit or loss, at fair value plus transaction costs that are directly attributable to their acquisition. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available for sale are recognised in equity. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains and losses from investment activities.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the income statement as part of investment income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of investment income when the group's right to receive payment is established.

The fair values of quoted financial assets are based on current bid prices. If the market for a financial asset is not active, the group 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, and discounted cash flow analysis refined to reflect the issuer's specific circumstances.

The group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group 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 in determining whether 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 income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

Loans and advances are considered impaired if, and only if, there is objective evidence of impairment as a result of events that occurred after initial asset recognition (known as loss events) and these loss events have an adverse impact on the assets' estimated future cash flows that can be reliably measured. Objective evidence that loans and advances may be impaired, includes breach of contract, such as a default or delinquency in interest or principal payments. In this regard instalments past due date are considered in breach of contract.

The group does not apply hedge accounting.

**RECEIVABLES**

Receivables are initially measured at fair value and subsequently recognised at amortised cost using the effective interest rate method, less provision for impairment. A provision for impairment is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The movement in the amount of the provision is recognised in the income statement.

**PALADIN CAPITAL LIMITED**  
**ACCOUNTING POLICIES (CONTINUED)**

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include cash in hand, other deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are included within borrowings on the balance sheet.

**NON-CURRENT ASSETS HELD FOR SALE**

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. These assets may be a component of an entity, a disposal group or an individual non-current asset.

Non-current assets classified as assets held for sale are stated at the lower of their carrying amount and their fair value less costs to sell. An impairment loss is recognised for any initial or subsequent write-down of non-current assets held for sale to fair value less costs to sell, to the extent that it has not been recognised previously.

**SHARE CAPITAL**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax.

Where any group company purchases the company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes), is deducted from equity attributable to the company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold, reissued or otherwise disposed of, any consideration received is included in equity attributable to the company's equity holders, net of any directly attributable incremental transaction costs and the related income tax effects.

**INSURANCE AND INVESTMENT CONTRACTS – CLASSIFICATION**

A distinction is made between investment contracts (which fall within the scope of IAS 39, Financial Instruments: Recognition and Measurement) and insurance contracts (where the financial soundness valuation (FSV) method continues to apply, subject to certain requirements specified in IFRS 4, Insurance Contracts). A contract is classified as insurance where the group accepts significant insurance risk by agreeing with the policyholder to pay benefits if a specified uncertain future event (the insured event) adversely affects the policyholder or other beneficiary. Significant insurance risk exists where it is expected that for the duration of the policy or part thereof, policy benefits payable on the occurrence of the insured event will exceed the amount payable on early termination before allowance for expense deductions at early termination. Once a contract has been classified as an insurance contract, the classification remains unchanged for the remainder of its lifetime, even if the insurance risk reduces significantly during this period.

Investment contracts are those contracts that transfer financial risk with no significant insurance risk. These contracts are measured at the fair value of the corresponding financial assets.

**INSURANCE CONTRACTS**

**Definition**

The group issues contracts that transfer insurance risk. Insurance contracts are those contracts that transfer significant insurance risk. Significant insurance risk is defined as a risk where the possibility of having to pay benefits on the occurrence of an insured event is at least 10% more than the benefits payable if the event was not insured.

The main types of contracts are as follows:

*Short-term sickness benefits*

These contracts are issued to employer groups on a compulsory membership basis for hourly paid employees. These benefits include personal accident, maternity, retrenchment and sickness benefits. Premiums are set per group and reviewed on an annual basis taking into account the underwriting history over the immediately preceding period. The contracts are open ended with normal notice periods. The maximum benefit that any individual may be entitled to, is the equivalent of 6 months' normal monthly wage.

*Group assistance benefits.*

Funeral policies are issued to employer groups and funeral houses. These policies offer a maximum cover of

R 18,000. The contracts are grouped individual policies. In certain instances, a client profit share arrangement is entered into which may result in a return of premiums depending on the surplus of the scheme at the end of each underwriting period.

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**ACCOUNTING POLICIES (CONTINUED)**

Insurance contracts are those which the group accepts significant insurance risk from another party (contract holder) by agreeing to pay compensation if a specified uncertain future event (the insured event) adversely affects the contract holder.

Insurance risk is risk, other than financial risk, transferred from the holder of a contract to the issuer. Insurance risk is significant if an insured event could cause an insurer to pay significant additional benefits in any scenario.

Significant insurance risk exists where it is expected that for the duration of the policy or part thereof, policy benefits payable on the occurrence of the insured event will exceed the amount payable on early termination before allowance for expense deductions at early termination. Once a contract has been classified as an insurance contract, the classification remains unchanged for the remainder of its lifetime, even if the insurance risk reduces significantly during this period.

**Measurement**

The liabilities relating to insurance contracts are measured in accordance with the financial soundness valuation (FSV) basis as set out in professional guidance note (PGN) 104 of the Actuarial Society of South Africa (ASSA). The basis of the projections is a "best estimate" assumption basis. In addition compulsory margins are added to allow for risk and uncertainty based on the relevant local Actuarial Guidance Note (PGN104) issued by the Actuarial Society of South Africa (ASSA). Second-tier margins were not required, based on the judgement of the Actuary.

The full insurance liability is held in an Incurred But Not Reported (IBNR) reserves in respect of sickness, retrenchment, funeral and other benefits. The IBNR reserve is undiscounted.

Insurance premiums from insurance contracts are recognised as revenue in the income statement. At the end of the financial year there were no unearned premiums. Premiums are received monthly in arrears. No allowance was made for future premium increases due under any contract.

Benefits and claims incurred under insurance contracts are recognised in the income statement.

**Assumptions and estimates**

The valuation of insurance liabilities is a function of methodology and assumptions. The methodology is described under "Measurement" above. The assumptions used are based on best estimate assumptions based on recent experience and modified for expectations of future experience together with explicit compulsory margins as required by PGN 104 of ASSA. In addition, discretionary margins as described under "Measurement" above are incorporated.

*AIDS Reserve*

The actuary performs an annual review of the insurance experience and calculates the appropriate reserves to be provided for at year-end. Based on the professional guidance note (PGN 104) there is no need to hold an AIDS deficiency reserve. The reserve was released to profit and loss during the current financial year.

*IBNR Reserve*

The main areas of uncertainty with the IBNR assumptions are that the actual delay between claim incidence and notification is longer than expected, leading to a greater number of days claimed than expected and an increase in the average cost per claim per day. A prior year development analysis has been performed showing that the reserves established in the past have been appropriate.

The following changes were made to the actuarial valuation basis when compared to last year's basis:

- The methodology for calculating Capital Adequacy Requirements (CAR) has changed. Ordinary CAR now includes allowance for credit and operational risk.
- The methodology for calculating IBNR reserve changed slightly and excludes the standard deviation factor as this is deemed to give a more realistic best estimate for IBNR claims.
- The IBNR reserve calculation method for Retrenchment benefits changed from the delay methodology to a chain ladder method to reflect the claims experience.
- The expense assumption used in calculating the Retrenchment Deficiency reserve increased from 10% to 20% of the best estimate reserve to reflect the current revenue accounts.

The process used to determine best estimate assumptions is described below:

*a) Mortality*

Conventional mortality assumptions are based on internal investigations performed annually. The most recent investigation

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**ACCOUNTING POLICIES (CONTINUED)**

was in respect of the period 1 March 2008 to 28 February 2009. Mortality investigations are performed for each main contract category and split by gender and calendar year.

*b) Expenses*

A functional cost analysis is performed so as to allocate expenses between main contract types as well as between initial and renewal expenses. The most recent expense investigation was in respect of the period 1 March 2008 to 28 February 2009. All incurred expenses were accounted for in the expense analysis. No external acquisition costs are incurred.

**REINSURANCE**

No reinsurance contracts are entered into by the group with reinsurers.

**BEST ESTIMATE OF FUTURE EXPERIENCE**

The best estimate of future experience is determined as follows:

- Assumptions with regard to future mortality, disability and disability payment termination rates and surrender and lapse rates are consistent with the experience for the five years up to 28 February 2009. The uncertainty with HIV/AIDS, retrenchment and other deficiency reserves in previous years no longer applies because of management's policy of monitoring experience and increasing premiums if need be.

**RECEIVABLES AND PAYABLES RELATED TO INSURANCE CONTRACTS**

Receivables and payables are recognised when due. These include amounts due to and from agents, brokers and insurance contract holders.

If there is objective evidence that the insurance receivable is impaired, the group reduces the carrying amount of the insurance receivable accordingly and recognises that impairment loss in the income statement. The group gathers objective evidence that an insurance receivable is impaired using the same process adopted for loans and advances. The impairment loss is also calculated under the same method for these financial assets.

**POLICY CONTRACT BENEFITS**

**Incurred but not reported claims**

Provision is made in the insurance liabilities for the estimated cost at the end of the year of claims incurred but not reported (IBNR) at that date. IBNR provisions are calculated based on the average historical reporting delay of the claims reported in the three weeks following the valuation date but where the claims event occurred prior to the valuation date. Standard chain-ladder techniques are also considered. These liabilities are not discounted due to the short term nature of the outstanding claims.

**Insurance claims**

Claims on insurance contracts, which include death and sickness benefits payments, are charged to income when notified of a claim based on the estimated liability for compensation owed to the policyholders. Outstanding claims are recognised in trade and other payables.

**Liability adequacy test**

At each balance sheet date the adequacy of the insurance liabilities are assessed. If the assessment shows that the carrying amount of the insurance liabilities (as measured under the FSV basis) is inadequate in light of the estimated future cash flows (based on the best estimate basis underlying the FSV basis, but excluding compulsory margins as described in PGN 104 as well as discretionary margins), the deficiency is recognised in profit or loss.

**Sensitivity analysis**

The nature of the Group's business is mainly group business with rates that are monthly reviewable. As such the liabilities for the Group are more short term in nature; hence a sensitivity analysis is not required.

**PALADIN CAPITAL LIMITED**  
**ACCOUNTING POLICIES (CONTINUED)**

**FINANCIAL LIABILITIES**

A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset to another entity.

Financial liabilities include borrowings, derivative financial instruments, policyholder liabilities under investment contracts, third party liabilities arising on consolidation at mutual funds and trade and other payables. The group issues investments contracts without fixed terms (unit linked) and with fixed and guaranteed terms (fixed interest rate).

Financial liabilities are initially recognised at fair value less transaction costs that are directly attributable to the raising of the funds, for all financial liabilities carried at amortised cost. All financial liabilities measured at fair value through profit or loss is initially recognised at fair value. The best evidence of the fair value at initial recognition is the transaction price (i.e. the fair value of the consideration received) unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets.

The fair value of a unit-linked financial liability is determined using the current unit price reflects the fair values of the financial assets contained within the company's unitised investment funds linked to the financial liability, multiplied by the number of units attributed to the policyholder at a balance sheet date. No initial profit is recognised immediately as any profit on initial recognition is amortised in line with cash flow projections over the life of the contract.

The liability under investment contracts is derecognised when the contract expires, is discharged or is cancelled by the policyholder. For a contract that can be cancelled by the policyholder, the fair value cannot be less than the surrender value.

**Borrowings**

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

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are recognised in the income statement as interest expense.

**CURRENT AND DEFERRED INCOME TAX**

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the group's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred income tax 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, it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet 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 income tax is provided on temporary differences arising on investments in subsidiaries and associated companies, except where the group controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

**PALADIN CAPITAL LIMITED**  
**ACCOUNTING POLICIES (CONTINUED)**

**EMPLOYEE BENEFITS**

**Pension obligations**

The group only has defined-contribution plans. A defined-contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

**Other post-retirement benefits**

The group has no liabilities with regard to post-retirement medical benefits.

**Annual leave**

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated annual leave as a result of services rendered by employees up to balance sheet date.

**Profit sharing and bonus plans**

The group recognises a liability and an expense for bonuses and profit sharing. The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

**PROVISIONS**

Provisions are recognised when:

- the group has a present legal or constructive obligation as a result of past events;
- it is more likely than not that an outflow of resources will be required to settle the obligation; and
- the amount has been reliably estimated.

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 an interest expense.

**REVENUE RECOGNITION**

Revenue comprises the fair value of the consideration received or receivable for services in the ordinary course of the group's activities. Revenue is shown net of value added tax, after eliminating revenue within the group. Revenue is recognised as follows:

**Rendering of services**

Revenue arising from brokerage activities and other related services, advisory services and portfolio management offered by the group is recognised in the accounting period in which the services are rendered with reference to completion of the specific transaction.

Fee income is recognised when the related company is unconditionally entitled thereto. No profit is recognised when the outcome of a transaction cannot be estimated reliably.

**Interest income**

Interest income for financial assets that are not classified as at fair value through profit or loss is recognised using the effective interest method. When a receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding discount as interest income. Interest income from financial assets that are classified as at fair value through profit or loss is included in investment income.

**Dividend income**

Dividend income is recognised when the right to receive payment is established. Dividend income from financial assets that are classified as at fair value through profit or loss is included in investment income.

**Insurance premium income**

Premium income from policies is accounted for when due and recognised in the Income Statement.

**LEASES**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

**PALADIN CAPITAL LIMITED**  
**ACCOUNTING POLICIES (CONTINUED)**

**DIVIDEND DISTRIBUTIONS**

Dividend distributions to the company's shareholders are recognised as a liability in the period in which the dividends are approved by the company's board of directors.

**SECONDARY TAX ON COMPANIES**

South African resident companies are subject to a dual corporate tax system, one part of the tax being levied on taxable income and the other, a secondary tax (called STC), on distributed income. A company incurs STC charges on the declaration or deemed declaration of dividends (as defined under tax law) to its shareholders. STC is not a withholding tax on shareholders, but a tax on companies.

The STC tax consequence of dividends is recognised as a taxation charge in the income statement in the same period that the related dividend is accrued as a liability. The STC liability is reduced by dividends received during the dividend cycle. Where dividends declared exceed the dividends received during a cycle, STC is payable at the current STC rate on the net amount. Where dividends received exceed dividends declared within a cycle, there is no liability to pay STC. The potential tax benefit related to excess dividends is carried forward to the next dividend cycle as an STC credit. Deferred tax assets are recognised on unutilised STC credits to the extent that it is probable that the group will declare future dividends to utilise such STC credits.

**CONTINGENCIES**

A contingent liability is either a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability. These contingent liabilities are not recognised in the balance sheet but disclosed in the notes to the financial statements.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. These contingent assets are not recognised in the balance sheet but are disclosed in the notes to the financial statements if the inflow of financial benefits is probable.

**CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**

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

**Estimated impairment of goodwill**

The group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy on goodwill. The recoverable amounts of cash-generating units have been determined based on value-in-use and fair value less cost to sell calculations. These calculations require the use of estimates. The following assumptions are used:

Growth rate:	0% - 25%
Terminal Growth rate:	4%
Weighted average cost of capital range:	19.5%
Risk free rate:	7.8%

**Fair value of derivatives and other unlisted financial instruments**

The fair value of financial instruments that are trading on recognised over-the-counter (OTC) platforms is based on the closing bid price and classified as quoted instruments. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques as disclosed in the policy relating to financial assets.

**Revenue recognition**

Fees and commissions are generally recognised on an accrual basis when the service has been provided.

**Equity accounting**

The group accounts for certain investments as associates although the group holds less than 20 per cent of the issued share capital. This is based on the groups ability to exercise significant influence over the investments through its voting power (both through it's equity holding and its representation on the board of directors), its participation in

**PALADIN CAPITAL LIMITED**  
**ACCOUNTING POLICIES (CONTINUED)**

the strategic, financial and operational, decisions of the investments and the fact that the influence is also acknowledged by the investments.

**Expense provisions**

Management use their discretion to make an estimate of the expenditure required to settle the present obligation at the balance sheet date of the amount they estimate that the group would rationally pay to settle the obligation or to transfer it to a third party.

**Directors' valuation of unlisted associated companies**

Directors valuation of unlisted associated companies are determined with reference to market prices, assessing the fair value of underlying investments as well as the published net asset value or valuation techniques. Valuation techniques used include applying a market related price earnings ratio to operational earnings or performing discounted cash flow models to the expected cash flows. The following assumptions are used:

Growth rate:	0% - 25%
Terminal Growth rate	5.3%
Weighted average cost of capital range:	14% - 16%
Risk free rate	7.8%

**Impairment of investments**

An impairment of investments in associates is considered when the fair value is below its carrying value. In determination of whether the decline is significant or prolonged, the following factors may be considered: normal volatility in share price, the financial health of the investee, sector performance, changes in operational and financing cash flow.

An impairment loss is recognised for the amount by which the associate's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The value in use is calculated with reference to the assumptions noted above. The underlying market values of investments in listed entities held by associated companies are also considered in assessing the carrying values.

The directors are satisfied that the group's investments are fairly stated.

**Acquisition of associated companies**

During the year under review, the group acquired a number of associated companies. In accounting for these transactions management had to apply judgement in allocating the purchase price to the tangible and intangible assets of the associates acquired, as well as to goodwill.

**FINANCIAL RISK MANAGEMENT**

The group's activities expose it to a variety of financial risks: market risk (including price risk and cash flow and fair value 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 group's financial performance.

Risk management is carried out by each major entity within the group under policies approved by its Board of Directors. Each entity identifies, evaluates and hedges financial risks where applicable.

The sensitivity analyses presented below are based on reasonable, possible change in market variables for equity prices and interest rates.

**PALADIN CAPITAL LIMITED**  
**ACCOUNTING POLICIES (CONTINUED)**

Financial instruments are grouped into the following classes in order to facilitate effective risk management and disclosure in terms of IFRS7 Financial Instruments – Disclosure.

	Group		Company	
	2009 R000	2008 R000	2009 R000	2008 R000
<b>CLASSES OF FINANCIAL ASSETS</b>				
Quoted equity securities	2 600	8 742	-	-
Quoted unit linked investments	-	9 891	-	-
<i>Total equity securities</i>	<b>2 600</b>	<b>18 633</b>	<b>-</b>	<b>-</b>
<i>Secured preference shares in associated companies</i>	<b>129 778</b>	<b>110 061</b>	<b>129 778</b>	<b>105 642</b>
<i>Secured loans to associated companies</i>	<b>16 200</b>	<b>-</b>	<b>16 200</b>	<b>-</b>
<i>Unsecured loans to associated companies</i>	<b>11 000</b>	<b>-</b>	<b>11 000</b>	<b>-</b>
<i>Preference shares/loans</i>	<b>156 978</b>	<b>110 061</b>	<b>156 978</b>	<b>105 642</b>
Loan to subsidiaries	-	-	13 150	7 488
Secured loans – other	19 247	19 946	19 247	-
Unsecured loans - other	296	40 059	-	27 931
<i>Total loans and advances</i>	<b>19 543</b>	<b>60 005</b>	<b>19 247</b>	<b>27 931</b>
Prepayments and sundry debtors	2 041	3 857	2 041	7 390
Premium debtors and insurance receivables	-	1 325	-	-
<i>Total receivables</i>	<b>2 041</b>	<b>5 182</b>	<b>2 041</b>	<b>7 390</b>
Cash and cash equivalents	55	4 352	55	-
<b>Total financial assets – IFRS 7</b>	<b>181 217</b>	<b>198 233</b>	<b>191 471</b>	<b>148 451</b>
<b>CLASSES OF FINANCIAL LIABILITIES</b>				
Secured loans	88 337	19 946	88 337	-
Unsecured loans	62 411	13 063	66 979	1 190
<i>Total borrowings</i>	<b>150 748</b>	<b>33 009</b>	<b>155 316</b>	<b>1 190</b>
Claims payable	-	803	-	-
Accounts payable and accruals	1 013	4 971	1 640	293
Payment due for acquisition of associated company	-	56 675	-	56 675
<i>Total trade and other payables</i>	<b>1 013</b>	<b>62 449</b>	<b>1 640</b>	<b>56 968</b>
<b>Total financial liabilities – IFRS 7</b>	<b>151 761</b>	<b>95 458</b>	<b>156 956</b>	<b>58 158</b>

The accounting policies for financial instruments have been applied to the line items below:

	Group		Company	
	2009 R000	2008 R000	2009 R000	2008 R000
<b>CATEGORY OF FINANCIAL ASSETS</b>				
<b>Fair value through profit and loss</b>				
Equity Securities	2 600	18 633	-	-
<i>Total – Fair value through profit and loss</i>	<b>2 600</b>	<b>18 633</b>	<b>-</b>	<b>-</b>
<b>Loans and receivables</b>				
Preference shares in / loans to associate companies	156 978	110 061	156 978	105 642
Loans to subsidiaries	-	-	13 150	7 488
Loans and advances	19 543	60 005	19 247	27 931
Receivables	2 041	5 182	2 041	7 390
Cash and cash equivalents	55	4 352	55	-
<i>Total – Loans and receivables</i>	<b>178 617</b>	<b>179 600</b>	<b>191 471</b>	<b>148 451</b>
<b>Total financial assets – IFRS 7</b>	<b>181 217</b>	<b>198 233</b>	<b>191 471</b>	<b>148 451</b>
<b>CATEGORY OF FINANCIAL LIABILITIES</b>				
<b>Amortised Cost</b>				
Borrowings	150 748	33 009	155 316	1 190
Trade and other payables	1 013	62 449	1 640	56 968
<i>Total financial liabilities at amortised cost</i>	<b>151 761</b>	<b>95 458</b>	<b>156 956</b>	<b>58 158</b>
<b>Total financial liabilities – IFRS 7</b>	<b>151 761</b>	<b>95 458</b>	<b>156 956</b>	<b>58 158</b>

**PALADIN CAPITAL LIMITED**  
**ACCOUNTING POLICIES (CONTINUED)**

**Market risk**

*Price risk*

The group is exposed to equity securities price risk because of investments held by the group and classified on the consolidated balance sheet as at fair value through profit or loss. The group manages price risk by investing in a portfolio of investments and monitoring securities prices on a regular basis.

Although the group follows a policy of diversification, some concentration of price risk towards certain sectors does exist and is analysed in the following table:

Sector composition	Group	
	2009 R000	2008 R000
Banks	-	5 011
Financial Services	-	13 445
Healthcare	-	177
Diversified	2 600	-
<b>TOTAL</b>	<b>2 600</b>	<b>18 633</b>

At 28 February 2009, if the closing market prices of the equity investments that the group holds had been 20% (2008: 10%) higher/lower, with all other variables held constant, the net profit after tax from continued operations for the year would have been R0,447 million (2008 - total operations: R1,602 million ) higher/lower.

*Cash flow and fair value interest rate risk*

The group's interest rate risk arises from interest bearing investments and long-term borrowings. Borrowings issued at variable rates expose the group to cash flow interest rate risk.

The group's financial assets that exposes it to interest rate risk is set out in note 4 (Preference shares and loans to associated companies), note 6 (Loans and advances) and note 9 (Cash and cash equivalents).

At 28 February 2009, if interest rates at that date had been 300 (2008: 200) basis points higher/lower, with all other variables held constant, the group's post-tax profit for the year would have been R0,400 million (2008: R2,224 million) higher/lower, arising as a result of charges in interest rate income on floating rate investments.

The company's financial assets that exposes it to interest rate risk is set out in note 4 (Preference shares and loans to associated companies), note 6 (loans and advances) and note 9 (cash and cash equivalents).

At 28 February 2009, if interest rates at that date had been 300 (2008: 200) basis points higher/lower, with all other variables held constant, the company's net post-tax profit for the year would have been R0,302 million (2008: R1,906 million) higher/lower, arising as a result of charges in interest rate income on floating rate investments.

The group and the company manage its cash flow interest rate risk by monitoring interest rates on a regular basis. Consideration is given to hedging options which will be utilized if viable.

*Foreign currency risk*

The group and the company's financial assets and liabilities are denominated in Rand. The group does not have any financial assets denominated in foreign currency.

**Credit risk**

Financial assets which potentially subject the group to credit risk consist of preference shares of associated companies, loans and advances, deposits with banks and high-credit-quality financial institutions as well as outstanding receivables and premium debtors.

**PALADIN CAPITAL LIMITED**  
**ACCOUNTING POLICIES (CONTINUED)**

The following table provides information regarding the aggregated risk exposure for financial assets:

2009	Group			Company		
	Balance R000	Collateral R000	Rating	Balance R000	Collateral R000	Rating
<b>CLASSES OF FINANCIAL ASSETS</b>						
<i>Secured preference shares in associated companies</i>	129 778	129 778	Unrated	129 778	129 778	Unrated
<i>Secured loans to associated companies</i>	16 200	16 200	Unrated	16 200	16 200	Unrated
<i>Unsecured loans to associated companies</i>	11 000	-	Unrated	11 000	-	Unrated
Preference shares/loans	156 978	145 978		156 978	145 978	
Loans to subsidiaries	-	-	-	13 150	-	Unrated
Secured loans – other	19 247	19 247	Unrated	19 247	19 247	Unrated
Unsecured loans - other	296	-	Unrated	-	-	
<i>Total loans and advances</i>	19 543	19 247		19 247	19 247	
Prepayments and sundry debtors	2 041	-	Unrated	2 041	-	Unrated
Premium debtors and insurance receivables	-	-		-	-	
<i>Total receivables</i>	2 041	-		2 041	-	
Cash and cash equivalents	55	-	A	55	-	A
<b>Total</b>	<b>181 217</b>	<b>167 825</b>		<b>191 471</b>	<b>165 225</b>	

2008	Group			Company		
	Balance R000	Collateral R000	Rating	Balance R000	Collateral R000	Rating
<b>CLASSES OF FINANCIAL ASSETS</b>						
<i>Secured preference shares in associate companies</i>	110 061	110 061	Unrated	105 642	105 642	Unrated
<i>Total preference shares in associated companies</i>	110 061	110 061		105 642	105 642	
Loans to subsidiaries	-	-	-	7 488	-	Unrated
Secured loans – other	19 946	19 946	Unrated	-	-	
Unsecured loans - other	40 059	-	33 059 (A1-) 7 000 (Unrated)	27 931	-	20 931 (A1-) 7 000 (Unrated)
<i>Total loans and advances</i>	60 005	19 946		27 931	-	
Prepayments and sundry debtors	3 857	-	Unrated	7 390	-	Unrated
Premium debtors and insurance receivables	1 325	-	Unrated	-	-	
<i>Total receivables</i>	5 182	-		7 390	-	
Cash and cash equivalents	4 352	-	899 (A) 147 (A-2) 3 306 (B)	-	-	
<b>Total</b>	<b>198 233</b>	<b>130 007</b>		<b>148 451</b>	<b>105 642</b>	

**PALADIN CAPITAL LIMITED**  
**ACCOUNTING POLICIES (CONTINUED)**

**GROUP**

The unrated credit risk relating to preference shares to the amount of R129,7 million (2008: R110,0 million) are considerate moderate since it is secured by unlisted and listed equity. The company is actively involved in the management of the issuers of the shares.

The unrated credit risk in respect of loans to associated companies and loans and advances are considerate moderate since it relates to related parties. At 28 February 2009, R20,2 million of loans to associated companies are further managed by means of a mutual director on the boards of the credit party and R16,2 million thereof is secured by means of a rights offer if payment terms and conditions are not met.

The unrated loans and advances also include secured loans to the participants of the Paladin Share Incentive Trust of R19,3 million (2008: R19,9 million) which are secured by the underlying shares of the company.

**COMPANY**

The unrated credit risk relating to unrated preference shares to the amount of R129,7 million (2008: R105.6 million) are considerate moderate since it is secured by unlisted and listed equity. The company is actively involved in the management of the issuers of the shares.

The unrated credit risk in respect of loans to associated companies and subsidiaries and loans and advances are considerate moderate since it relates to related parties. At 28 February 2009, R20,2 million of loans to associates are further managed by means of a mutual director on the boards of the credit party and R16,2 million thereof is secured by means of a rights offer if payment terms and conditions are not met.

The unrated loans and advances also include secured loans to the participants of the Paladin Share Incentive Trust of R19,3 million (2008: R nil) which are secured by the underlying shares of the company.

Mostly all trade receivables and premium debtors were collected shortly after year end with remaining customers' accounts within current terms and conditions. An insignificant portion of trade receivables was past due.

Receivables	Group		Company	
	2009 R000	2008 R000	2009 R000	2008 R000
Trade receivables				
- fully performing	2 041	3 549	2 041	7 390
- past due	-	308	-	--
Insurance receivables				
- fully performing	-	1 325	-	-

*Impairment history*

The group impaired a loan to a third party held by one of its subsidiaries to the value of R4,8 million ( Refer to note 21). At 28 February 2009 the group had no other financial assets that were past due other than those noted in the table above.

**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, each entity aims to maintain flexibility in funding by keeping credit lines available.

**PALADIN CAPITAL LIMITED**  
**ACCOUNTING POLICIES (CONTINUED)**

The table below analyses the group and company's financial liabilities into relevant maturity groupings based on the remaining period at 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 value as the impact of discounting is not significant.

<b>2009</b>	<b>0-1 years R000</b>	<b>2-5 years R000</b>	<b>After 5 years R000</b>	<b>Carrying value R000</b>
<b>Financial liabilities</b>				
<b>Group</b>				
Borrowings	115 648	39 824	-	150 748
Trade and other payables	1 013	-	-	1 013
<b>Company</b>				
Borrowings	115 748	39 824	-	155 316
Trade and other payables	1 640	-	-	1 640

<b>2008</b>	<b>0-1 years R000</b>	<b>2-5 years R000</b>	<b>After 5 years R000</b>	<b>Carrying value R000</b>
<b>Financial liabilities</b>				
<b>Group</b>				
Borrowings	13 063	19 946	-	33 009
Trade and other payables	62 449	-	-	62 449
<b>Company</b>				
Borrowings	1 190	-	-	1 190
Trade and other payables	56 968	-	-	56 968

The company will utilise existing cash resources and operating cash flow to service debt.

**Underwriting risk – insurance contracts**

Underwriting risk is the risk that the actual exposure to mortality, disability and medical risks in respect of policyholder benefits will exceed prudent exposure. Insurance contracts with employer groups provide short-term sickness and funeral benefits to members of a group. There is a risk of correlation between claims because the assured lives work in the same geographical location.

The main processes in place to manage mortality risks on group contracts are:

- Rates are based on scheme experience and are reviewed annually.
- Rate reviews take into account known trends such as worsening of experience due to AIDS.
- The maximum sum assured per member is limited to R18,000.

The statutory actuary reports annually on the actuarial soundness of the premium rates in use and profitability of the business, taking into consideration the reasonable benefit expectations of policyholders. All new rate tables and products are approved and authorised by the statutory actuary prior to being issued. Annual investigations into mortality and morbidity experience are conducted by an independent statutory actuary. The company does not reinsure any risk related liabilities.

**PALADIN CAPITAL LIMITED**  
**ACCOUNTING POLICIES (CONTINUED)**

**Capital risk management**

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

Although there is no restriction on the level of gearing the group may utilise debt to a certain extent. If the need arise the group will raise additional capital.

The group's capital comprises of total equity as shown in the balance sheet.

**PALADIN CAPITAL LIMITED****NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

for the year ended 28 February 2009

<b>GROUP</b>	<b>Land and buildings R000</b>	<b>Office equipment R000</b>	<b>Computer equipment R000</b>	<b>Total R000</b>
<b>1. PROPERTY, PLANT AND EQUIPMENT</b>				
<b>Year ended 29 February 2008</b>				
Balance at beginning of year	-	76	17	93
Additions	85	64	133	282
Depreciation	(14)	(43)	(36)	(93)
Balance at end of year	<u>71</u>	<u>97</u>	<u>114</u>	<u>282</u>
<b>At 29 February 2008</b>				
Cost	85	250	150	485
Accumulated depreciation	(14)	(153)	(36)	(203)
Balance at end of year	<u>71</u>	<u>97</u>	<u>114</u>	<u>282</u>
<b>Year ended 28 February 2009</b>				
Balance at beginning of year	71	97	114	282
Additions	-	54	248	302
Depreciation	(14)	(58)	(111)	(183)
Transferred to non-current assets held for sale	(57)	(93)	(251)	(401)
Balance at end of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>At 28 February 2009</b>				
Cost	-	-	-	-
Accumulated depreciation	-	-	-	-
Balance at end of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**PALADIN CAPITAL LIMITED****NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

for the year ended 28 February 2009

<b>GROUP</b>	<b>Goodwill R000</b>	<b>Computer software R000</b>	<b>Total R000</b>
<b>2. INTANGIBLE ASSETS</b>			
<b>Year ended 29 February 2008</b>			
Balance at beginning of year	-	57	57
Additions	-	873	873
Amortisation	-	(493)	(493)
Balance at end of year	-	437	437
<b>At 29 February 2008</b>			
Cost	-	1 176	1 176
Accumulated amortisation	-	(739)	(739)
Balance at end of year	-	437	437
<b>Year ended 28 February 2009</b>			
Balance at beginning of year	-	437	437
Acquisition of additional interest in subsidiaries	5 013	-	5 013
Additions - cash	-	891	891
Amortisation	-	(441)	(441)
Transferred to non-current assets held for sale	(5 013)	(887)	(5 900)
Balance at end of year	-	-	-
<b>At 28 February 2009</b>			
Cost	-	-	-
Accumulated amortisation	-	-	-
Balance at end of year	-	-	-

Goodwill relates to additional shares acquired in PSG Capital (Pty) Ltd.

**PALADIN CAPITAL LIMITED****NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

for the year ended 28 February 2009

<b>COMPANY</b>	<b>2009 R000</b>	<b>2008 R000</b>
<b>3. INTEREST IN SUBSIDIARIES</b>		
Unlisted shares at cost	<b>557</b>	36 619
AIC Holding Company (Pty) Limited	<b>555</b>	617
Friedshelf 957 (Pty) Ltd	-	-
Nozala Consortium (Pty) Limited	-	-
PSG Capital (Pty) Limited	-	36 000
PSG Properties (Pty) Limited	<b>2</b>	2
Amount due by/(to) subsidiary companies	<b>13 150</b>	7 488
AIC Holding Company (Pty) Limited	<b>10 550</b>	9 383
Friedshelf 957 ( Pty) Limited	<b>2 600</b>	-
Amount due	<b>9 565</b>	-
Impairment charge	<b>(6 965)</b>	-
PSG Properties (Pty) Limited	-	(1 895)
	<b>13 707</b>	44 107

The loans to subsidiaries are interest free, unsecured and do not have any fixed terms of repayment and are classified as current.

Refer Annexure A for further details.

**PALADIN CAPITAL LIMITED**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

for the year ended 28 February 2009

	GROUP		COMPANY	
	2009 R000	2008 R000	2009 R000	2008 R000
<b>4. INTEREST IN ASSOCIATES</b>				
Carrying value of shares				
Listed	<b>246 083</b>	196 633	<b>194 732</b>	175 681
Unlisted : unquoted	<b>306 743</b>	339 475	<b>320 225</b>	267 261
	<b>552 826</b>	536 108	<b>514 957</b>	442 942
Preference shares	<b>129 778</b>	110 061	<b>129 778</b>	105 642
Loans - unlisted and secured	<b>16 200</b>	-	<b>16 200</b>	-
Loans - unlisted and unsecured	<b>11 000</b>	-	<b>11 000</b>	-
	<b>709 804</b>	646 169	<b>671 935</b>	548 584
Non-current (preference shares)	<b>129 778</b>	110 061	<b>129 778</b>	105 642
Current portion (loans)	<b>27 200</b>	-	<b>27 200</b>	-
	<b>156 978</b>	110 061	<b>156 978</b>	105 642

The preference shares consist of:

Preference shares, with a carrying value of R36,942 million at year end (2008: R31,807 million), issued by 8 Mile Investments (Pty) Ltd, a 12.5% shareholder of Erbacon Holdings Ltd. These preference shares are secured by unlisted and listed equity shares, carries interest at 22.2% and are redeemable on 2 November 2010.

Preference shares with a carrying value of R92,836 million at year end (2008: R78,254 million), issued by Arch Equity Communications (Pty) Ltd, a subsidiary of Thembeke Capital Ltd, which are secured by the unlisted equity shares, carries interest at prime plus 4% and are redeemable on 2 December 2012.

Loans consist of:

An unsecured, short term loan to GRW Holdings Ltd (R 4 million) which carries interest at prime + 2% and is repayable within 12 months.

An unsecured loan of R 7 million to Target Investments (Pty) Ltd with no interest and no fixed repayment terms.

A further secured loan to GRW Holdings Ltd (R16 million) which carries interest at prime +2% and is repayable within 12 months. The loan is secured by means of a rights offer by GRW Holdings Ltd if payment terms are not met.

All the listed and unlisted shares in associated companies are pledged as security for a secured loan. Refer to note 13.

**PALADIN CAPITAL LIMITED**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

for the year ended 28 February 2009

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2009</b> <b>R000</b>	<b>2008</b> <b>R000</b>	<b>2009</b> <b>R000</b>	<b>2008</b> <b>R000</b>
<b>4. INVESTMENTS IN ASSOCIATES (CONTINUED)</b>				
<b>Reconciliation of movements</b>				
Carrying value at beginning of year	<b>536 108</b>	319 466	<b>442 942</b>	182 323
Equity accounted earnings:				
Share of profit/(loss) after tax	<b>(33 544)</b>	50 921	-	-
Impairment Charge	<b>(10 052)</b>	-	<b>(6 055)</b>	-
Movement in investment value:				
Dividends received	<b>(17 756)</b>	(84 206)	-	-
Acquisitions : cash and borrowings	<b>78 070</b>	242 482	<b>78 070</b>	242 482
: issuance of shares	-	29 773	-	29 773
: transfer from subsidiaries	-	5 265	-	-
Revaluation at acquisition date	-	46 750	-	-
Transferred from investment in subsidiary	-	-	-	18 000
Repurchase of shares	-	(29 636)	-	(29 636)
Disposals	-	(44 707)	-	-
Carrying value at end of year	<b>552 826</b>	536 108	<b>514 957</b>	442 942
Market value of listed investments	<b>169 315</b>	240 733		
Directors' valuation of unlisted investments	<b>306 743</b>	671 735		
Refer Annexure A for further details				
<b>5. EQUITY SECURITIES</b>				
<b>At fair value through profit or loss</b>				
Quoted	<b>2 600</b>	8 742	-	-
Unit Linked investments	-	9 891	-	-
	<b>2 600</b>	18 633	-	-
Current portion	<b>2 600</b>	18 633	-	-
<b>Reconciliation of movements</b>				
Carrying value at beginning of year	<b>18 633</b>	16 588	-	-
Additions	<b>8 540</b>	14 300	-	-
Disposals	<b>(4 150)</b>	(12 009)	-	-
Unrealised fair value net losses - continued operations	<b>(2 172)</b>	-	-	-
Unrealised fair value net losses - discontinued operations	<b>(1 878)</b>	(246)	-	-
Transferred to assets held for sale	<b>(16 373)</b>	-	-	-
Carrying value at end of year	<b>2 600</b>	18 633	-	-

**PALADIN CAPITAL LIMITED**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

for the year ended 28 February 2009

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2009</b> <b>R000</b>	<b>2008</b> <b>R000</b>	<b>2009</b> <b>R000</b>	<b>2008</b> <b>R000</b>
<b>6. LOANS AND ADVANCES</b>				
Secured loans	<b>19 247</b>	19 946	<b>19 247</b>	-
Paladin Capital Share incentive trust	<b>19 247</b>	19 946	<b>19 247</b>	-
Unsecured loans	<b>296</b>	40 059	-	27 931
PSG Corporate Services (Pty) Ltd	-	33 059	-	20 931
Other	<b>296</b>	7 000	-	7 000
	<b>19 543</b>	60 005	<b>19 247</b>	27 931
Current portion (less than 12 months)	<b>19 543</b>	33 059	<b>19 247</b>	27 931
Non-current portion (more than 12 months)	-	26 946	-	-
	<b>19 543</b>	60 005	<b>19 247</b>	27 931

The secured loans consist of employee loans from the Paladin Share Incentive Trust which are repayable on 31 May 2012 and carry interest at the official SARS interest rate for fringe benefits. These loans are secured by the shares acquired by the employees in the company with the loan advances of the trust. The Paladin Board approved the termination of the Paladin Share Incentive Trust.

The unsecured loans consisted of a loan to PSG Corporate Services (Pty) Ltd, carried interest at PSG lending rate plus 50 bps and had no fixed repayment terms. Other unsecured loans carried interest at prime and had no fixed repayment terms.

**PALADIN CAPITAL LIMITED**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

for the year ended 28 February 2009

**7. DEFERRED TAX ASSET**

<b>GROUP</b>	<b>Provisions R000</b>	<b>STC credits R000</b>	<b>Unrealised profits R000</b>	<b>Other R000</b>	<b>Total R000</b>
<b>At 1 March 2007</b>	-	-	-	-	-
Charged to income statement	29	1 489	114	51	1 683
<b>At 29 February 2008</b>	29	1 489	114	51	1 683
<b>At 1 March 2008</b>	29	1 489	114	51	1 683
Charged to income statement	102	(225)	214	6	97
Transferred to non-current assets held for sale	(131)	(154)	(328)	(57)	(670)
<b>At 28 February 2009</b>	-	1 110	-	-	1 110
To be recovered within 12 months	-	1 110	-	-	1 110
	-	1 110	-	-	1 110

<b>COMPANY</b>	<b>Provisions R000</b>	<b>STC credits R000</b>	<b>Unrealised profits R000</b>	<b>Other R000</b>	<b>Total R000</b>
<b>At 1 March 2007</b>	-	-	-	-	-
Charged to income statement	-	1 335	-	-	1 335
<b>At 29 February 2008</b>	-	1 335	-	-	1 335
<b>At 1 March 2008</b>	-	1 335	-	-	1 335
Charged to income statement	-	(225)	-	-	(225)
<b>At 28 February 2009</b>	-	1 110	-	-	1 110
To be recovered within 12 months	-	1 110	-	-	1 110
	-	1 110	-	-	1 110

Deferred tax on temporary differences relating to financial assets that are measured at fair value through profit or loss which forms parts of the group's long-term investment strategy is calculated using the capital gains tax rate.

The deferred income tax assets and liabilities were calculated on all temporary differences under the liability method using an effective tax rate of 28% (2008: 28%). For STC credits the rate used was 10% (2008: 10%).

**PALADIN CAPITAL LIMITED****NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

for the year ended 28 February 2009

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2009</b>	2008	<b>2009</b>	2008
	<b>R000</b>	R000	<b>R000</b>	R000
<b>8. RECEIVABLES</b>				
Prepayments and sundry debtors	<b>2 041</b>	3 857	<b>2 041</b>	7 390
Premium debtors and other insurance receivables	-	1 325	-	-
Total trade and other receivables	<b>2 041</b>	5 182	<b>2 041</b>	7 390
Current portion (less than 12 months)	<b>2 041</b>	3 002	<b>2 041</b>	2 971
Non-current portion (more than 12 months)	-	2 180	-	4 419
	<b>2 041</b>	5 182	<b>2 041</b>	7 390

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2009</b>	2008	<b>2009</b>	2008
	<b>R000</b>	R000	<b>R000</b>	R000
<b>9. CASH AND CASH EQUIVALENTS</b>				
Cash at bank and in hand	<b>55</b>	1 044	55	-
Short-term deposits	-	3 308	-	-
	<b>55</b>	4 352	<b>55</b>	-

The effective interest rate on short-term deposits was 11% in 2008. These deposits have an average maturity of 3 months or less.

## PALADIN CAPITAL LIMITED

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 28 February 2009

	GROUP		COMPANY	
	2009 R000	2008 R000	2009 R000	2008 R000
<b>10. NON-CURRENT ASSETS HELD FOR SALE</b>				
The assets and liabilities of African Unity Insurance Ltd and PSG Capital (Pty) Ltd have been presented as held for sale.				
PSG Capital (Pty) Ltd have been sold subsequent of year end, while the sale of the controlling interest in African Unity Insurance are pending FSB approval. Refer to the directors report for more details.				
<b>Non-current assets classified as held for sale</b>				
Property, Plant And Equipment	401	-	-	-
Intangible assets including goodwill	5 900	-	-	-
Interest in subsidiaries	-	-	25 000	-
Equity Securities	16 373	-	-	-
Deffered tax asset	670	-	-	-
Receivables	9 496	-	-	-
Cash and cash equivalents	3 837	-	-	-
	<b>36 677</b>	-	<b>25 000</b>	-
<b>Liabilities directly associated with non-current assets classified as held for sale</b>				
Insurance contracts	960	-	-	-
Borrowings	9 766	-	-	-
Provisions for other liabilities and charges	814	-	-	-
Trade and other payables	3 775	-	-	-
Current income tax payable	1 019	-	-	-
	<b>16 334</b>	-	-	-
<b>Analysis of the result of discontinued operations as follows:</b>				
Insurance Premium Income	22 942	15 581	-	-
Interest income	1 935	1 189	-	-
Investment income	1 614	1 091	-	-
Commission and other fees	21 461	32 170	-	-
Fair value adjustments	(1 878)	(246)	-	-
Other operating Income	-	1 850	-	-
Insurance Claims	(10 673)	(6 996)	-	-
Marketing and other expenses	(22 447)	(22 986)	-	-
Finance Cost	(174)	(89)	-	-
<b>Profit before tax from discontinued operations</b>	<b>12 780</b>	<b>21 564</b>	-	-
Taxation	(4 152)	(7 120)	-	-
<b>Profit from discontinued operations</b>	<b>8 628</b>	<b>14 444</b>	-	-

**PALADIN CAPITAL LIMITED**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

for the year ended 28 February 2009

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2009</b> <b>R000</b>	<b>2008</b> <b>R000</b>	<b>2009</b> <b>R000</b>	<b>2008</b> <b>R000</b>
<b>11. SHARE CAPITAL</b>				
<b>Authorised</b>				
200 000 000 ordinary shares of 0,1 cent each	<b>200</b>	200	<b>200</b>	200
<b>Issued</b>				
39 622 418 ordinary shares of 0,1 cent each (2008: 38 247 403)	<b>40</b>	38	<b>40</b>	38
Refer to the directors report for the details of shares issued. The unissued ordinary shares in the company are placed under the control of the directors until the next annual general meeting.				
<b>12. INSURANCE CONTRACTS</b>				
IBNR Reserve	<b>396</b>	349	-	-
AIDS Reserve	<b>1 343</b>	1 263	-	-
Total at beginning of the year	<b>1 739</b>	1 612	-	-
Total movement in insurance policy liabilities	<b>(779)</b>	127		
IBNR Reserve	<b>564</b>	47	-	-
AIDS Reserve	<b>(1 343)</b>	80	-	-
	<b>960</b>	1 739	-	-
IBNR Reserve	<b>960</b>	396	-	-
AIDS Reserve	-	1 343	-	-
Transferred to non-current assets held for sale	<b>(960)</b>	-	-	-
Total at end of the year	-	1 739	-	-
Analysis of insurance policy liabilities				
Current	-	396	-	-
Non-current	-	1 343	-	-
Total	-	1 739	-	-

These liabilities were determined on the recommendation of the Statutory Actuary. The Actuarial Valuation was performed using the Financial Soundness Valuation method and was conducted in accordance with PGN 104. There are no investment contracts without discretionary features to be valued in terms of IAS 39. Assets and policy liabilities were valued on a consistent basis. Actual reported claims are recorded under Trade and Other Payables - refer to note 15. Claims are paid within 6 months.

## PALADIN CAPITAL LIMITED

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 28 February 2009

	GROUP		COMPANY	
	2009 R000	2008 R000	2009 R000	2008 R000
<b>13. BORROWINGS</b>				
Secured loans	<b>88 337</b>	19 946	<b>88 337</b>	-
Unsecured loans (Related parties - refer to note 26)	<b>62 411</b>	13 063	<b>66 979</b>	1 190
<b>Total borrowings</b>	<b>150 748</b>	33 009	<b>155 316</b>	1 190
Current portion	<b>115 648</b>	13 063	<b>115 648</b>	1 190
Non current portion	<b>35 100</b>	19 946	<b>39 668</b>	-
	<b>150 748</b>	33 009	<b>155 316</b>	1 190

The 2009 secured loan relates to a loan granted by Investec Bank Ltd to the company, which is secured by all the listed and unlisted investments (refer to note 3 and 4) held by Paladin Capital Ltd . The loan carries interest at one month JIBAR plus an additional rate of 3.25% on the first capital sum and interest of JIBAR plus 2.5% on the second capital sum. The first capital sum of R70m is for a period of 36 months commencing on the 28 July 2008 repayable in 12 equal instalments and the second Capital sum of R30m is for a period of 12 months with interest payable quarterly and the capital sum at the end of the period.

The 2008 secured loan relates to a loan granted by PSG Corporate Services (Pty) Ltd to the Paladin Share Incentive Trust which is secured by underlying unquoted shares. The loan carried interest at the official SARS interest rate for fringe benefits and was repaid on 1 March 2009. The loan to the trust was secured by the shares acquired as a result of the loans from the trust to the employees of the company.

Unsecured loans consist of a loan from PSG Corporate Services (Pty) Ltd (R62,411 million) which carries interest at PSG's lending rate plus 50 bps with no fixed repayment terms. Unsecured loans for the company also include a loan from PSG Capital (Pty) Ltd (R4,568 million) which carries interest at PSG lending rate plus 50 bps and has no fixed repayment terms. Unsecured loans for the prior year carried no interest and had no fixed repayment terms.

**PALADIN CAPITAL LIMITED**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

for the year ended 28 February 2009

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2009</b> <b>R000</b>	<b>2008</b> <b>R000</b>	<b>2009</b> <b>R000</b>	<b>2008</b> <b>R000</b>
<b>14. PROVISIONS FOR OTHER LIABILITIES AND CHARGES</b>				
<b>Client profit share provision of assurance subsidiary</b>				
Balance at beginning of year	1 671	1 903	-	-
Additional provisions	-	541	-	-
Utilised during the year	(1 444)	(967)	-	-
	<b>227</b>	<b>1 477</b>	-	-
<b>Employee benefits</b>				
Balance at beginning of year	-	-	-	-
Additional provisions	587	166	-	-
Utilised during the year	-	28	-	-
	<b>587</b>	<b>194</b>	-	-
Balance at the end of the year	<b>814</b>	1 671	-	-
Transferred to non-current assets held for sale	(814)	-	-	-
	-	1 671	-	-
Current portion	-	1 671	-	-
	-	1 671	-	-

**PALADIN CAPITAL LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 28 February 2009

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2009</b>	2008	<b>2009</b>	2008
	<b>R000</b>	R000	<b>R000</b>	R000
<b>15. TRADE AND OTHER PAYABLES</b>				
Claims payable	-	803	-	-
Accounts payable and accruals	<b>1 013</b>	4 971	<b>1 640</b>	293
Payment due for acquisition of associated company	-	56 675	-	56 675
	<b>1 013</b>	62 449	<b>1 640</b>	56 968
Current portion	<b>1 013</b>	62 449	<b>1 640</b>	56 968
The carrying value of trade and other payables is equal to the fair value thereof.				
<b>16. INCOME FROM NON-FINANCIAL SERVICES SUBSIDIARIES</b>				
Sales	-	1 316 839	-	-
Cost of sales	-	(1 181 590)	-	-
<b>Gross profit</b>	-	135 249	-	-
<b>17. INVESTMENT INCOME</b>				
<b>Interest income</b>				
Equity securities - At fair value through profit or loss	<b>736</b>	1 359	-	-
Loans and advances	<b>1 393</b>	7 078	<b>2 463</b>	6 072
Cash and short-term funds	<b>391</b>	2 027	<b>57</b>	-
	<b>2 520</b>	10 464	<b>2 520</b>	6 072
<b>Dividend income</b>				
Preference shares	<b>21 455</b>	4 419	<b>21 455</b>	4 419
Subsidiaries	-	-	<b>4 717</b>	8 663
Associate companies	-	-	<b>17 756</b>	84 206
	<b>21 455</b>	4 419	<b>43 928</b>	97 288
<b>Investment income</b>	<b>23 975</b>	14 883	<b>46 448</b>	103 360

**PALADIN CAPITAL LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 28 February 2009

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2009</b>	2008	<b>2009</b>	2008
	<b>R000</b>	R000	<b>R000</b>	R000
<b>18. FAIR VALUE LOSSES ON FINANCIAL INSTRUMENTS</b>				
Net fair value losses on financial assets at fair value through profit or loss:				
- unrealised fair value losses	<b>(2 172)</b>	-	-	-
Foreign exchange losses	-	(332)	-	-
Net fair value losses on financial instruments	<b>(2 172)</b>	(332)	-	-
<b>19. COMMISSION AND OTHER FEE INCOME</b>				
Commissions and fees	-	21 535	-	-
	-	21 535	-	-
<b>20. OTHER OPERATING INCOME</b>				
Training refunds	<b>18</b>	12	-	-
Profit on sale of fixed property	<b>2</b>	41	-	-
Negative goodwill	-	1 839	-	-
Profit on dilution/sale of investment in subsidiary	<b>438</b>	46 750	<b>53</b>	-
	<b>458</b>	48 642	<b>53</b>	-
<b>21. MARKETING, ADMINISTRATION AND OTHER EXPENSES</b>				
<b>Expenses by nature</b>				
Depreciation				
Office equipment	<b>111</b>	36	-	-
Computer equipment	<b>58</b>	43	-	-
Land and buildings	<b>14</b>	14	-	-
	<b>183</b>	93	-	-
Amortisation of intangible assets	<b>441</b>	493	-	-
Impairment charges				
Interest in subsidiaries	-	-	<b>16 013</b>	-
Interest in associates	-	-	<b>6 055</b>	-
Loans and advances	<b>4 804</b>	-	-	-
Loan to subsidiary	-	-	<b>6 965</b>	-
	<b>4 804</b>	-	<b>29 033</b>	-

**PALADIN CAPITAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 28 February 2009

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2009</b>	2008	<b>2009</b>	2008
	<b>R000</b>	R000	<b>R000</b>	R000
Operating lease rentals				
Properties	<b>826</b>	283	-	-
Other	<b>353</b>	108	-	-
	<b>1 179</b>	391	-	-
Audit fees				
Current Year	<b>583</b>	685	<b>218</b>	438
Under provision prior year	<b>104</b>	-	<b>62</b>	-
Tax services	<b>40</b>	61	-	-
	<b>727</b>	746	<b>280</b>	438
Employee benefit expenses				
Salaries, wages and allowances	<b>9 417</b>	7 462	<b>2 066</b>	-
Social security costs (e.g. UIF, medical benefits)	<b>382</b>	302	-	-
Pension costs - defined contribution plans	<b>853</b>	911	-	-
	<b>10 652</b>	8 675	<b>2 066</b>	-
Directors remuneration				
Executive	<b>8 111</b>	12 438	-	-
Non-executive	-	120	-	120
	<b>8 111</b>	12 558	-	120
Expenses of CIC Holdings Limited				
- Salary and wages and other related costs	-	36 463	-	-
- Purchase of goods and services	-	39 498	-	-
- Other	-	47 462	-	-
Other expenses	<b>5 409</b>	3 574	1 921	130
Discontinued operations	<b>(22 447)</b>	(22 986)	-	-
Total marketing, administration and other expenses	<b>9 059</b>	126 967	<b>33 300</b>	688

**PALADIN CAPITAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 28 February 2009

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2009</b>	2008	<b>2009</b>	2008
	<b>R000</b>	R000	<b>R000</b>	R000
<b>22. FINANCE COSTS</b>				
Finance Cost	<b>12 473</b>	3 389	<b>12 985</b>	187
	<b>12 473</b>	3 389	<b>12 985</b>	187
<b>23. TAXATION</b>				
Current taxation				
Current year	<b>111</b>	10 637	-	1 695
Prior year	-	(65)	-	-
	<b>111</b>	10 572	-	1 695
Deferred taxation				
Current year	<b>(97)</b>	(194)	<b>225</b>	-
	<b>(97)</b>	(194)	<b>225</b>	-
Secondary tax on companies				
Current taxation	<b>210</b>	1 646	-	301
Deferred taxation	-	(1 489)	-	(1 335)
	<b>210</b>	157	-	(1 034)
	<b>224</b>	10 535	<b>225</b>	661

*Reconciliation of income tax charge:*

	<b>%</b>	%	<b>%</b>	%
Reconciliation of rate of taxation				
South African normal tax rate	<b>28.0</b>	29.0	<b>28.0</b>	29.0
Adjusted for:				
Non-taxable income	<b>14.0</b>	(11.3)	<b>(5 701.2)</b>	(29.2)
Non-deductible charges	<b>(13.8)</b>	0.1	<b>5 673.2</b>	0.2
Share of profits from associated companies	<b>(28.5)</b>	(9.1)	-	-
Secondary tax on companies	<b>(0.5)</b>	0.1	-	(0.8)
Other	<b>0.3</b>	(1.3)	<b>104.2</b>	1.4
Effective rate of tax	<b>(0.5)</b>	7.5	<b>104.2</b>	0.6

There are no calculated tax losses at the end of the year available for utilisation against future taxable income.

STC credits available within the group for future utilisation for which a deferred taxation asset was not raised.

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**PALADIN CAPITAL LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 28 February 2009

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2009</b>	2008	<b>2009</b>	2008
	<b>R000</b>	R000	<b>R000</b>	R000
<b>24. CAPITAL COMMITMENTS AND CONTINGENCIES</b>				
<u>Operating lease commitments (All relating to discontinued operations)</u>				
Future commitments in terms of:				
<i>Property rental agreements</i>				
Due within one year	<b>344</b>	30	-	-
One to five years	<b>332</b>	59	-	-
	<b>676</b>	89	-	-
<i>Operating leases</i>				
Due within one year	<b>805</b>	15	-	-
One to five years	<b>71</b>	72	-	-
More than five years	-	88	-	-
	<b>876</b>	175	-	-

## PALADIN CAPITAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 28 February 2009

	GROUP		COMPANY	
	2009	2008	2009	2008
	R000	R000	R000	R000
<b>25. BORROWING POWERS</b>				
In terms of the company's articles of association, borrowing powers are unlimited. Details of actual borrowings are disclosed in note 13 to the financial statements.				
<b>26. RELATED-PARTY TRANSACTIONS</b>				
Paladin Capital and its subsidiaries enter into various financial services transactions with fellow subsidiary companies and associated companies of PSG Group Ltd. These transactions include a range of investment, administrative, advisory and corporate services in the normal course of business. These transactions are executed on terms no less favorable than those arranged with third parties.				
<b>Included in equity securities</b>				
Capitec Bank Holdings Limited (preference shares)	5 057	5 011	-	-
PSG Financial Services Limited (preference shares)	3 025	3 554	-	-
PSG Tanzanite Flexible Fund (unit trust)	-	4 136	-	-
PSG Money Market Fund	8 125	5 755	-	-
Transferred to non-current assets held for sale	(16 207)	-	-	-
	-	18 456	-	-
<b>Included in loans and advances</b>				
PSG Corporate Services (Pty) Limited	-	33 059	-	20 931
PSG Properties (Pty) Limited	-	33	-	-
Employee loans from the Paladin Share Incentive Trust	19 247	19 946	19 247	-
	19 247	53 038	19 247	20 931
<b>Included in investment in associates</b>				
GRW Holdings (Pty) Ltd - Loan	20 200	-	20 200	-
Target Investments (Pty) Ltd - Loan	7 000	-	7 000	-
	27 200	-	27 200	-
<b>Included in receivables</b>				
PSG Capital (Pty) Limited - discontinued operation	-	-	-	2 961
Zeder Investments Limited	572	-	-	-
PSG Corporate Services (Pty) Limited	104	-	-	-
Erbacon Holdings Limited	23	924	-	924
CIC Holdings (Pty) Limited	11	-	-	-
Topfix Holdings Limited	2	-	-	-
Thembeke Mining Holdings (Pty) Limited	-	10	-	10
	712	934	-	3 895
<b>Included in trade and other payables</b>				
Erbacon Holdings Limited	-	56 675	-	56 675
Iquad Group Limited	2	-	-	-
	2	56 675	-	56 675

**PALADIN CAPITAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 28 February 2009

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2009 R000</b>	<b>2008 R000</b>	<b>2009 R000</b>	<b>2008 R000</b>
<b>26. RELATED-PARTY TRANSACTIONS (CONTINUED)</b>				
<b>Included in borrowings</b>				
Axiam Holdings Limited	-	6 809	-	-
PSG Capital (Pty) Limited	-	-	<b>4 568</b>	1 190
PSG Corporate Services (Pty) Ltd	<b>65 514</b>	19 946	<b>62 411</b>	-
Transferred to non-current assets held for sale	<b>(3 103)</b>	-	-	-
	<b>62 411</b>	26 755	<b>66 979</b>	1 190
<b>Income received from related companies in the PSG Group</b>				
Axiam Holdings Limited				
Corporate finance fees	-	26	-	-
Capitec Bank Holdings Limited				
Corporate finance fees	<b>54</b>	49	-	-
mCubed				
Corporate finance fees	<b>257</b>	513	-	-
PSG Financial Services Limited				
Dividend received	-	381	-	-
PSG Fund Management (Pty) Ltd				
Corporate finance fees	<b>19</b>	-	-	-
PSG Konsult Limited and its subsidiaries				
Corporate finance fees	<b>613</b>	183	-	-
Interest received	<b>18</b>	9	<b>18</b>	2
PSG Money Market Fund				
Interest received	<b>603</b>	392	-	-
PSG Tanzanite Flexible Fund				
Interest and dividend distribution	<b>373</b>	101	-	-
PSG Corporate Services (Pty) Limited				
Corporate finance fees	<b>344</b>	3 162	-	-
Interest received	-	2 421	-	2 057
Thembeke Mining Holdings (Pty) Limited				
Corporate finance fees	-	28	-	-
Dividends received	<b>769</b>	-	<b>769</b>	72 642

**PALADIN CAPITAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 28 February 2009

	GROUP		COMPANY	
	2009 R000	2008 R000	2009 R000	2008 R000
Thembeka Capital Limited				
Dividends received	3 072	-	3 072	-
Zeder Investments Limited				
Corporate finance fees	552	57	-	-
PSG Properties (Pty) Limited				
Dividends received	-	-	1 246	787
CIC Holdings Limited				
Dividends received	3 911	-	3 911	4 917
Corporate finance fees	354	-	-	-
African Unity Insurance Limited				
Dividends received	-	-	1 099	-
Corporate finance fees	316	-	-	-
Axon Xchange (Pty) Limited				
Dividends received	1 146	-	1 146	1 817
Protea Foundry (Pty) Limited				
Dividends received	2 245	-	2 245	-
Corporate finance fees	6	-	-	-
Precrete-Nozala ( Pty) Ltd				
Dividends received	540	-	540	-
Erbacon Holdings Limited				
Preference Dividends received	5 405		5 405	
Corporate finance fees	262			
Topfix Holdings Limited				
Corporate finance fees	100	-	-	-
GRW Holdings (Pty) Ltd				
Dividends received	-		-	
Corporate finance fees	-		-	
Interest	379		379	
Lesotho Milling (Pty) Limited				
Dividends received	2 510	-	2 510	2 510
Iquad Group Limited				
Dividends received	3 563	-	3 563	2 320
Corporate finance fees	120			
	<b>27 531</b>	<b>7 322</b>	<b>25 903</b>	<b>87 052</b>

## PALADIN CAPITAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 28 February 2009

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2009</b>	2008	<b>2009</b>	2008
	<b>R000</b>	R000	<b>R000</b>	R000
<hr/>				
<b>Fees paid to companies in the PSG Group</b>				
PSG Corporate Services (Pty) Ltd				
Office infrastructure	<b>877</b>	894	-	-
Shares issue cost	<b>801</b>	-	<b>801</b>	-
	<b>1 678</b>	894	<b>801</b>	-
<hr/>				
<b>Key management compensation</b>				
Salaries and bonuses ( excluding dividends)	<b>5 484</b>	9 384	-	-
<hr/>				

### Shares issued to directors

250 000 ordinary shares were issued at a market related fair value of R20 (2008 1 222 360 share at R17,50).

**PALADIN CAPITAL LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 28 February 2009

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>2009 R000</b>	<b>2008 R000</b>	<b>2009 R000</b>	<b>2008 R000</b>
<b>27. NOTES TO THE CASH FLOW STATEMENT</b>				
<b>27.1 Cash (utilised)/generated by operating activities</b>				
Profit before taxation	<b>(30 087)</b>	162 106	<b>216</b>	102 485
Adjustments for:				
Depreciation and amortisation	<b>624</b>	586	-	-
Loss on disposal of fixed assets	-	(1 891)	-	-
Share of (profit)/losses from associates, net dividends	<b>61 352</b>	(34 092)	-	-
Investment income	<b>(23 975)</b>	(17 163)	<b>(46 448)</b>	(103 360)
Unrealised fair value net gains	<b>4 050</b>	246	-	-
Impairment charges	<b>4 804</b>	-	<b>29 033</b>	-
Interest paid	<b>12 473</b>	3 478	<b>12 985</b>	187
Negative goodwill	-	(1 839)	-	-
Profit on dilution of investment in subsidiary net of minority movement	<b>(322)</b>	(46 750)	-	-
Non cash items relating to the dilution of investment in CIC Holdings Limited	-	(20 449)	-	-
Other	-	(1 365)	-	-
Change in working capital				
Change in accounts receivable	<b>(11 159)</b>	(3 566)	<b>5 349</b>	(7 390)
Change in other liabilities and provisions	<b>(857)</b>	(232)	-	-
Change in trade and other payables	<b>(57 661)</b>	3 361	<b>(55 328)</b>	273
Change in insurance contracts	<b>(779)</b>	127	-	-
	<b>(41 537)</b>	42 557	<b>(54 193)</b>	(7 805)
<b>27.2 Taxation paid/(recovered)</b>				
Charge in income statement	<b>(4 380)</b>	(17 654)	<b>(225)</b>	(661)
Movement in deferred tax	<b>(97)</b>	(1 683)	<b>225</b>	(1 335)
Movement in taxation liability	<b>(2 223)</b>	10 608	<b>(642)</b>	642
	<b>(6 700)</b>	(8 729)	<b>(642)</b>	(1 354)

## PALADIN CAPITAL LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 28 February 2009

GROUP		COMPANY	
2009	2008	2009	2008
R000	R000	R000	R000

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#### 28. GROUP RESTRUCTURING UNDER A COMMON CONTROL TRANSACTION

In the 2006 the group acquired its investments in subsidiaries and associated companies through a group restructuring effective 1 November 2006 with the issue of 26 878 400 ordinary shares amounting to R647,082 million to a PSG Group Limited company.

The acquisition of the corporate finance business (transferred to PSG Capital (Pty) Limited) and Algoa Insurance Company Limited ("AIC") represented a transaction with entities under common control and, accordingly, the guidance of FAS 141 was used to record the transaction. Financial statements and financial information for the prior year were prepared on the basis that the transaction had taken place on 1 March 2005.

As a result of applying the guidance of FAS 141, the following assets, created as part of the transaction, have been recognised as a common control transaction reserve:

	R000
Excess of the purchase consideration over predecessor values of the corporate finance business acquired written off	33 767
Excess of the purchase consideration over predecessor values of subsidiaries acquired written off	803
Total	<u>34 570</u>

**ANNEXURE A - INVESTMENTS****Interest in subsidiaries**

Company	Nature of business	Proportion held directly or indirectly by holding company		Issued share capital	
		2009 %	2008 %	2009 R	2008 R
African Unity Insurance Limited *	Assurance company	<b>54.0</b>	60.0	<b>9 690</b>	9 690
PSG Capital (Pty) Limited	Corporate finance	<b>74.9</b>	60.0	<b>750</b>	750

\* A wholly owned subsidiary of AIC Holding Company (Pty) Limited of which Paladin Capital Limited holds 54% (2008: 60%).

The company's interest in attributable income of subsidiaries amounts to a loss of R3,615million (2008: R13,57 million - profit).

The subsidiaries are incorporated in the Republic of South Africa. Further details of investments are available at the registered office of the company.

**Investments in associates**

Company	Nature of business	Proportion held directly or indirectly by holding companies		Group Carrying value	
		2009 %	2008 %	2009 R000	2008 R000
<b>Listed</b>					
CIC Holdings Limited	FMCG distributor	<b>48.6</b>	46.6	<b>89 507</b>	70 066
Erbacon Holdings Limited	Construction	<b>25.5</b>	29.2	<b>91 292</b>	75 377
Iquad Group Limited	Financial services	<b>42.4</b>	38.9	<b>54 412</b>	51 190
Topfix Holdings Limited ***	Construction	<b>10.7</b>	-	<b>10 872</b>	-
				<b>246 083</b>	<b>196 633</b>
<b>Unlisted</b>					
Axon Xchange (Pty) Limited	Scrip lending	<b>35.1</b>	35.1	<b>3 952</b>	3 551
GRW Holdings Limited	Manufacturing	<b>40.0</b>	40.0	<b>96 886</b>	93 803
Lesotho Milling (Pty) Limited and Target Investments (Pty) Ltd*	Milling	<b>25.1</b>	25.1	<b>17 144</b>	13 192
Mainfin (Pty) Limited**	Bridging and property finance	<b>25.1</b>	25.1	<b>25 496</b>	20 190
Precrete-Nozala (Pty) Limited	Mining related construction	<b>22.1</b>	13.1	<b>46 237</b>	14 986
Protea Foundry (Pty) Limited	Foundry	<b>49.9</b>	49.9	<b>20 649</b>	17 017
Thembeke Capital Limited	Private equity / BEE	<b>49.0</b>	49.9	<b>96 379</b>	176 736
				<b>306 743</b>	<b>339 475</b>

\* Target Investments (Pty) Ltd acquired during the year

\*\* Shown after impairment of R10,1million.

\*\*\* Significant influenced exercised through inter alia board representation. Refer to equity accounting policy.

Except for CIC Holdings Limited which is incorporated in Namibia, all of the above are incorporated in the Republic of South Africa. Further details of investments are available at the registered office of the company.

**ANNEXURE A - INVESTMENTS - continued****Financial information in respect of principal associated companies**

	<b>At 29 February 2008</b>		<b>For the year ended 29 February 2008</b>	
	<b>Assets R000</b>	<b>Liabilities R000</b>	<b>Revenues R000</b>	<b>Profits R000</b>
CIC Holdings Limited	471 383	283 519	1 253 840	23 302
Erbacon Holdings Limited	164 396	56 037	232 233	31 165
GRW Holdings Limited*	200 347	77 330	300 039	20 187
Iquad Group Limited	148 684	21 578	62 353	17 222
Mainfin (Pty) Limited	92 411	74 349	27 262	9 061
Precrete-Nozala (Pty) Limited	123 633	37 805	192 612	27 425
Thembeke Capital Limited	804 732	448 710	107 428	28 485
	<b>2 005 586</b>	<b>999 328</b>	<b>2 175 767</b>	<b>156 847</b>
	<b>At 28 February 2009</b>		<b>For the year ended 28 February 2009</b>	
	<b>Assets R000</b>	<b>Liabilities R000</b>	<b>Revenues R000</b>	<b>Profits R000</b>
Axon Xchange (Pty) Limited	4 507	1 553	11 900	4 400
CIC Holdings Limited	605 526	366 660	2 185 000	40 600
Erbacon Holdings Limited	380 315	167 672	714 400	54 721
GRW Holdings Limited*	265 219	130 436	450 338	27 668
Iquad Group Limited	175 004	38 895	81 300	10 087
Lesotho Milling (Pty) Limited and Target investments (Pty) Limited**	146 948	57 501	323 696	21 371
Mainfin (Pty) Limited	214 447	136 044	31 800	9 400
Protea Foundry (Pty) Limited	50 990	9 802	56 900	11 800
Precrete-Nozala (Pty) Limited	217 046	105 231	382 583	32 091
Thembeke Capital Limited	636 097	420 701	15 417	(185 700)
Topfix Holdings Limited***	249 996	77 893	212 183	15 139
	<b>2 946 095</b>	<b>1 512 388</b>	<b>4 465 517</b>	<b>41 577</b>

\* GRW Holdings Limited's year end is June. Revenue and Profits is for June 2008 (2008: June 2007).

\*\*Lesotho Milling (Pty) Limited and Target Investments (Pty) Ltd year is end September . Revenue and profits was for September 2008.

\*\*\* Topfix Holdings Limited year end is June. Revenue and profits was for June 2008.

**ANNEXURE B - SEGMENTAL REPORT****Information on business and geographical segments for the year ended 28 February 2009**

R000	BEE private equity	Fast Moving Consumer Goods	Financial services	Industrial, mining & construction	Property	Corporate finance	Consolidated 2009 Total
<b>BUSINESS SEGMENT ANALYSIS</b>							
<b>Sales</b>	-	-	-	-	-	-	-
Results							
Subsidiary companies	-	-	-	-	-	-	-
Associated companies	(95 235)	19 201	(1 927)	34 365	-	-	(43 596)
Finance costs							(12 473)
Interest and Investment income							23 975
Impairment charge and head office costs							(11 211)
Profit on dilution of investment and negative goodwill							438
Profit before tax							(42 867)
Taxation							(224)
Net profit of <b>continued</b> operations							(43 091)
Net Profit of <b>discontinued</b> operations	-	-	2 273	-	-	6 355	8 628
<b>Total net profit for the year</b>							<b>(34 463)</b>
<b>Attributable to:</b>							
Equity holders							(37 234)
Minority interests							2 771
<b>OTHER INFORMATION</b>							
Segment assets	-	-	48 289	-	-	12 627	60 916
Investments in associated companies	189 218	89 507	83 858	347 221	-	-	709 804
							770 720
Taxation - Deferred							1 110
- Current							-
<b>Consolidated total assets</b>							<b>771 830</b>
Segment liabilities	-	-	163 114	-	-	4 981	168 095
<b>Consolidated total liabilities</b>							<b>168 095</b>
Additions to property, plant and equipment and intangible assets	-	-	1 147	-	-	5 058	6 205
Depreciation and amortisation	-	-	569	-	-	55	624

The interest of the Group have been classified into six main business segments - BEE Private Equity, Food Manufacturing Consumer Goods ("FMCG"), Financial Services, Industrial, Mining and Construction interests, Property and Corporate Finance.

Income and expenses, as well as the attributable portion of the income from associated companies, are directly attributable to the segment.

Segment assets mainly include cash and cash equivalents, receivables, loans and advances and equity securities.

Segment liabilities include insurance contracts, borrowings and trade and other payables.

**GEOGRAPHICAL SEGMENTAL ANALYSIS**

The Group's interest can be divided into two main geographical areas, namely South Africa and Namibia.

R000	Capital expenditure 2009	Results 2009	Sales 2009	Total assets 2009
South Africa	6 205	(53 664)	-	682 323
Namibia ( Investment in Associate - CIC)	-	19 201	-	89 507
	6 205	(34 463)	-	771 830

**ANNEXURE B - SEGMENTAL REPORT****Information on business and geographical segments for the year ended 29 February 2008**

R000	BEE private equity	Fast Moving Consumer Goods	Financial services	Industrial, mining & construction	Property	Corporate finance	Consolidated 2008 Total
<i>BUSINESS SEGMENT ANALYSIS</i>							
<b>Sales</b>	-	1 316 839	-	-	-	-	1 316 839
Results							
Subsidiary companies	-	41 091	-	-	3 330	-	44 421
Associated companies	13 120	3 991	10 855	22 955	-	-	50 921
							95 342
Finance costs							(3 389)
Profit on dilution of investment and negative goodwill							48 589
Profit before tax							140 542
Taxation							(10 535)
Net profit of <b>continued</b> operations							130 007
Net Profit of <b>discontinued</b> operations	-	-	3 045	-	-	11 399	14 444
<b>Total net profit for the year</b>							<b>144 451</b>
<b>Attributable to:</b>							
Equity holders							127 342
Minority interests							17 109

*OTHER INFORMATION*

Segment assets	-	-	39 585	-	-	49 306	88 891
Investments in associated companies	208 543	70 066	74 931	292 629	-	-	646 169
							735 060
Taxation - Deferred							1 683
- Current							-
<b>Consolidated total assets</b>							<b>736 743</b>
Segment liabilities	-	-	85 512	-	-	13 356	98 868
Taxation - Deferred							-
- Current							3 246
<b>Consolidated total liabilities</b>							<b>102 114</b>
Additions to property, plant and equipment and intangible assets	-	-	956	-	-	198	1 154
Depreciation and amortisation	-	2 854	543	-	-	43	3 440

The interest of the Group have been classified into six main business segments - BEE Private Equity, Food Manufacturing Consumer Goods ("FMCG"), Financial Services, Industrial, Mining and Construction interests, Property and Corporate Finance. Each segment represents the main business sector of the investments classified thereunder. No adjustment has been made where companies are mainly active in one sector but have also interest in other sectors.

Income and expenses, as well as the attributable portion of the income from associated companies, are directly attributable to the segment.

Segment assets mainly include cash and cash equivalents, receivables, loans and advances and equity securities.

Segment liabilities include insurance contracts, borrowings and trade and other payables.

**GEOGRAPHICAL SEGMENTAL ANALYSIS**

The Group's interest can be divided into two main geographical areas, namely South Africa and Namibia.

R000	Capital expenditure 2008	Results 2008	Sales 2008	Total assets 2008
South Africa	1 154	130 734	-	736 743
Namibia	-	13 717	1 316 839	-
	1 154	144 451	1 316 839	736 743