CEF (Pty) Ltd

annual review

CONTENTS

energising tomorrow

CEF is involved in the search for appropriate energy solutions to meet the future energy needs of South Africa, the Southern African Development Community and the sub-Saharan African region, including oil, gas, electrical power, solar energy, low-smoke fuels, biomass, wind and renewable energy sources.

COMPANY INFORMATION

COUNTRY OF INCORPORATION
South Africa

DIRECTORS
Mr N Gumede
Dr P Molefe
Mr Y Tenza
Ms B Mabuza
Ms P Zikalala
Mr A Nkuhlu (alternate director to Dr P Molefe)
Dr Z Rustomjee

REGISTERED OFFICE
158 Jan Smuts Avenue
1st Floor
Rosebank
Johannesburg
2196

BUSINESS ADDRESS
158 Jan Smuts Avenue
1st Floor
Rosebank
Johannesburg
2196

POSTAL ADDRESS
PO Box 786141
Sandton
2146

ULTIMATE HOLDING COMPANY
Government of South Africa

AUDITORS
Auditor-General of South Africa

SECRETARY
Mr A Haffejee

COMPANY REGISTRATION
1976/001441/07

Energy is a key driver of Africa's economy and CEF's vision is to be the leader in Africa in energy.

CHAIRPERSON'S REVIEW

a brighter future for all

CEF manages specific energy interests for the South African Government and acts as a catalyst for the development of appropriate new energy entities.

I hereby present the Minister of Minerals and Energy with the CEF Group annual financial statements for the year ended 31 March 2008.

Group performance has remained reasonably consistent in comparison to the previous financial year.

We are pleased that the CEF Group attained profit after taxation of R2 164 million (2007: R3 009 million) for the 2008 financial year.

During the year, crude oil prices averaged US$82.29/bbl (2007: US$64.15/bbl) and had a positive impact on Group revenue. The higher crude oil price had a very positive effect on the demand for crude oil storage space and a knock on effect was the increased demand for pollution control measures in Saldanha Bay.

CEF's activities are housed within CEF (Pty) Ltd and its seven active subsidiaries.

CEF and its operating subsidiaries

PetroSA

The increase in PetroSA's revenue was offset by the increase in operating costs which is up 34% in comparison to the previous year. The main contributing factors were the increased cost of feedstock purchases as a result of high oil prices and a weaker Rand.

The major challenge remains the sourcing of feedstock.

The PetroSA group recorded a profit after tax of R1 830 million (2007: R2 714 million).

iGas

The company's profit for the year amounted to R19.8 million (2007: R0.9 million loss). Dividends of R65 million (2007: R29.5 million) were declared by Rompco in favour of iGas.

Petroleum Agency SA

The role of Petroleum Agency as the designated agent of the State in terms of the MPRDA has now been entrenched.

Petroleum Agency SA reported a net after tax profit of R27.3 million (2007: R38.3 million).

SFF

SFF's financial performance for the year under review was very successful.

The high rental income came on the back of higher tariffs concluded between SFF and customers as well as the good support services provided by CEF, OPC and PetroSA.

SFF's profit for the year amounted to R239 million (2007: R199 million).

African Exploration Mining and Finance Corporation (Proprietary) Limited (African Exploration)

The company is mandated by the DME to acquire and hold all exploration and mineral rights in respect of all energy related and other minerals on behalf of the State and engage in the mining thereof.

The company recorded a loss of R0.6 million (2007: Rnil).

OPC

OPC continues to manage oil pollution prevention and control activities in Saldanha Bay, Cape Town and Ogies and provides clean-up services in the event of an oil pollution incident.

The company's operating loss for the year amounted to R1.55 million (2007: R5.3 million profit).

The year under review has been very successful for the Group. This has enabled us to consistently deliver on our financial targets and build value for our shareholder.

1 The core business of PetroSA - The exploration and production of oil and natural gas off the coast of South Africa as well as the rest of Africa

2 The Darling Wind Farm has four wind turbines which can supply 5.2 megawatts of electricity

3 Ms. B Mabuza, Chairperson, CEF (Pty) Ltd.

SANERI

SANERI has continued to establish itself in the energy research environment, however, its biggest challenge will remain the sourcing of adequate funds to meet its mandate.

SANERI made a profit for the year of R0.72 million (2007: R1.7 million).

Conclusion

The year under review has been very successful for the Group. This has enabled us to consistently deliver on our financial targets and build value for our shareholder. Anticipated in the new financial year are challenges and opportunities for which we are prepared.

Acknowledgement

My thanks are extended to the Minister, board members and directors of subsidiaries for their valuable contributions to the running of the Group. I would also like to thank management and staff for their contribution to a successful year.

Ms B Mabuza
Chairperson

30 July 2008

CEO'S REPORT

The CEF Group continues to operate in terms of the mandate contained in a Ministerial Directive issued to CEF by the Minister of Minerals and Energy in December 2003.

growing the energy sector

CEF also manages the operation and development of the oil and gas assets and operations of the South African Government.

The shareholder is advised to read the Chief Executive Officer's report in conjunction with the annual financial statements presented on pages 20 to 119. The purpose of this review is to provide additional insight into the financial performance of the Group in the context of the environment in which we operate.

Business and trading environment

Group structure

The Group structure and the mandate of the CEF Group have remained unchanged.

CEF, incorporated in terms of the Central Energy Fund Act, is mandated by the South African Government to engage in the acquisition, exploration, generation, marketing and distribution of any energy form and to engage in research relating to the energy sector.

Thus, the companies in the CEF Group focus on a number of areas including:

- Exploration and production
- Production and marketing of petroleum products and services
- Promoting, marketing and licensing of offshore and onshore exploration and production activities
- Management of strategic stocks
- Tank rentals and tank terminal management
- Renewable energy
- Energy efficiency
- Low-smoke fuels
- Energy research and development
- Gas infrastructure development
- Oil pollution prevention and control

All activities are managed within CEF (Proprietary) Limited itself and its seven active subsidiaries viz. The Petroleum Oil and Gas Corporation of South Africa (Proprietary) Limited (PetroSA), South African Agency for Promotion of Petroleum Exploration and Exploitation (Proprietary) Limited (Petroleum Agency SA), The South African Gas Development Company (Proprietary) Limited (iGas), Oil Pollution Control South Africa (Association incorporated under Section 21) (OPC), South African National Energy Research Institute (Proprietary) Limited (SANERI), African Exploration Mining and Finance Corporation (Proprietary) Limited (AE) and SFF Association (Association incorporated under Section 21) (SFF).

The CEF Group continues to operate in terms of the mandate contained in a Ministerial Directive issued to CEF by the Minister of Minerals and Energy in December 2003.

CEF, through its integrated oil company subsidiary, PetroSA, is involved in the exploration for oil and gas onshore and offshore South Africa, as well as the rest of Africa.

4 Mr M Damane, Group CEO, CEF (Pty) Ltd.

5 CEF has established CEF Carbon to develop CDM (Clean Development Mechanism) projects and trade the resulting Carbon Credits.

6 Bio-fuels like ethanol provide a cleaner alternative as opposed to petroleum used for vehicles.

CEF is controlled by the Minister of Minerals and Energy. All shares are held by the State and are not transferable.

CEF and its operating subsidiaries

PetroSA

From a financial perspective, PetroSA experienced another successful year.

The Group revenue reflects the consolidation of Brass Exploration Unlimited, the Nigerian subsidiary for the period January 2007 to December 2007 (Brass financial year end).The volume of sales is 14% lower than last year despite diesel imports contributing 21% of total volumes.

The increase in Group revenue was offset by the increase in operating costs which is up 34% in comparison to the previous year. The main contributing factors were the increased cost of feedstock purchases as a result of high oil prices and a weaker Rand.

Salima Petroleum Operating Company was incorporated in Mauritius during the financial year in which PetroSA will take an 80% shareholding and 20% will be taken up by the Sudanese National Petroleum Company when the shares are issued during the 2009 financial year.

The Imvume case continues behind closed doors of the Witwatersrand High Court. The recovery of the R8 million capital and R6.3 million interest is expected to be finalised by the end of July 2008.

The major challenge continues to be the sourcing of feedstock beyond the existing South Coast Gas reserves.

The PetroSA group recorded a profit after tax of R1 830 million (2007: R2 714 million).

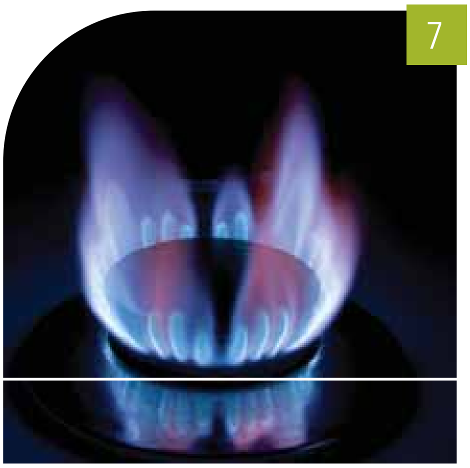
iGas

The South African Gas Development Company (Proprietary) Limited (iGas) continues to fulfil its mandate as per a Ministerial Directive. iGas performed well during the year under review.

The main asset in iGas is a 25% shareholding in the Republic of Mozambique Pipeline Investments Company (Proprietary) Limited (Rompco), where SASOL holds 50% of the shares and the Mozambique Government Company CMG the other 25%. Rompco owns a natural gas pipeline from the Temane/Pande gas fields in Mozambique to Secunda in South Africa which is operated by SASOL. We are pleased to report that Rompco continues to operate as planned. During the course of the year progress has been made in the R1.1 billion first compressor project for Rompco and engineering contracts were signed and binding gas transportation terms were agreed between Rompco and the shipper of the extra gas.

clean burning fuel

iGas, or the South African Gas Development Company, is mandated to act as the official State agency for the development of the hydrocarbon gas industry in Southern Africa.



The construction on the Komatipoort compressor station will start in the next financial year and will be completed in the last quarter of 2009. The compressor is expected to enable the transportation of 27 million Giga Joules of natural gas to South Africa. This is above the already planned 120 million Giga Joules.

iGas progressed the required studies and engineering work for the Liquefied Natural Gas facility at the Port of Ngqura to the point that commercial terms can be negotiated with all parties. The final engineering and financing plan to be compiled. The anchor project of a 2 400 mega watt power plant at Coega is completed from an engineering point of view and is ready to move into the construction phase. The basic engineering is also complete for a gas transportation pipeline to Mossel Bay.

The company's profit for the year amounted to R19.8 million (2007: R0.9 million loss). Dividends of R65 million (2007: R29.5 million) were declared by Rompco in favour of iGas.

Petroleum Agency SA

The result of the licensing round which was launched in the previous financial year was disappointing. Only two applications were received, both for Block 1. PetroSA was the preferred bidder and its application for exploration right was granted.

The reasons for the poor response are mainly due to the fiscal terms and Royalty Bill having not been finalised. These factors are seriously hampering the ability of the company to perform its functions and have led to the delaying of other planned licence rounds.

The constraints in the electricity industry have sparked additional interest in gas exploration and production. Although the rate of new onshore applications have slowed, the interest in the Karoo Basin remains positive. A total of 20 exploration rights have been issued for the Karoo Basin for conventional gas and coal-bed methane.

The conversion of OP26 sub-leases into new order rights was successfully completed by the 30 June 2007 deadline. Entities were invited to the signing of the new rights but they declined citing the fiscal terms and Royalty Bill not being finalised.

The South African Extended Continental Shelf Claim Project is progressing well. The targeted submission date is April 2009 which is one month ahead of the prescribed deadline of May 2009.

Petroleum Agency SA reported a net after tax profit of R27.3 million (2007: R38.3 million).

7 iGas has a 25% equity stake in the Republic of Mozambique Pipeline Investment Company (Rompco)

8 Petroleum Agency South Africa (PASA) promotes exploration for oil and gas resources and their optimal development on behalf of the Government

African Exploration is mandated by the DME to acquire, hold and engage in mining of all exploration and mineral rights.

SFF

SFF's financial performance for the year under review was very successful.

The high rental income came on the back of higher tariffs concluded between SFF and customers as well as the good support services provided by CEF, OPC and PetroSA.

There was a lot of activity during the last quarter of the year where most customers were selling their crude stock as they felt that the market was going into backwardation. Fortunately, this activity did not impact on SFF's profitability as contracts were still in place.

Operational Activities:

Saldanha:

This tank is used to store about 10.3 million barrels of strategic stocks.The balance of the available capacity is leased to external customers. PetroSA provides the necessary operational and maintenance service.

Milnerton:

This tank farm has not been used to full capacity partly because of its location and the inability to bring in the Very Large Cargo Carriers (VLCC) to the Cape Town harbour. Management initiated the de-sludging of some of the tanks with a view to increasing the available storage capacity. This activity will be completed in the new financial year. Pre-feasibility studies were undertaken to identify the opportunities of converting most of the tanks to be able to store white-products. The future of this tank farm will be assessed taking into account the strategic stock study policy driven by the DME.

Ogies:

SFF's role is to manage the ongoing environmental liability that resulted from the use of coal mines as crude oil storage facilities. OPC provides the service of:

- Continuously pumping out water from the empty containers
- Monitoring surface and underground water

As part of the prudent management of the Ogies facility, management approached CSIR to do a study on the extent of underground water pollution so that appropriate funds are set aside for the environmental liability.

SFF's profit for the year amounted to R239 million (2007: R199 million).

African Exploration Mining and Finance Corporation (Proprietary) Limited (African Exploration)

The company is mandated by the DME to acquire and hold all exploration and mineral rights in respect of all energy related and other minerals on behalf of the state and engage in the mining thereof.

During this financial year African Exploration Mining and Finance Corporation (Proprietary) Limited was in its first year of operation having re-organised and consolidated all coal mineral rights that were held by CEF and its subsidiaries. The financial year has been one of enormous progress for African Exploration wherein it was granted prospecting rights for coal in three areas within the Mpumalanga region. The company also undertook a strategic review to diversify into other mineral assets and has made inroads in acquiring mineral assets within the SADC region and has formed joint ventures to provide a platform for its growth as a regional player.

The company recorded a loss of R0.6 million (2007:Rnil).

9 Research in the public interest is supported by SANERI and the company solicits work from any reputable service provider, either universities or private sector.

10 OPC's Komara K12 and Delta 2 demonstrate skimming.

OPCSA provides oil prevention, control and clean-up services, mainly in South African ports and coastal areas, in terms of South Africa's National Environmental Management Act

OPC

OPC continues to manage oil pollution prevention and control activities in Saldanha Bay, Cape Town and Ogies and provides clean-up services in the event of an oil pollution incident.

OPC recorded a loss as a result of the NPA not concluding a contract for all the harbours. The volume of incidents attended to during the financial year was less than the previous year. These factors led to the company posting a loss.

The company's operating loss for the year amounted to R1.55 million (2007: R5.3 million profit).

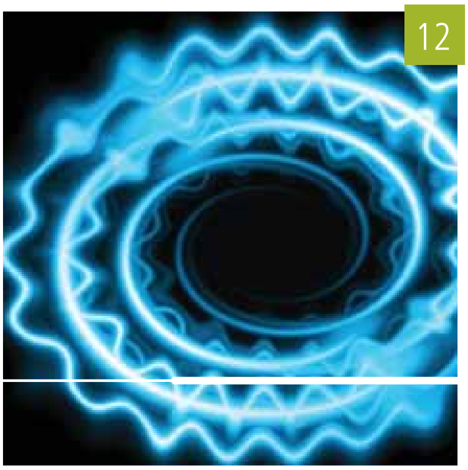
SANERI

SANERI has five main research and human capital development programmes being:

- The SANERI Bursary Programme
- The SANERI Energy Research Programme
- The Hub and Spokes Programme
- The Chairs of Energy Research Programme
- The Green Transport Programme

SANERI has awarded 19 Master's bursaries and 14 PhD bursaries during the financial year. It also received a total of 123 research proposals on the 2007/2008 call for proposals of which 29 projects were approved for funding. The total budget for these projects is R28.4 million spread over 3 years and SANERI will enter into contracts according to the budget available for research per year.

Though SANERI is not a profit generating organisation, the funds held during the period generated interest, and as a result, the company made a profit for the year of R0.72 million (2007: R1.7 million).



11 Darling Wind Farm project

12 Methcap - waste gas to electricity

13 Torbanite, a low smoke fuel alternative.

Energy Development Corporation (EDC)

EDC is a division within CEF whose mandate is to focus on renewable and cleaner energy sources. It is now in its fourth year of operation and I am pleased to report that notable progress has been made over the last financial year.

A number of equity investments were also finalised during the year. This includes the CEF Carbon business based in London, the Philips manufacturing joint venture for compact fluorescent lamps, the JST South African plant and the Nelson Mandela Bay renewable energy projects.

I would like to make special mention of the following projects as an indication of the efforts made to fulfil the mandate issued to the Energy Development Corporation:

Low Smoke Fuels

The finalisation of the Low Smoke Fuel project (Torbanite project) has moved closer to commercial reality. Third party experts have been engaged to fine tune the bankability by re-running oil extraction and oil specification upgrades. The overall strategy was also moderated to focus on the core business of oil beneficiation. The project development has been split into oil beneficiation and mining to enhance the project value. Plans are underway to incorporate joint venture partners. This remains a key flagship project for the EDC and I look forward to providing a further update in the next annual report.

Bio Fuels

The approval of the bio fuels strategy in December 2007, has led to a review of the many projects under development. Together with our joint venture partners we have reconfigured our approach to bio fuels investments. The refreshed approach resulted in a more economically viable venture capable of enhancing the efforts of government to introduce this patriotic petrol.

Together with the IDC, we intend progressing with the policy compliant bio fuels projects, while ensuring a balanced portfolio of investments, due to the capital intensity of ethanol and bio diesel investments. Given the impact of the bio fuels strategy, only three significant ethanol projects will be progressed.

The pre-engineering work has been completed and investment proposals are being finalised by both the IDC and CEF for eventual implementation. The CEF/IDC strategy seeks to identify optimal projects across the country as mitigation against drought. The regional approach has been retained to ensure compliance within the demarcated land strategy.

Bethlehem Hydro and Darling Wind Farm projects

I previously reported that both these new independent power producers would be in generation mode. While we retracted our participation in the hydro project, I am happy to report that the 5.2 MW Wind Farm in Darling became operational on 23 May 2008. It is hoped that the demonstration status of the project will encourage other private sector developments in the wind sector.

Methcap SPV1 PetroSA Gas Extraction for Electricity

This waste gas to electricity project at the PetroSA refinery was commissioned in October 2007 and the plant is fully functional supplying about 1% of the refinery needs.

Johanna Solar

I previously acknowledged the efforts of the team, linked to the University of Johannesburg in developing the production plant that produced PV panels at a quarter of the cost of the current technology. The team developed an industrial method of producing copper-indium(gallium)-Diselenide (CIGS) panels as opposed to the silicon based technologies that are currently used.

CEF made a strategic investment into this sector and remains the senior investor for the South African operations. I am delighted to report that, following the progress made on increasing the efficiency and consistency, the sales of the first units are expected from the second quarter of 2008.

Basa Njengo Magogo

The Minister of Minerals and Energy has directed that the Governments' Basa Njengo Magogo programme be adopted by EDC to enhance the clean coal use and management initiatives. A strategic plan was developed and a joint collaborative effort with the Johannesburg City Council resulted in the rollout of the project in Alexander township to 10 000 households.

Safer Illuminating Paraffin (IP) appliance pilot project

The urgency of finding a solution to the crisis created by the unsafe use of IP remains a high ranking priority. CEF in partnership with the DME, has implemented a plan to roll out a pilot study during the winter months of 2008.

Other EDC activities

A number of strategic initiatives have been completed during the financial year. The third annual Energy Roundtable was successfully convened and again stimulated dialogue amongst energy players within our country. The United Nations Solar Water Heating Project was formally closed after five years of intensive study and scrutiny by the UNDP/CEF project team. The key findings support the establishment of a viable solar water heating industry.

A number of strategic alliances were further developed during the year. These include the collaboration with the Norwegian Assistance Program and the French Development Agency. A Co-operation Agreement has also been signed with the German Technical Co-operation for assistance on a number of dedicated energy interventions.

The coming year will see increased focus on landfill gas developments and energy efficiency investments.

National Energy Efficiency Agency (a division of CEF)

The second year of operation of the National Energy Efficiency Agency was marred by problems in obtaining the requisite funds allocation for start up operations as was envisaged in the Ministerial Directive. This was a result of Eskom experiencing financial difficulties in light of the electricity crisis. Activities were therefore kept at a minimum. It is anticipated that the 2008/9 financial year will be more productive.

South African Supplier Development Agency (SASDA)

During the year CEF was issued a Ministerial Directive to incorporate SASDA into CEF (Proprietary) Limited.

SASDA was established in March 2005 by Government, represented by the Department of Minerals and Energy, in conjunction with the seven major oil companies, which constitute the South African Petroleum Industry Association (SAPIA), to accelerate the empowerment of BEE suppliers in the petroleum industry, through increased access to industry procurement opportunities, in compliance with the Liquid Fuels Charter of 2000.

14 The Basa Njengo Magogo project demonstrates an efficient alternative to burning coal fires

The focus of EDC is to invest in renewable energy and alternate energy fields. The EDC supports energy development through commercial, developmental and social projects.

In the new financial year we anticipate challenges and opportunities which we are prepared for.

SASDA is still in its infancy stage and with the appointment of the CEO, Ayanda Mjekula, during the financial year it is expected to make progress towards achieving the objectives as envisaged by the DME.

CEF Sustainability (Proprietary) Limited

The main business of CEF Sustainability (Proprietary) Limited is to successfully implement the projects already contracted in the Nelson Mandela Bay Metropolitan Municipality (NMBMM).

The main objectives are:

- Firstly, the conclusion of the bankable feasibility studies;
- Secondly, the development of innovative business models for energy efficiency, Wind power generation, Hydro power generation and land fill gas development; and
- Lastly, the successful financial closure of the projects within the contracted time period.

Funding of CEF Sustainability (Proprietary) Limited is provided pro rate by the shareholders:

CEF (Proprietary) Limited	67%
The Crispian Olver Family Trust	33%

Conclusion

The year under review has been very successful for the Group. This has enabled us to consistently deliver on our financial targets and build value for our shareholder. Anticipated in the new financial year are challenges and opportunities for which we are prepared.

Acknowledgement

My thanks are extended to the Minister, board members and directors of subsidiaries for their valuable contributions to the running of the Group. I would also like to thank management and staff for their contribution to a successful year.

Mr M Damane
Chief Executive Officer

30 July 2008

BOARD OF DIRECTORS

1

The board of directors of CEF (Pty) Ltd consists of six non-executive directors and one executive director.

1 Ms B Mabuza
Chairperson, non-executive
BA, MBA

Director at Ethos Private Equity Limited. Previously Chief Operating Officer at Women Private Equity Fund, Director at Still Nascent Ventures and investment Manager at African Fund Managers.

2 Mr MB Damane
Executive Director
BSc, MBA, CIS, Quality Auditor

Group CEO of CEF (Pty) Ltd., Previously a Special Advisor to the Minister of Minerals and Energy, architect of the first Empowerment Charter, the liquid Fuels Charter signed in 2000, Chairman of the Strategic Fuel Fund Association and Interim CEO of NECSA (Nuclear Energy Corporation of South Africa).

3 Dr Z Rustomjee
Non-executive Director
PhD - Economics

Presently a Business Consultant and Director of companies. Previously Director: Southern African Energy, BHP Billiton plc., special advisor to the Minister of Trade and Industry and Director-General of the Department.

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4 Dr P Molefe

Non-executive Director

Honorary Doctorate from the University of the North West, diplomas in leadership from Pennsylvania and Harvard Universities.

Dr Molefe played a role in the negotiations that led to a democratic South Africa. He is the former Premier of the North West Province and Chairperson of the ANC in the North West. He is the CEO of Lereko Investments (Pty) Ltd and trustee of the Popo Molefe Foundation.

5 Ms P Zikalala

Non-executive Director

BProc, LLB

Presently Chief Director for Mining and Mineral Policy at the Department of Minerals and Energy. Previously worked for the Commission on Gender Equality, Domestic Violence Assistant Programme and the Campus Law Clinic at the University of Natal.

6 Mr Y Tenza

Non-executive Director

BCom (Hon), MBA, CPA

Presently COO of the Road Accident Fund. Previously Executive Chairman of Virtual Care Pharmacies (Pty) Ltd, non-eecutive Chairman of IME Actuaries and Consultants and President and CEO of Foskor Group Ltd.

7 Mr N Gumede

Non-executive Director

BSc Engineering, MBA

Presently Deputy Director-General of Hydrocarbons & Energy Planning at the Department of Minerals and Energy. Previously Executive Director and Senior Consultant at SAD-ELC (Pty) Ltd and Managing Member at Khanya-Africa Business Solutions cc.

8 Mr A Nkuhlu

Non-executive Director - alternate to Dr P Molefe

BCom (Hon)

Board member of the Ministerial Black Empowerment Evaluation Committee, the committee tasked with the evaluation of progress of empowerment in the liquid fuels sector. Previous experience with the Department of Trade and Industry and the Department of Minerals and Energy.

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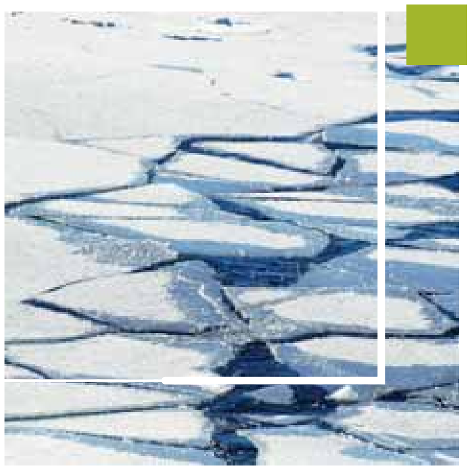
APPROVAL & STATEMENT OF RESPONSIBILITY

national responsibility

CEF actively pursues commercially viable opportunities in oil, gas, coal and renewable energy.





The directors are responsible for the maintenance of adequate accounting records and the preparation and integrity of the annual financial statements and related information. The external auditors are responsible for reporting on the fair presentation of the annual financial statements.

The company and group annual financial statements have been prepared in accordance with the South African Statements of Generally Accepted Accounting Practice and the Companies Act of South Africa, 1973 as amended. These annual financial statements are based on appropriate accounting policies, supported by reasonable and prudent judgemental and estimates.

The directors are also responsible for the Group's system of internal control. These controls are designed to provide reasonable, but not absolute, assurance as to the reliability of the group annual financial statements and to adequately safeguard, verify and maintain accountability of assets and to prevent and detect misstatements and losses.

Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The company and Group annual financial statements have been prepared on the going concern basis since the directors have every reason to believe that the Group has adequate resources in place to continue in operation for the foreseeable future.

The company and Group annual financial statements which appear on pages 20 to 119 were approved by the board of directors on 30 July 2008 and signed on their behalf by:

Ms B Mabuza
Chairperson

Dr Z Rustomjee
Non-executive director

Rosebank
30 July 2008

STATEMENT ON CORPORATE GOVERNANCE

15 Photovoltaic solar panels at work under the African sun.

16 Torbanite - used to extract fuel.

17 Rough Atlantic seas during a storm

1. Compliance

The board of directors believe that companies within the Group endorse the principles as set out in the Protocol on Corporate Governance, and where applicable, the King Report on Corporate Governance for South Africa 2002 (King II) and have endeavoured to comply with the principles incorporated in the Code of Corporate Practices and Conduct.

The Group has a formalised system of corporate governance as set out below.

2. Governing bodies

2.1. Boards of directors

Separate boards of directors for the holding company and each of the operating subsidiaries are appointed.

The board of directors of CEF consists of seven non-executive directors and one executive director.

At least four board meetings are held during a year. The framework for the payment of directors' remuneration is approved by the Minister of Minerals and Energy.

The boards of directors of the holding company and the operating subsidiaries have appointed, amongst others at least the following two sub-committees to assist in carrying out their responsibilities:

2.2. Board committees

Board audit and risk management committees

The board audit and risk management committees consist of non executive members. Each committee has an agreed terms of reference as approved by its board of directors. The report of the CEF board audit and risk management committee is included in the group annual financial statements. The report sets out the responsibilities covered by this committee.

Board human resources committees

These committees consist of non-executive directors and in some instances independent members and are chaired by a non-executive director appointed by the respective board of directors.

The committees review and recommend annual staff remuneration increases, terms and conditions of employment, the payment of incentives and bonuses, general fringe benefits, remuneration policies and the appointment of senior staff.

2.3. Chief Executive Officer

Terms of reference for each Chief Executive Officer are approved by the appropriate board of directors.

CEF regulates the acquisition, generation, marketing, distribution and research of any other forms of energy.

3. Materiality and significant framework

A materiality and significant framework is in place. Its purpose is to regulate disclosure of material facts to the Minister of Minerals and Energy, disclosure in the group annual financial statements and approval from the Minister of Minerals and Energy for participation in certain transactions.

4. Internal audit

The internal audit departments, headed by internal audit managers, are accountable to each of the board audit and risk management committees.

The internal audit department functions in terms of an internal audit charter that is approved by the board of directors. The internal audit charter defines the purpose, authority and responsibility of the internal audit function. The internal audit function carries out its work in terms of an approved internal audit work plan based on the risk framework of the company. The head of the internal audit department has full access to the chairpersons of the boards of directors and the chairpersons of the board audit and risk management committees.

5. Management reporting

Comprehensive management reporting disciplines are in place, which include the preparation of an annual corporate plan and budget approved by the board of directors. Monthly and quarterly results are reported against the approved budget to the executive committees and the boards of directors respectively for review.

6. Ethics

Entities within the Group have codes of ethics which require employees to observe the highest ethical standards thereby ensuring that business practices are conducted in a manner which is beyond reproach.

7. Non Financial Information

7.1. Black economic empowerment

The CEF Group is committed to ensuring that it meets the objectives of the Government's broad-based black economic empowerment strategy.

Group companies have policies and procedures on preferential procurement to support black economic empowerment which have been approved by their boards of directors and management.

7.2. Corporate social investment

The Group's corporate social investment programme covers the Group's involvement in the community through the support, financial or in kind, of deserving causes, organisations, institutions or projects. The programmes are designed to support socially constructive projects giving preference to those on which it will have a long-term multiplier effect. Increasing participation by employees from all sectors of the group in meaningful community activities will contribute towards improving the standard of living of all South Africans.

7.3. Worker participation

All Group companies have participative structures at various levels for handling issues which affect employees directly and materially. These structures, which have been set up in consultation with employee representatives, are designed to achieve good employer/employee relations and uphold company values through effective sharing of relevant information, consultation and the identification and resolution of conflict.

REPORT OF THE AUDITOR-GENERAL

to parliament on the group

Financial statements and performance information of CEF (Proprietary) Limited for the year ended 31 March 2008

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying group financial statements of CEF (Pty) Ltd which comprise the consolidated and separate balance sheet as at 31 March 2008, consolidated and separate income statement, consolidated and separate statement of changes in equity and the consolidated and separate cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes and the directors' report as set out on pages 20 to 119.

Responsibility of the accounting authority for the financial statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA), the Companies Act of South Africa, 1973 (Act No. 61 of 1973) and the Central Energy Fund Act, 1977 (Act No. 38 of 1977) as amended. 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
- making accounting estimates that are reasonable in the circumstances.

Responsibility of the Auditor-General

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA), section 300 of the Companies Act of South Africa and section 1E(3) of the Central Energy Fund Act, 1977 (Act No. 38 of 1977) as amended, my responsibility is to express an opinion on these financial statements based on my audit.

4. I conducted my audit in accordance with the International Standards on Auditing and General Notice 616 of 2008, issued in Government Gazette No. 31057 of 15 May 2008. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance on whether the financial statements are free from material misstatement.

5. 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 judgemental, 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.

6. An audit also includes evaluating the:

- appropriateness of accounting policies used;
- reasonableness of accounting estimates made by management; and
- overall presentation of the financial statements.

REPORT OF THE AUDITOR GENERAL CONTINUED

7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

8. In my opinion the Group financial statements present fairly, in all material respects, the financial position of CEF (Pty) Ltd as at 31 March 2008, in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the PFMA and the Companies Act of South Africa.

OTHER MATTERS

Without qualifying my audit opinion, I draw attention to the following matters that relate to my responsibilities in the audit of the financial statements:

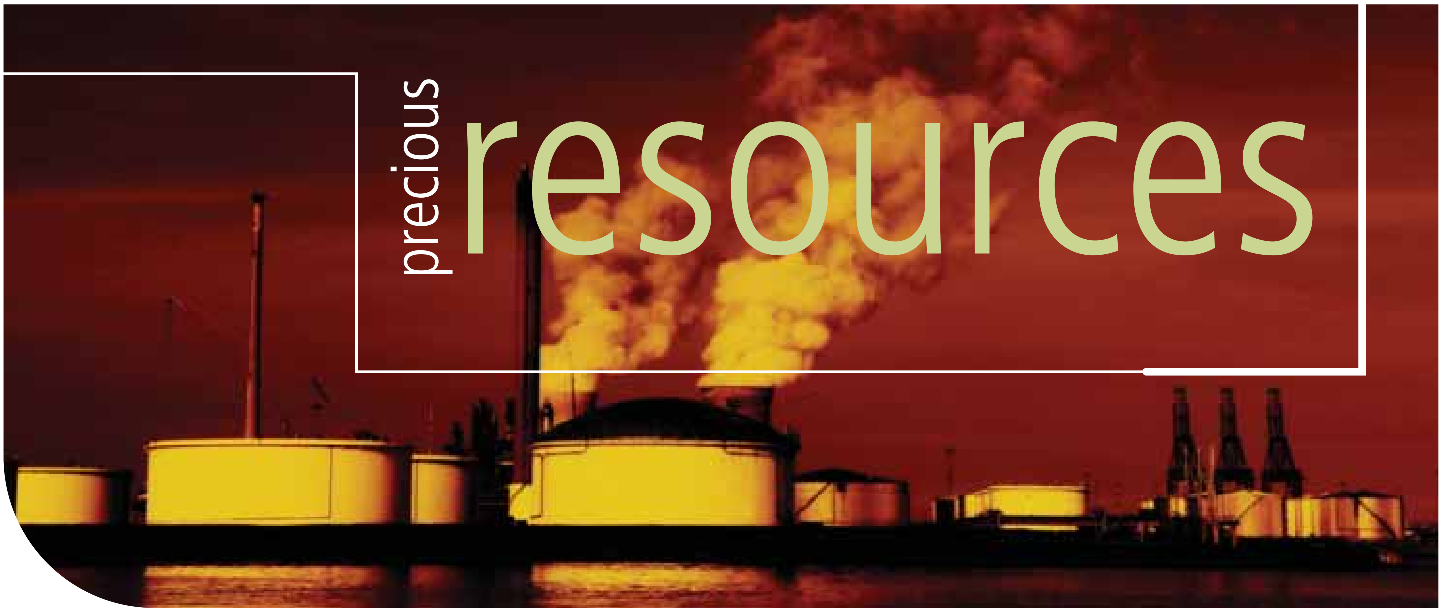
Matters of governance

9. The PFMA tasks the accounting authority with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of certain key governance responsibilities, which I have assessed as follows:

MATTER OF GOVERNANCE	YES	NO
Audit committee		
• The entity had an audit committee in operation throughout the financial year.	X	
• The audit committee operates in accordance with approved, written terms of reference.	X	
• The audit committee substantially fulfilled its responsibilities for the year, as set out in section 77 of the PFMA and Treasury Regulation 27.1.8.	X	
Internal audit		
• The entity had an internal audit function in operation throughout the financial year.	X	
• The internal audit function operates in terms of an approved internal audit plan.	X	
• The internal audit function substantially fulfilled its responsibilities for the year, as set out in Treasury Regulation 27.2.	X	
Other matters of governance		
The annual financial statements were submitted for audit as per the legislated deadlines (section 55 of the PFMA for public entities).	X	
The group financial statements submitted for audit were not subject to any material amendments resulting from the audit.	X	
No significant difficulties were experienced during the audit concerning delays or the unavailability of expected information and/or the unavailability of senior management.	X	
The prior year's external audit recommendations have been substantially implemented.	X	

managing resources

CEF maintains a close relationship with the Department of Minerals and Energy (DME), in the management of some cash resources for the DME, as well as the calculation of monthly petrol and diesel prices.



OTHER REPORTING RESPONSIBILITIES

REPORT ON PERFORMANCE INFORMATION

10. I have reviewed the performance information as set out on pages 20 to 24.

Responsibility of the accounting authority for the performance information

11. The accounting authority has additional responsibilities as required by section 55(2)(a) of the PFMA to ensure that the annual report and audited financial statements fairly present the performance against predetermined objectives of the public entity.

AUDITOR-GENERAL

Responsibility of the Auditor-General

12. I conducted my engagement in accordance with section 13 of the PAA read with General Notice 616 of 2008, issued in *Government Gazette No. 31057 of 15 May 2008.*

14. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgemental.

15. I believe that the evidence I have obtained is sufficient and appropriate to report that no significant findings have been identified as a result of my review.

APPRECIATION

16. The assistance rendered by the staff of CEF (Pty) Ltd during the audit is sincerely appreciated.

Auditor-General

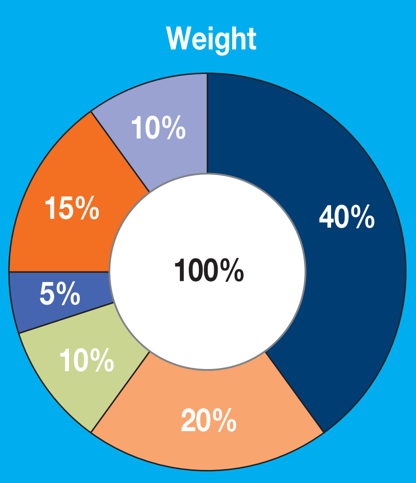
Pretoria
31 July 2008

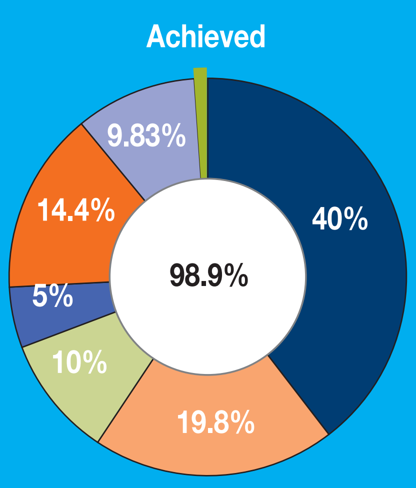
PERFORMANCE AGAINST OBJECTIVES

achieving results

A summary of CEF's business performance against objectives is contained on the following pages.

total performance





18 Inside a coal mine

Ensure long-term profitability of CEF (Pty) Ltd

Torbanite - Progress investment for Torbanite Project

Biodiesel - Make investment decision regarding the Biodiesel Projects

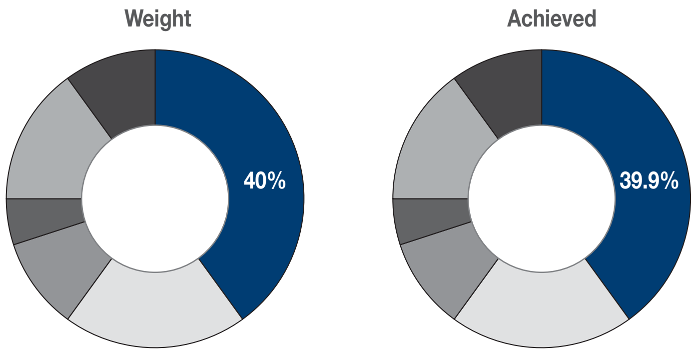
Deliverable requires making an investment decision. The decision was made by EXCO (Investment <R10m) not to progress due to feed stock supply concerns. The high price of cooking oil would be a risk for uninterrupted feedstock supply from Nola. Regulatory compliance such as attaining the EIA was not fully executed as it was dependent on EXCO approval of investment. (The objective to continue a strategic relationship with D1 Oils - The deliverable requires a "facilitation of the pilot project"). While an agreement with the NDA was facilitated, the bio fuels strategy prohibited the use of jatropha as feedstock. The future prospects for jatropha was formally placed under review and the project team did not want to expend further resources on research that fell within the domain of SANERI

Bio Ethanol - Make investment decision regarding Bio Ethanol Projects

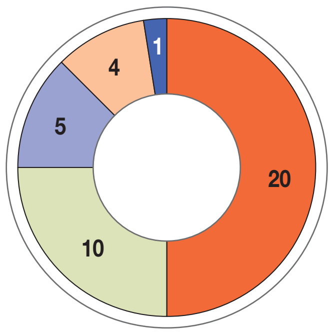
The deliverable required presentation of "Business and investment plan". This was done at EXCO meeting 25 February 2008. No board submission was required as no investment decision was made. The issue of demarcated lands and land restitution need clarification from NDA following cabinets' decision on bio fuels. The Hoedspruit sugar-based ethanol project - The deliverable required presentation of "business and investment plan for Board approval". An EXCO approval dated 25 February 2008 is noted. An investment case will only be taken to the Board once clarity is sought regarding the use of maize for potable alcohol production. Pondoland sugar cane/maize ethanol project - no need to progress as the project requires maize which was prohibited by a cabinet decision.

Partner with GTZ to identify feasible bio fuels projects in the SADC region

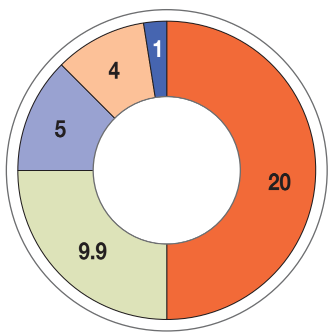
Funding Strategy



Weight of Objectives



Objectives Achieved



PERFORMANCE AGAINST OBJECTIVES CONTINUED

clean burning fuel

iGas, or the South African Gas Development Company, is mandated to act as the official State agency for the development of the hydrocarbon gas industry in Southern Africa.

Invest in alternative and cleaner energy technologies that will improve the quality of life for low income households through more affordable and safer resources

Illuminated Paraffin Pilot

Due to non-availability of safe stoves within RSA, the project was deferred with DME concurrence for execution in 2008. The final report and presentation results will only be completed post the 2008 pilot.

Solar Hybrid

Complete florescent lights investment 1

Strategic decision taken to work with Philips (challenge of competing brands).

Complete florescent lights investment 2

LPG

Basa Njengo Magogo (BnM)

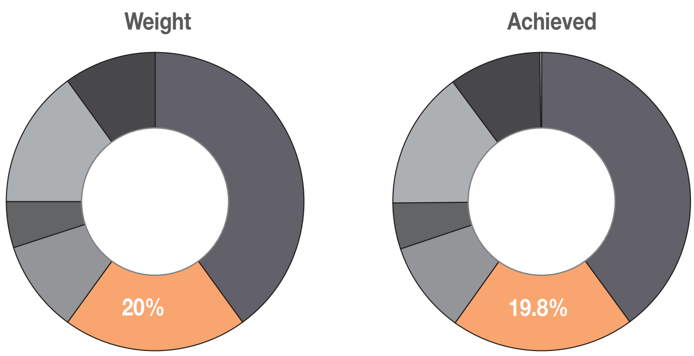
Jatropha pilot project

The deliverables required sourcing of funds for commercial trials. SANERI declined this request and EDC did not pursue further options due to cabinets' decision to prohibit the use of jatropha.

Secure additional resources for the purposes of evaluating EDC's mandate and awareness around renewable energy.

Establish internal CDM expertise

Implement the Solar Water Heating Project in collaboration with UNDP/GEF as per Ministerial Directive

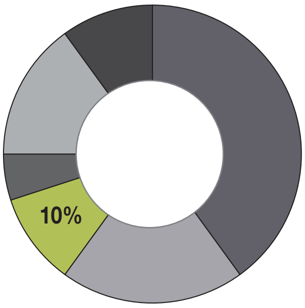


Weight of Objectives

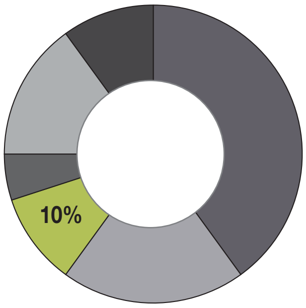
Objectives Achieved

Project implementation and management of investment in subsidiaries to ensure good governance and sustainability

Weight



Achieved



- Oversee final implementation of Bethlehem Hydro

CEF has withdrawn from this project due to strategic reasons.

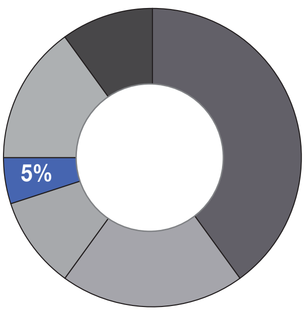
- Darling Wind Power
- Biotherm
- Johanna Solar PV

Weight of Objectives

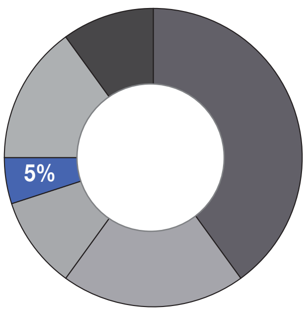
Objectives Achieved

Maintain Donor Collaborations: GTZ, NVE and FDA

Weight

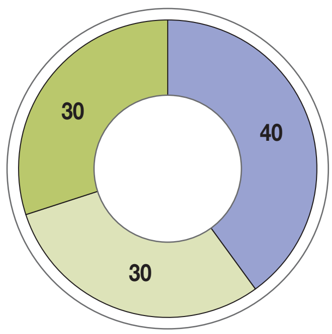


Achieved

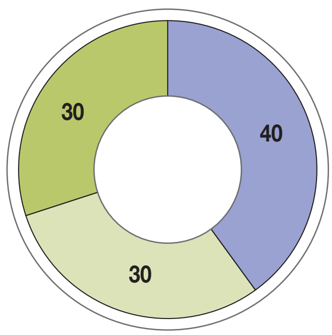


- GTZ
- NVE
- FDA

Weight of Objectives

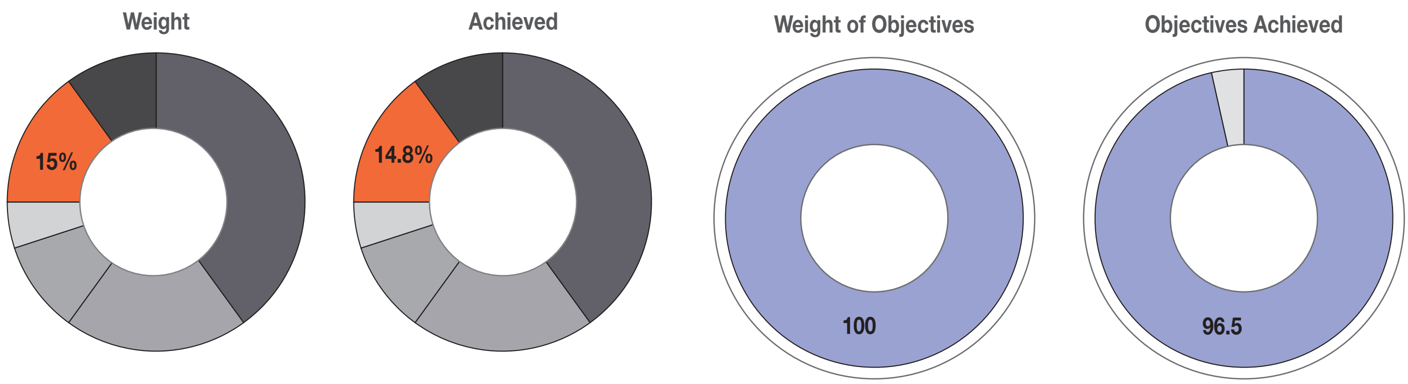


Objectives Achieved



PERFORMANCE AGAINST OBJECTIVES CONTINUED

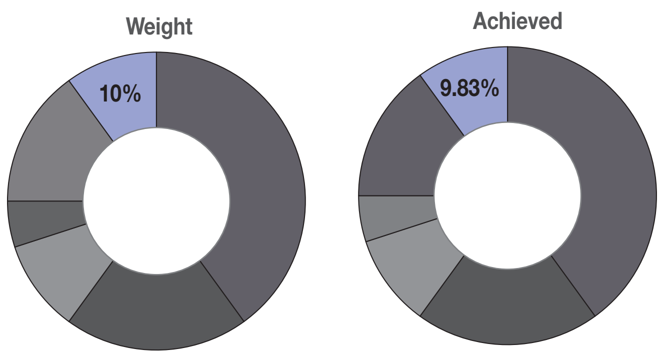
Participate on Board and other strategic relationships

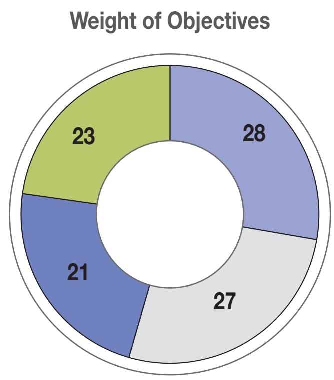


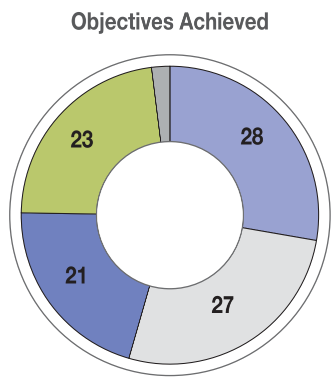
Ensure management of CEF investments

Certain projects did not meet the criteria, therefore no achievement.

Contribute 7.5 MW (395 GWH) towards the South Africa's Renewable Energy target of 10,000 GWH by 2013







Finalise Participation Agreements for 2 Commercial Projects (CEO - woodwaste and Promethium Carbon/Samancor off-gas project)

The deliverables refer to two projects namely, Promethium and CEO woodwaste. The promethium project has been delayed due to ESKOM's co-generation strategy that is still not finalised. ESKOM received tenders of 3 000MW against a call for 1 500MW. The promethium project is included in the 3 000MW applications and remains pending.

Identify 1 commercial Hydro project with NVE

Alton Landfill

Project file closed

NMBM Renewable power generation projects

REPORT OF THE DIRECTORS

social responsibility

CEF Chairperson's Fund makes large contributions to three Western Cape Universities for petroleum geology training. the State, through CEF and UTT, provide two-thirds of the funding for this programme.

1. Introduction

The directors present their annual report that forms part of the audited annual financial statements for the group for the year ended 31 March 2008.

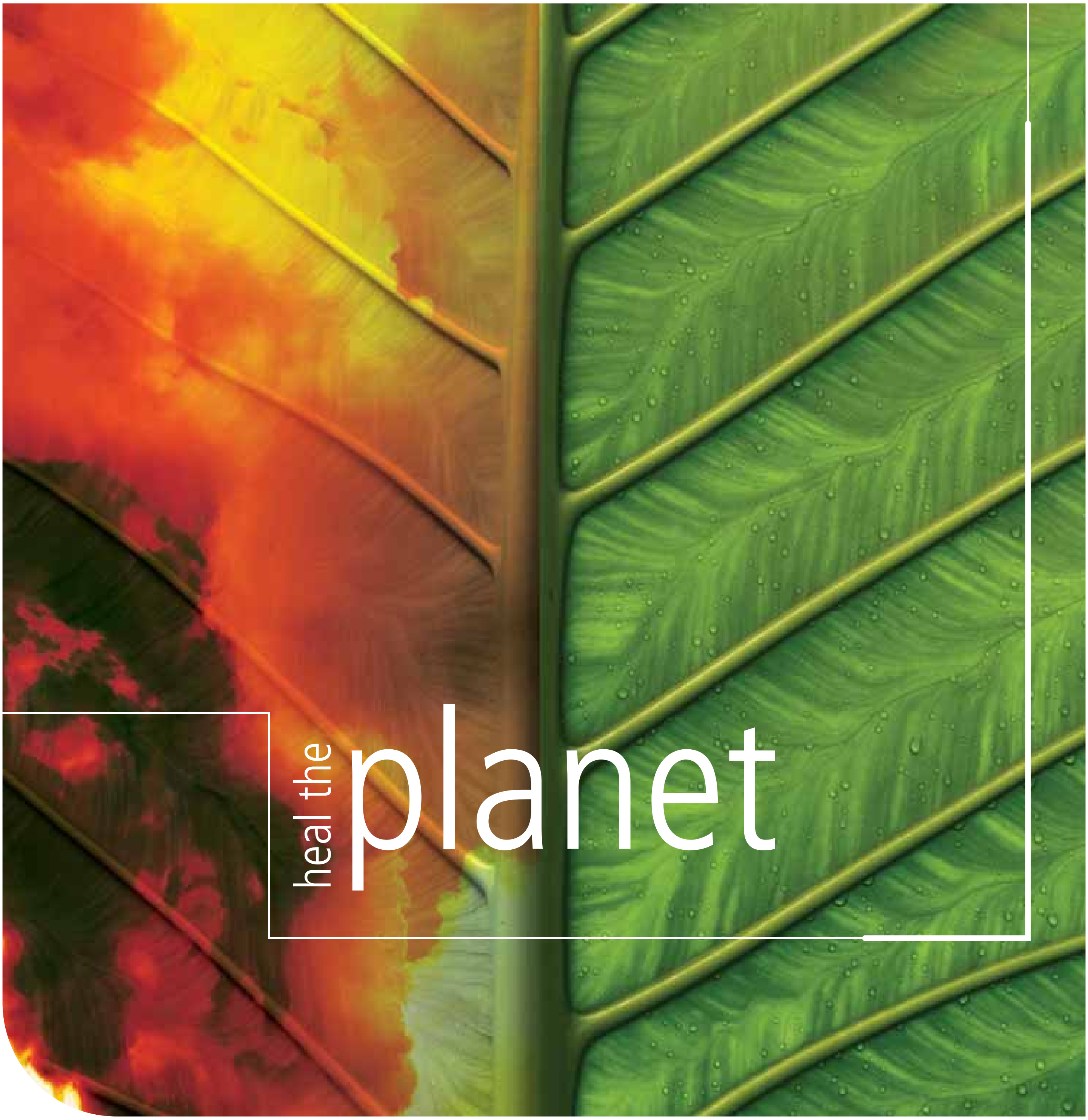
CEF is governed by the CEF Act and is listed as a public entity in schedule 2 of the PFMA.

The board of directors acts as the accounting authority in terms of the PFMA.

2. Directors

The directors of the company during the accounting period were as follows:

		Appointed	Re-appointed	Resigned
Ms B Mabuza	**Non-executive Chairperson**	**15 December 2003**	**29 January 2007**	
Mr N Gumede	Non-executive	1 July 2007		
Mr M Damane	**Executive**	**1 February 2007**		
Ms N Mazwai	Non-executive	28 July 2004	29 July 2007	11 February 2008
Dr Z Rustomjee	**Non-executive**	**1 July 2004**	**1 July 2007**	
Mr T Feketha	Non-executive	29 January 2007		18 July 2007
Dr P Molefe	**Non-executive**	**28 July 2004**	**29 July 2007**	
Mr Y Tenza	Non-executive	1 July 2007		
Ms P Zikalala	**Non-executive**	**2 August 2007**		
Ms O Mans	Executive	28 July 2004		29 January 2007
Mr M Mkhize	**Non-executive**	**25 October 2006**		**1 July 2007**
Mr M Masemola	Non-executive	25 October 2006		1 July 2007
Ms P Langeni	**Non-executive**	**1 July 2007**		**10 August 2007**
Mr A Nkuhlu *(alternate director to Dr P Molefe)*	Non-executive	28 July 2005		



integrated solutions

CEF Carbon offers an integrated Carbon solution to our clients. Through its existing project development capabilities, financial positions and existing Carbon Development Mechanism (CDM) projects, CEF is ideally placed to stimulate further growth in the CDM space in South Africa.

Y = Attended meeting
N = Did not attend meeting
A = Alternate attended meeting
N/A = Not a member at the date of meeting

legend

Attendance at meetings:

Number of meetings for the year - 5

Name	30/05/2007	26/07/2007	30/08/2007	27/11/2007	27/02/2008	No. meetings able to attend during the year
Ms B Mabuza	**Y**	**Y**	**Y**	**Y**	**Y**	**5**
Dr Z Rustomjee	Y	Y	N	Y	Y	4
Dr P Molefe	**Y**	**Y**	**N**	**Y**	**N**	**3**
Mr Y Tenza	N/A	Y	Y	Y	Y	4
Ms P Zikalala	**N/A**	**N/A**	**Y**	**Y**	**Y**	**3**
Mr M Damane	Y	Y	Y	Y	Y	5
Mr N Gumede	**N/A**	**Y**	**N**	**N**	**Y**	**2**
Ms N Mazwai	Y	N	N	N	N/A	1
Ms P Langeni	**N/A**	**Y**	**N/A**	**N/A**	**N/A**	**1**
Mr A Nkuhlu	N	N	N	N	N	0
Mr M Masemola	**Y**	**N/A**	**N/A**	**N/A**	**N/A**	**1**
Mr M Mkhize	Y	N/A	N/A	N/A	N/A	1
Mr T Feketha	**N**	**Y**	**N/A**	**N/A**	**N/A**	**1**
Ms O Mans	Y	Y	N/A	N/A	N/A	2

2.1. Board audit and risk management committee

The sub-committee consists of the following members:

Name		Appointed	Re-appointed	Resigned
Mr Y Tenza	**Non-executive Chairperson**	**1 August 2007** **27 February 2008**		
Ms K Mthimunye	Non-executive	15 February 2005	14 February 2008	
Mr R Boqo	**Non-executive**	**1 June 2006**		
Ms N Mazwai	Non-executive	18 November 2004	17 November 2007	11 February 2008
Mr J Molobela	**Non-executive**	**1 June 2006**		

Attendance at meetings:

Name	22/05/2007	23/07/2007	13/11/2007	21/02/2008	26/02/2008
Mr Y Tenza	**N/A**	**N/A**	**Y**	**Y**	**Y**
Ms K Mthimunye	Y	Y	Y	Y	Y
Ms N Mazwai	**N**	**N**	**Y**	**N/A**	**N/A**
Mr R Boqo	N	Y	Y	Y	Y
Mr J Molobela	**Y**	**Y**	**Y**	**Y**	**Y**

All of these members are non-executive directors or are independent.

This committee meets on a minimum of two occasions per annum. The head of the internal audit department, the external auditors and such members of management as are deemed necessary also attend these meetings. The committee is responsible for the internal controls and risk management of the company delegated to it by the board of directors. In order to meet its requirements it reviews the findings of both internal and external auditors. In addition it reviews important accounting issues, material pending litigation if applicable, company insurance, risk management and disclosure requirements in the annual financial statements.

The responsibilities of this sub-committee of the board of directors are set out in the report of the board audit and risk management committee which forms part of these annual financial statements.

REPORT OF THE DIRECTORS CONTINUED

2.2. Board human resources committee

This committee of the board of directors comprises the following members:

Name		Appointed	Re-appointed	Resigned
Ms B Mabuza	**Non-executive Chairperson**	1 February 2007		
Mr M Leshabane	Non-executive	25 April 2006		
Mr I Soules	**Non-executive**	**25 April 2006**		**24 May 2007**
Dr P Molefe	Non-executive	1 January 2008		

Attendance at meetings:

Name	24/05/2007	24/07/2007
Ms B Mabuza	**Y**	**Y**
Mr M Leshabane	Y	Y
Mr I Soules	**N/A**	**N/A**
Dr P Molefe	N/A	N/A

The board of directors has delegated its function of ensuring that employees are fairly rewarded in accordance with their contributions to the company's performance to this committee.

3. Secretary

The Company Secretary is Mr A Haffejee and his business and postal addresses are as follows:

Business address:
158 Jan Smuts Avenue
1st Floor
Rosebank
2196

Postal address:
P O Box 786141
Sandton
2146

4. Corporate strategy

CEF has continued with the development of its strategy in terms of the mandate issued to it in the form of a Ministerial Directive dated December 2003. The company focuses on the development of renewable and alternative energy technologies. These activities are largely driven through the EDC division of CEF which has a split commercial and developmental focus.

All entities in the Group review their corporate strategy on an annual basis and enter into shareholders compacts with their holding company. Performance against these compacts is monitored throughout the year.

In terms of a Ministerial Directive received during the 2004/5 financial year, SANERI was incorporated during the 2005/6 financial year as a wholly owned subsidiary of CEF.

During the 2005/6 financial year, CEF received a Ministerial Directive to form the National Energy Efficiency Agency as a division of CEF. Operations of this Agency was limited during the 2007/8 financial year as a result of funding challenges.

5. General review

The Group's business and operations and the results thereof are clearly reflected in the attached annual financial statements. No material fact or circumstance other than what is disclosed elsewhere in these annual financial statements has occurred between the accounting date and the date of this report.

There was no major change in the nature of the business.

5.1. Share capital

There were no changes in the authorised and issued share capital of company during the accounting period under review.

5.2. Significant changes in assets/ investments

Major capital expenditure was incurred by PetroSA South Coast Gas project to the value of R1 340 million (2007: R1 135 million).

EDC projects within CEF incurred capital expenditures of R18.3 million (2006:R31.2 million).

6. Principal activities of the company

The principal activity of CEF in terms of the Central Energy Fund Act, is to give effect to the objectives of the Central Energy Fund which, to quote the Act, are to finance and promote:

- the acquisition of coal, the exploitation of coal deposits, the manufacture of liquid fuel, oil and other products from coal, the marketing of the said products and any matter connected with the said acquisition, exploitation, manufacture and marketing;
- the acquisition, generation, manufacture, marketing or distribution of any other forms of energy and research connected therewith;
- any other object for which the fund may be applied, and which has been designated or approved by the said Minister with the concurrence of the Minister of Finance.

7. Operating results

The results of the Group's and the state of its affairs are set out in the attached group annual financial statements and do not, in our opinion, require further comment.

REPORT OF THE DIRECTORS CONTINUED

7.1. Revenue

	% Change	Group 2008 R'000	2007 R'000	% Change	Company 2008 R'000	2007 R'000
Crude oil sales and fuel production	23%	11 020 476	8 951 756	– %	–	–
Tank rentals	53%	173 426	113 661	– %	–	–
Royalties	(8)%	4 179	4 532	– %	–	–
Other	(27)%	21 598	29 693	– %	–	–
Gross revenue	23%	11 219 679	9 099 642	– %	–	–

The increase in revenues is due to the higher international oil prices. The average crude oil price for the year was $82.29/bbl against an average of $64.15/bbl in the previous year.

Due to volatile crude oil prices, demand for crude oil storage was high. This boosted tank rental revenues and the revenues of OPC due to increased demand for pollution control activities in Saldanha Bay.

7.2. Profit before taxation

	% Change	Group 2008 R'000	2007 R'000	% Change	Company 2008 R'000	2007 R'000
Net income before taxation	(8)%	3 090 487	3 352 705	(32)%	511 959	753 069
Taxation	169%	(926 044)	(343 672)	(102)%	(35 594)	(8 214)
	(28)%	2 164 443	3 009 033	(36)%	476 365	744 855

The profit of the Group after taxation was R2 164 million (2007: R3 009 million) and of the company, R476 million (2007 : R745 million).

The decrease in group profits can be largely attributed to the higher input costs which were negatively impacted by high crude oil prices and a weaker Rand.

Company profits have increased mainly as a result of the dividends declared by PetroSA.

8. Review of Operations

Summaries of the operating activities of CEF and its subsidiaries are given below as the full details are covered in the Chairperson's overview. In addition, information on special circumstances, financial matters and events are covered in this section and in the remainder of the directors' report.

8.1. EDC

During the financial year, the EDC division of CEF continued to assess renewable and alternative energy projects to identify a portfolio of such projects in which the company would like to invest.

Progress was made during the year on the following projects:

- Low smoke fuels/Torbanite
- Darling National Windfarm demonstration project
- Solar Water Heaters
- Ethanol
- Methcap
- Johanna Solar
- Safer Illuminating Paraffin
- Landfill gas

8.2. PetroSA

PetroSA's main activities during the year were as follows:

- The company Salima Petroleum Operating company was incorporated in Mauritius during the financial year, with PetroSA having the intention of holding 80% of its share capital with the Sudanese National Petroleum Company holding the remaining 20%. The share capital will be issued in the 2009 financial year.
- The production and marketing of synthetic fuels produced from the offshore gas and condensate at the gas-to-liquids (GTL) plant at Mossel Bay to the local market and high value chemicals internationally and
- The management of strategic crude oil stock and storage facilities on behalf of SFF.

The PetroSA group recorded a pre tax profit of R2 720 million (2007: R3 032 million). After taxation of R890 million (2007: R318 million) the income statement reflects a profit after tax of R1 830 million (2007: R2 714 million).

Overall group operating costs increased by 34%. This was mainly due to the purchase price of feedstock and reformate increasing due to the higher oil price and the weaker Rand.

An interim dividend of R220 million was declared and paid and a final dividend of R205 million was declared during the financial year.

8.3. SFF

The SFF group comprises of the following companies:

- SFF
- Klippoortje Koolmyne (Proprietary) Limited
- Mahne's Areas (Proprietary) Limited

The activities carried out by SFF during the year were:

- Provision of storage facilities
- Management of strategic oil reserves in accordance with Ministerial Directives
- Management of environmental liability and
- Mineral rights exploitation.

PetroSA manages the South African strategic inventory of crude oil on behalf of the State in terms of a management agreement between SFF and PetroSA.

OPC manages the Ogies facility and commercialisation of mineral rights on behalf of SFF in terms of a management agreement. All mineral rights exploitation within the CEF group will in future be managed by African Exploration.

The company made a profit of R239 million (2007: R199 million).

Ogies

At Ogies, all activities are related to pollution prevention and control.

Saldanha Bay

The strategic crude oil stocks are stored at the Saldanha Bay terminal. One of the tanks at the terminal is leased to a third party on a long-term basis. Saldanha Bay was approved as an export port for PetroSA's Sable crude. High volatility in the crude oil prices during the year led to an increased demand for storage space.

Milnerton

This tank has not been used to full capacity partly because of its location and the inability to bring in the VLCC to the Cape Town harbour. Management initiated the desludging of some of the tanks with a view to increasing the available storage capacity. This activity will be completed in the new financial year. Pre-feasibility studies were undertaken to identify the opportunities of converting most of the tanks to be able to store white-products. The future of this tank farm will be assessed taking into account the study on strategic stock policy that is driven by the DME.

8.4. iGas

A Ministerial Directive mandates iGas to act as the official agency for the development of the hydrocarbon gas industry. The main business of iGas is to promote the diversification of energy usage into hydrocarbon gas and enter into ventures which will facilitate the use of hydrocarbon gas in South Africa. The company's profit for the year amounted to R20 million (2007: R0.9 million loss). A R65 million dividend has been received from Rompco.

iGas has a 25% stake in Rompco.

8.5. Petroleum Agency SA

Petroleum Agency SA acts as the designated agent of the State in terms of the MPRDA and is responsible for promoting exploration for and exploitation of natural oil and gas, both onshore and offshore. The company maintains and analyses geological data relating to natural oil and gas, thus building up a national database of such information, as well as administering the Upstream Training Trust and the Continental Shelf Claim project.

The company's profit from ordinary activities after taxation amounted to R27.3 million (2007: R38.5 million).

8.6. African Exploration Mining and Finance Corporation (Proprietary) Limited

The company is mandated by the DME to acquire and hold all exploration and mineral rights in respect of all energy related and other minerals on behalf of the state and engage in the mining thereof.

The company recorded a loss of R0.6 million (2007: Rnil).

8.7. OPC

OPC is an oil pollution prevention and control company which currently operates in Saldanha Bay, Cape Town and Ogies. During the financial year OPC made an operating loss of R1.6 million (2007: R5.3 million profit).

8.8. SANERI

SANERI is a company that is involved with energy research.

SANERI made a profit for the year of R0.7 million (2007: R1.7 million).

8.9. Other subsidiaries of CEF

8.9.1. Cotec Patrade (Proprietary) Limited (Cotec Patrade)

The main business of Cotec Patrade is to be the holder of patents, trademarks and consumer rights. The company was dormant during the year.

8.9.2. Cotec Development (Proprietary) Limited (Cotec Development)

The main business of Cotec Development is the development of chemical processes and patents. The company has sold all but one of its patents to CEF. The company was dormant during the year.

9. Associate companies

9.1. Darling Wind Power (Proprietary) Limited

CEF has a 49% interest in Darling Wind Power (Proprietary) Limited. During the year significant progress was made in the construction of the wind farm. The project became operational on 23 May 2008.

9.2. Baniettor Mining (Proprietary) Limited

CEF has a 49% interest in Baniettor Mining (Proprietary) Limited. This associated company owns certain mineral rights which it has not commenced exploiting. The value of these rights cannot be determined and the company's interest, therefore, has been written down to nil.

9.3. Rompco

CEF through iGas has an effective 25% interest in the unlisted shares of Rompco. Rompco owns the natural gas pipeline. During the 2007/8 financial year Rompco declared a dividend of R65 million to iGas.

10. Transfer to the State

No transfer to the State was made in respect of the year ended 31 March 2008 (2007: RNil).

11. Materiality and significant framework

The criteria for Materiality and Significant Framework for the CEF group of companies is contained in the table below:

For purposes of material [as per PFMA sections 50(1) and 55(2)] and significant [as per PFMA section 54(2)] the following framework of acceptable levels was agreed with the Executive Authority in consultation with the Auditor General:

- Section 50(1) – Material facts to be disclosed to the Minister of Minerals and Energy are considered to be facts that may influence the decisions or actions of the Stakeholders of the Public Entity or the Group of companies.
- Section 55(2) – Disclosure of material losses in the Annual Financial Statements will be for all losses through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the year.
- Section 54(2) – The criteria to determine the level of significance was based upon the guiding principles as set out in the "Practice Note on applications under Section 54 of the PFMA no 1 of 1999 (as amended) by Public Entities" as published by National Treasury during 2006 subject to adjustments for any Section 54(4) exemptions. The significant rand level was determined as being 2% of Total Assets as follows:

PFMA REFERENCE	CEF (Proprietary) Limited	PetroSA	Petroleum Agency SA	iGas	OPC	SFF	SANERI
Public Entity's board approval levels	< R400 million	< R300 million	< R3 million	< R15 million	< R320 000	< R60 million	< R480 000
CEF Board to approve	< R400 million	> R300 million and < R400 million	> R3 million and < R400 million	> R15 million and < R400 million	> R 320 000 and < R400 million	> R60 million and < R400 million	> R480 000 and < R400 million
Obtain DME approval and inform National Treasury via the top-most holding company	>R400 million						

19

19 2008 Carbon Expo, Cologne.

12. Post balance sheet events

On 5 May 2008 PetroSA received a default judgemental for the amount of R952 579 against a former employee for the recovery of settlement amounts paid to Wesbank for outstanding vehicle loans. However PetroSA is not pursuing this judgemental currently as the former employee is involved in an arbitration matter with PetroSA.

On 16 May 2008 Sud-Chemie SA (Pty) Ltd exercised their call option in terms of the Shareholder Agreement to buy back the 30% investment that PetroSA holds in Sud-Chemie Zeolites (Pty) Ltd. This transaction will be concluded in the 2009 financial year.

13. Other activities administered by CEF

13.1. Equalisation Fund

This statutory fund is regulated by Ministerial Directives issued by the Minister of Minerals and Energy in concurrence with the Minister of Finance as laid down by the CEF Act. The company provides administrative and accounting services to the Fund.

13.2. Mine Health and Safety Council

CEF manages some of the cash resources of the Council.

13.3. SASDA

A Ministerial Directive was issued during the year instructing CEF to manage and finance the operations of the company.

13.4. The South African Petroleum Sector Policy Research and Capacity Development Phase II Fund (Norad Fund)

CEF manages the surplus cash and carries out the administration and accounting function of the Fund. This function is in the process of being handed over to the DME. It is anticipated that this will be completed during the next financial year.

14. Shareholder

The company is controlled by the Minister of Minerals and Energy. All shares are held by the State and are not transferable. This shareholding is in terms of the Central Energy Fund Act.

REPORT OF THE BOARD AUDIT & RISK MANAGEMENT COMMITTEE

board audit committee

The board audit and risk management committee has adopted appropriate formal terms of reference, which have been confirmed by the board, and has performed its responsibilities as set out in the terms of reference.

Responsibilities

In performing its responsibilities the board audit and risk management committee has reviewed the following:

- the effectiveness of the internal control systems;
- the effectiveness of the internal audit function;
- the risk areas of the Group's operations to be covered in the scope of the internal and external audits;
- the adequacy, reliability and accuracy of financial information provided to management and other users of such information;
- the accounting and auditing concerns identified as a result of the internal or external audits;
- the Group's compliance with applicable legal and regulatory provisions;
- the activities of the internal audit function, including its annual work programme, co-ordination with the external auditors, the reports of significant investigations and the responses of management to specific recommendations;
- the independence and objectivity of the external auditors;
- the scope and results of the external audit function, its cost-effectiveness, as well as independence and objectivity of the external auditors; and
- the adequacy of insurance cover.

The board audit and risk management committee is also responsible for:

- reporting to the Minister of Minerals and Energy and the Auditor-General where a report implicates any member(s) of the accounting authority in fraud, corruption or gross negligence;
- communicating any concerns it deems necessary to the Minister of Minerals and Energy and the Auditor-General;
- confirmation and approval of the internal audit department's charter and internal audit work plan;
- encouraging communication between members of the board, senior executive management, the internal audit department and the Auditor-General;
- conducting investigations within its terms of reference;
- concurring with the appointment and dismissal of the head of the internal audit department.

REPORT OF THE BOARD AUDIT & RISK MANAGEMENT COMMITTEE CONTINUED

Internal control system

The board audit and risk management committee is satisfied that internal controls and systems have been put in place and that these controls have functioned effectively during the period under review. The board audit and risk management committee considers the group's internal controls and systems appropriate in all material respects to:

- reduce the Group's risks to an acceptable level;
- meet the business objectives of the Group;
- ensure the Group's assets are adequately safeguarded;
- ensure that the transactions undertaken are recorded in the Group's records.

Annual financial statements

The board audit and risk management committee is of the opinion based on the information and explanations given by management and the internal audit department and discussions with the Auditor-General on the result of their audits, that the internal accounting controls are adequate to ensure that the financial records may be relied upon for preparing the annual financial statements, and accountability for assets and liabilities is maintained.

Nothing significant has come to the attention of the board audit and risk management committee to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the period under review.

The board audit and risk management committee has evaluated the annual financial statements of CEF (Proprietary) Limited and the CEF Group for the period ended 31 March 2008 and, based on the information provided to the board audit and risk management committee, considers that they comply, in all material respects, with the requirements of the Companies Act of South Africa, 61 of 1973, as amended, and the Public Finance Management Act, 1 of 1999, as amended, and South African Statements of Generally Accepted Accounting Practice. The board audit and risk management committee has therefore, at their meeting held on 28 July 2008, recommended the adoption of the annual financial statements by the board of directors.

Mr Y Tenza
Chairperson

28 July 2008

Mr J Molobela
Ms K Mthimunye
Mr R Boqo

COMPANY SECRETARY'S CERTIFICATE

company secretary

In my capacity as Company Secretary, I hereby confirm, except where otherwise mentioned in the annual financial statements, that for the year ended 31 March 2008, the company has lodged with the Registrar of Companies all such returns as are required of a company in terms of this act and that all such returns are to the best of my knowledge and belief, correct and up to date.

Mr A Haffejee

30 July 2008

BALANCE SHEET

AS AT 31 MARCH 2008

	Notes	Group 2008 R'000	Group 2007 R'000 Restated	Company 2008 R'000	Company 2007 R'000
ASSETS					
NON-CURRENT ASSETS		8 289 342	7 536 218	3 581 193	3 683 943
Property, plant and equipment	2	5 179 613	4 514 055	4 138	4 717
Intangible assets	3	90 576	93 584	9 222	12 558
Assets pending determination	4	71 291	54 793	-	-
Deferred tax asset	5	624	1 288	624	1 288
Investments in subsidiaries	6	-	-	3 499 030	3 614 365
Investments in associate companies	7	653 595	677 649	-	-
Strategic inventory	8	2 077 347	2 051 869	-	-
Loans receivable	9	133 407	82 028	-	-
Other investments	10	82 889	60 952	68 179	51 015
CURRENT ASSETS		21 484 553	17 677 672	3 115 148	2 707 137
Inventories	11	1 870 561	972 683	-	-
Trade and other receivables	12	2 658 422	1 698 726	59 704	25 128
Cash and cash equivalents	13	16 949 062	14 975 177	2 751 916	2 599 851
Current portion of long-term loans receivable	9	-	-	90 134	80 813
Dividends receivable		-	29 500	205 000	-
Forward exchange contracts	31	340	84	2 226	84
SARS income tax receivable	27	6 168	1 502	6 168	1 261
TOTAL ASSETS		29 773 895	25 213 890	6 696 341	6 391 080
EQUITY AND LIABILITIES					
CAPITAL AND RESERVES		21 025 030	18 842 507	5 375 523	4 899 158
Share capital	14	-	-	-	-
Foreign Currency Translation reserve	15	57 726	39 646	-	-
Retained earnings		20 967 304	18 802 861	5 375 523	4 899 158
NON-CURRENT LIABILITIES		4 846 834	4 063 060	1 161 306	1 310 899
Deferred tax liability	5	438 171	139 958	14 882	-
Amounts owing to group companies	16	-	-	748 774	767 852
Interest bearing borrowings	17	397 650	540 460	397 650	540 460
Provisions	18	4 011 013	3 382 642	-	2 587
CURRENT LIABILITIES		3 902 031	2 308 323	159 512	181 023
Bank overdraft	13	17 307	236 672	-	-
Current provisions	18	92 074	139 945	-	-
Current portion of interest bearing borrowings	17	119 817	134 040	119 817	134 040
Trade and other payables	20	2 589 666	1 258 281	37 562	45 135
SARS for income tax	27	1 081 108	537 537	-	-
Forward exchange contracts		247	1 848	2 133	1 848
Deferred income	21	1 812	-	-	-
TOTAL EQUITY AND LIABILITIES		29 773 895	25 213 890	6 696 341	6 391 080

INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2008

	Notes	Group 2008 R'000	Group 2007 R'000 Restated	Company 2008 R'000	Company 2007 R'000
Revenue	22	11 219 679	9 099 642	-	-
Cost of sales		7 901 372	6 133 327	-	-
Gross profit		3 318 307	2 966 315	-	-
Interest received	23	1 587 129	1 062 173	329 211	231 018
Profit on foreign exchange		1 414 336	827 953	-	-
Other income		663 930	720 542	23 300	9 019
Operating costs		(3 598 309)	(1 939 209)	(105 042)	(66 677)
Operating profit	24	3 385 393	3 637 774	247 469	173 360
Finance costs	25	(318 851)	(331 391)	(135 210)	(136 995)
Income from associates		40 945	46 322	-	-
Impairment of investments	26	(17 000)	-	(25 300)	26 704
Dividends received		-	-	425 000	690 000
Profit before taxation		3 090 487	3 352 705	511 959	753 069
Taxation	27	926 044	343 672	35 594	8 214
Profit after taxation		2 164 443	3 009 033	476 365	744 855

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2008

Group	Note	Share capital R'000	Foreign currency translation reserve R'000	Revaluation reserve R'000	Retained earnings R'000	Total R'000
Balance at 01 April 2006		-	32 802	-	15 873 785	15 906 587
Change in accounting policy/ Correction of prior period error			(265)		(79 956)	(80 221)
Restated balance			32 537		15 793 829	15 826 366
Net profit for the year					3 015 064	3 015 064
Foreign currency translation reserve			7 108			7 108
Balance at 01 April 2007		-	39 646	-	18 808 893	18 848 539
Prior year errors	35				(6 032)	(6 032)
Restated balance			39 646		18 802 861	18 842 507
Net profit for the year					2 164 443	2 164 443
Foreign currency translation reserve			18 080			18 080
Balance at 31 March 2008		-	57 726	-	20 967 304	21 025 030

Company	Share capital R'000	Foreign currency translation reserve R'000	Revaluation reserve R'000	Retained earnings R'000	Total R'000
Balance at 01 April 2006	-	-	-	5 921 852	5 921 843
Change in accounting policy				(1 767 550)	(1 767 550)
Net profit for the year		-		744 855	744 855
Balance at 01 April 2007	-	-	-	4 899 158	4 899 158
Net profit for the year				476 365	476 365
Balance at 31 March 2008	-	-	-	5 375 523	5 375 523

CEF (Pty) Ltd

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2008

	Notes	Group 2008 R'000	Group 2007 R'000 Restated	Company 2008 R'000	Company 2007 R'000
Operating activities		3 902 983	4 047 649	270 331	717 943
Cash receipts from customers	28.1	12 408 586	10 121 756	(218 808)	3 319
Cash paid to suppliers and employees	28.2	(9 685 619)	(6 846 200)	(104 907)	(59 885)
Cash generated by/(utilised in) operations	28.3	2 722 967	3 275 556	(323 715)	(56 566)
Interest received	23	1 587 129	1 062 173	329 211	231 018
Interest paid	25	(318 851)	(331 391)	(135 210)	(136 995)
Dividends received		-	-	425 000	690 000
Taxation (paid)/refunded	27.3	(88 262)	41 311	(24 955)	(9 514)
Investing activities		(1 571 266)	(1 324 667)	69 227	(298 641)
Property, plant and equipment acquired		(1 572 372)	(1 244 654)	(1 218)	(1 787)
Intangible assets acquired		(1 229)	(8 993)	(355)	(795)
Proceeds on disposals of property, plant and equipment		218	217	-	477
Expenditure for expansion					
Subsidiaries (acquired)/disposed of	28.4	-	-	87 964	(263 596)
Investment in associates	28.4	24 054	(22 265)	-	-
Other investments		(21 937)	(48 972)	(17 164)	(32 940)
Financing activities		(196 920)	(5 339)	(183 354)	(49 314)
Loans (repaid)/ raised		(128 541)	14 385	(157 033)	(60 083)
Payments (made) / received on loans		(51 379)	(19 724)	(9 321)	10 769
Loans to associates	28.4	(17 000)	-	(17 000)	-
Increase in cash and cash equivalents		2 134 797	2 717 643	156 204	369 988
Effects of exchange rate changes		58 453	(206 263)	(4 139)	14 817
Cash and cash equivalents at beginning of the year		14 738 505	12 227 125	2 599 851	2 215 046
Cash and cash equivalents at end of the year	28.5	16 931 755	14 738 505	2 751 916	2 599 851

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2008

1. Accounting policies

The following are the principal accounting policies used by the Group which are consistent in all material respects with those of the previous year, except as otherwise stated.

1.1. Basis of preparation

Accounting Framework

The Group and company annual financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice and the Companies Act of South Africa.

In the case of oil and gas exploration activities, where no specific guidance is given by these statements, internationally accepted practice is followed in respect of the basis of accounting used and the disclosure made.

The annual financial statements are prepared on the historical cost basis except as modified by the revaluation or impairment of certain assets.

The following are the principal accounting policies used by the Group which are consistent in all material respects with those of the previous year, except as otherwise stated.

These annual financial statements are presented in South African Rands. Rounding is to the nearest Rand in Thousands.

1.2. Underlying concepts

The annual financial statements are prepared on the going concern basis using accrual accounting.

Assets and liabilities and income and expenses are not offset unless specifically permitted by an accounting standard.

Financial assets and financial liabilities are offset and the net amount reported only when a legally enforceable right to set off the amounts exists and the intention is either to settle on a net basis or to realise the asset and settle the liability simultaneously. Changes in accounting policies are accounted for in accordance with the transitional provisions in the standards. If no such guidance is given, they are applied retrospectively, unless it is impracticable to do so, in which case they are applied prospectively. Changes in accounting estimates are recognised prospectively in profit or loss.

The consolidated annual financial statements incorporate the annual financial statements of the entity and enterprises controlled by the entity at 31 March each year. Control is achieved where the entity has the power to govern the financial and operating policies of an investee enterprise so as to obtain benefits from its activities.

On acquisition, the assets and liabilities of the relevant subsidiaries are measured at their fair values at the effective date of acquisition. Where necessary, adjustments are made to the annual financial statements of subsidiaries to bring the accounting policies used in line with the Group accounting policies.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All significant inter-entity transactions, unrealised profit and losses and balances between group enterprises are eliminated on consolidation.

The most recent audited annual financial statements of associates, joint ventures and subsidiaries are used where available, which are all within three months of the year-end of the Group. Adjustments are made to the financial results for material transactions and events in the intervening period. Losses in excess of the Group's interest are not recognised unless there is a binding obligation to contribute to the losses.

1.3. Recognition of assets and liabilities

Assets are only recognised if they meet the definition of an asset, it is probable that future economic benefits associated with the asset will flow to the Group and the cost or fair value can be measured reliably.

Liabilities are only recognised if they meet the definition of a liability, it is probable that future economic benefits associated with the liability will flow from the entity and the cost or fair value can be measured reliably.

Financial instruments are recognised when the entity becomes a party to the contractual provisions of the instrument. Financial assets and liabilities as a result of firm commitments are only recognised when one of the parties has performed under the contract.

Regular way purchases and sales are recognised using trade date accounting.

1.4. Derecognition of assets and liabilities

Financial assets are derecognised when the contractual rights to receive cash flows have been transferred or have expired or when substantially all the risks and rewards of ownership have passed.

All other assets are derecognised on disposal or when no future economic benefits are expected from their use.

Financial liabilities are derecognised when the relevant obligation has either been discharged or cancelled or has expired.

1.5. Translation of foreign currencies

The functional currency of each entity within the group is determined based on the currency of the primary economic environment in which that entity operates. Transactions in currencies other than the entity's functional currency are recognised at the rates of exchange ruling on the date of the transaction. Monetary assets and liabilities denominated in such currencies are translated at the rates ruling at the balance sheet date.

Gains and losses arising on exchange differences are recognised in profit or loss.

The annual financial statements of entities within the group whose functional currencies are different to the group's presentation currency, which is South African Rand, are translated as follows:

- Assets, including goodwill, and liabilities at exchange rates ruling on the balance sheet date.
- Income items, expense items and cash flows at the average exchange rates for the period.
- Equity items at the exchange rate ruling when they arose.

Resulting exchange differences are classified as a foreign currency translation reserve and recognised directly in equity. On disposal of such a business unit, this reserve is recognised in profit or loss.

1.5.1. Transactions

Foreign currency transactions are recognised, initially in Rand by applying the foreign currency amount to the exchange rate between the Rand and the foreign currency at the date of the transaction, and is restated at each reporting date by using the ruling exchange rate at that date.

1.5.2. Balance Sheet

At each balance sheet date:

(a) foreign currency monetary items are measured using the closing rate,

(b) non monetary items, which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction, and

(c) non monetary items which are carried at fair value denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

1.5.3. Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting a company's monetary items at rates different from those at which they were initially recorded during the period, or reported in previous annual financial statements, are recognised as income or expenses in the period in which they arise. Exchange differences are capitalised where they relate to the purchase or construction of property, plant and equipment.

1.6. Post-balance sheet events

Recognised amounts in the annual financial statements are adjusted to reflect events arising after the balance sheet date that provide evidence of conditions that existed at the balance sheet date. Events after the balance sheet that are indicative of conditions that arose after the balance sheet date are dealt with by way of a note.

1.7. Comparative figures

Comparative figures are restated in the event of a change in accounting policy or prior period error.

1.8. Interest in subsidiaries

The consolidated annual financial statements incorporate the assets, liabilities, income, expenses and cash flows of the company and all entities controlled by the company as if they are a single economic entity. Control is achieved where the company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the date of acquisition or up to the date of disposal.

Inter-company transactions and balances between group entities are eliminated on consolidation.

Minority interests in the net assets of consolidated subsidiaries are shown separately from the group equity therein. It consists of the amount of those interests at acquisition plus the minorities subsequent share of changes in equity of the subsidiary. On acquisition the minorities interest is measured at the proportion of the pre-acquisition fair values of the identifiable assets and liabilities acquired. Losses applicable to minorities in excess of its interest in the subsidiaries equity are allocated against the Group's interest except to the extent that the minorities have a binding obligation and the financial ability to cover losses.

1.9. Interest in associates

The consolidated annual financial statements incorporate the assets, liabilities, income and expenses of associates using the equity method of accounting, applying the Group's accounting policies, from the acquisition date to the disposal date. The most recent audited annual financial statements of associates are used where available, which are all within three months of the year-end of the Group. Adjustments are made to the associates' financial results for material transactions and events in the intervening period. Losses of associates in excess of the Group's interest are not recognised unless there is a binding obligation to contribute to the losses.

Where a Group entity transacts with an associate of the group, unrealised profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

1.10. Interest in joint ventures

The Group's interest in its joint venture is accounted for by proportionate consolidation, which involves recognising a proportionate share of the joint venture's assets, liabilities, income and expenses with similar items in the consolidated annual financial statements on a line-by-line basis.

The most recent audited annual financial statements of joint ventures are used where available, which are all within three months of the year-end of the Group. Adjustments are made to the joint venture's financial results for material transactions and events in the intervening period. Losses of joint ventures in excess of the Group's interest are not recognised unless there is a binding obligation to contribute to the losses.

Where a Group entity transacts with a jointly controlled entity of the Group, unrealised profits and losses are eliminated to the extent of the Group's interest in the jointly controlled entity.

1.11. Property, plant and equipment

Property, plant and equipment represents tangible items that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and are expected to be used during more than one period.

1.11.1. Carrying amount

All property, plant and equipment are stated at historical cost less accumulated depreciation and impairment, except for land which is carried at cost less impairment.

1.11.2. Cost

Cost includes all costs directly attributable to bringing the assets to working condition for their intended use. Improvements are capitalised. Minor items of machinery, plant and equipment are expensed directly against income. Maintenance, repairs and renewals which neither materially add to the value of assets nor appreciably prolong their useful lives are charged against income.

Finance costs directly associated with the construction or acquisition of major assets are capitalised at interest rates relating to loans specifically raised for that purpose, or at the average borrowing rate where the general pool of borrowings are utilised.

1.11.3. Impairment

The carrying amounts of property, plant and equipment are reviewed annually for impairment. If such indication exists and where the carrying amount exceeds the estimated recoverable amount, the assets are written down to their recoverable amount. Impairment losses are recognised in the profit and loss.

The recoverable amount of property, plant and equipment is the greater of fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that other standard.

1.11.4. Disposals

Gains or losses on disposal of property, plant and equipment are determined as the difference between sale proceeds and the carrying amount of the asset, and is recognised in profit or loss.

1.11.5. Depreciation

Depreciation is charged so as to write off the depreciable amount of the assets, other than land, over their estimated useful lives to estimated residual values, using the straight line method to write off the cost of each asset that reflects the pattern in which the asset's future economic benefits are expected to be consumed by the entity.

Where significant parts of an item have different useful lives to the item itself, these parts are depreciated over their estimated useful lives.

The useful life of the assets was reviewed during the year and that resulted in the change of accounting estimates. The following methods and rates were used during the year to depreciate property, plant and equipment to estimated residual values:

Production assets	5 - 40 years
Exploration equipment	3 - 8 years
Furniture, fittings and communication equipment	2 - 10 years
Computer equipment	3 years
Mainframe software	3 - 14 years
Motor vehicles	4 - 5 years
Office equipment	6 - 10 years
Drilling rig	13 years
Plant and equipment	6 - 10 years
Fire fighting, security and operating equipment	5 - 10 years
Laboratory and pharmaceutical equipment	5 years
Oil pollution equipment	5-20 years
Land	not depreciated
Buildings	40 years

Improvements to leased premises are written off over the period of the lease.

1.11.6. Production assets (Oil and gas fields)

Under the recognition principle the group/entity recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if the recognition criteria are met. The carrying amount of those parts that are replaced is derecognised in accordance with the derecognition provisions.

Production assets that represent the capitalised share of total expenditure on the exploration, appraisal and development of oil and gas fields are depreciated at rates appropriate to their expected useful life. This applies from the date production commences, on a unit of production basis, using the proved and probable developed reserves recoverable from these fields.

The carrying amounts in respect of each field (reservoir) is reviewed for impairment at each balance sheet date. For evaluated fields, the net capitalised costs are compared to the estimated net revenues to be derived from the related proved and probable reserves of oil and gas within that field. Evaluated fields and other assets for which carrying amounts are not expected to be fully recovered are written down to their recoverable value.

1.12. Restoration expenditure of oil and gas wells

Estimated decommissioning and restoration costs are based on current requirements, technology and price levels. Provision is made for all net estimated abandonment costs as soon as a legal obligation to rehabilitate the area exists based on the present value of the future estimated costs. These costs are deferred and are depreciated over the useful life of the assets to which they relate using the unit of production method based on the same reserve quantities as are used for the calculation of depletion of oil and gas production assets.

An additional abandonment provision charge will be made to income annually, based on the risk free rate of return. Changes in estimates of reserve quantities and abandonment costs are recognised prospectively.

1.13. Exploration and development of oil and gas wells

The "successful efforts" principle is used to account for oil and gas exploration and evaluation activities.

1.13.1. Pre-licensing costs

These are costs incurred prior to the acquisition of a legal right to explore for oil and gas. They may include speculative seismic data and subsequent geological and geophysical analysis of this data, but may not be exclusive to such costs. If such analysis suggests the presence of reserves, then the costs are capitalised to an identified structure (field or reservoir), however if the analysis is not definitive then these costs are expensed in the year they are incurred.

1.13.2. Exploration and evaluation costs

All costs relating to the acquisition of licenses, exploration and evaluation of a well; field or exploration area are capitalised and reflected as an intangible asset; if potential reserves are discovered.

1.13.3. Assets pending determination

Exploratory wells that discover potentially commercial reserves are capitalised pending a decision to further develop or a firm plan to develop has been made. These wells may remain capitalised for three years, thereafter if no such plan or development exists these costs will be expensed in the profit or loss of that year. If a plan to develop exists, the cost is transferred to development costs.

1.13.4. Development costs

Costs of development wells, platforms, well equipment and attendant production facilities are capitalised. The cost of production facilities capitalised includes finance costs incurred until the production facility is completed and ready for the start of the production phase. All development wells are not depreciated until production starts and then they are depreciated on the Units of Production method calculated using the estimated proven reserves.

1.13.5. Dry wells

Geological and geophysical costs, as well as all other costs relating to dry exploratory wells costs are recognised in the profit and loss in the year they are incurred.

1.14. Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance.

Intangible assets are initially recognised at cost if acquired separately or internally generated or at fair value if acquired as part of a business combination. If assessed as having an indefinite useful life, the intangible asset is not amortised but tested for impairment annually and impaired if necessary. If assessed as having a finite useful life, it is amortised over its useful life using a straight-line basis and tested for impairment if there is an indication that it may be impaired.

Research costs are recognised in profit or loss when incurred.

Development costs are capitalised only when and if it results in an asset that can be identified, it is probable that the asset will generate future economic benefits and the development costs can be reliably measured. Otherwise it is recognised in profit or loss.

1.15. Leases

Classification

Leases are classified as operating leases at the inception of the lease. The Group and company do not have any finance leases.

In the capacity of a lessor

Amounts due from a lessee under a finance lease are recognised as receivables at the amount of the net investment in the lease, which includes initial direct costs. Where assets are leased by a manufacturer or dealer, the initial direct costs are recognised in profit or loss. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease or another basis if more representative of the time pattern of the user's benefit.

Contingent rentals are recognised in profit or loss as they accrue.

In the capacity of a lessee

Finance leases are recognised as assets and liabilities at the lower of the fair value of the asset and the present value of the minimum lease payments at the date of acquisition. Finance costs represent the difference between the total leasing commitments and the fair value of the assets acquired. Finance costs are charged to profit or loss over the term of the lease at interest rates applicable to the lease on the remaining balance of the obligations.

Operating lease payments are recognised in profit or loss on a straight-line basis over the term of the relevant lease except where another systematic basis is more representative of the time pattern of the user's benefit.

Contingent rentals are recognised in profit or loss as they accrue.

1.16. Strategic inventory

Strategic crude oil is measured at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes transport and handling costs. In arriving at the net realisable value account is taken of unpumpable crude oil and the crude oil sludge formed at the bottom of the tanks which cannot be removed if the tanks are used for storage and not trading.

1.17. Inventories

1.17.1. Trading inventory

Finished and intermediate inventory is valued at the lower of cost and net realisable value according to the weighted average method. Cost includes production expenditure, depreciation and a proportion of triennial turnaround expenses and replacement of catalysts, as well as transport and handling costs. No account has been taken of the value of raw materials and work in progress prior to it reaching intermediate storage tanks. In arriving at net realisable value, provision is made for obsolete, slow moving and defective inventories.

1.17.2. Spares, catalysts and chemicals

These inventories are measured at the lower of cost, using the weighted average basis less appropriate provision for obsolescence in arriving at the net realisable value.

1.18. Financial instruments

1.18.1. Categories of financial assets and financial liabilities

The carrying amounts of each of the following categories either on the face of the balance sheet or in the notes:

- Financial assets at fair value through profit or loss
- Loans and receivables
- Financial liabilities measured at amortised cost

1.18.2. Recognition

Derivatives are entered into for the primary purpose of reducing exposure to fluctuations in foreign exchange rates and to manage the Group's exposure to changes in commodity prices. Financial instruments recognised on the balance sheet include cash and cash equivalents, trade receivables, investments, trade payables, borrowings and derivatives. These instruments are recognised at fair value, except for fixed maturity investments such as debts and loans. Financial liabilities are recognised at the original debt less principal repayments and amortisation, other than trade creditors which are measured at fair value.

Financial instruments at fair value through profit or loss

The group and company have designated financial assets and liabilities at fair value through profit or loss when either:

- the assets or liabilities are managed, evaluated and reported internally on a fair value basis;
- the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise; or
- the assets or liabilities contain an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract and has to be separately disclosed and fair-valued through profit or loss.

All of the Group and company's financial instruments designated as at fair-value through profit or loss were designated as such as it is believed that the designation significantly reduces an accounting mismatch which would otherwise arise.

1.18.3. Financial assets

The Group's principal financial assets are investments and loans, accounts receivable and cash and cash equivalents.

Investments:

The following categories of investments are measured at subsequent reporting dates at amortised cost by using the effective interest rate method if they have a fixed maturity, or at cost if there is no fixed maturity:

(a) Loans and receivables originated by the Group;

(b) Held-to-maturity investments;

Cost and amortised cost are inclusive of any impairment loss recognised to reflect irrecoverable amounts. The financial assets are subject to review for impairment at each balance sheet date.

Investments other than those listed above are classified as available-for-sale investments or investments held-for-trading and are measured at subsequent reporting dates at fair value without any deduction for transaction costs that may be incurred on sale or other disposal.

Trade and other receivables

Trade and other receivables, are classified as receivables and are subsequently measured at amortised cost less provision for doubtful debts. Write-down of these assets are expensed in profit or loss.

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call, and investments in money market instruments , net of bank overdrafts, all of which are available for use by company unless otherwise stated. The carrying amount of these assets approximate their fair value.

For the purposes of the consolidated Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts, all of which are available for use by the Group unless otherwise stated.

1.18.4. Financial liabilities

The Group's principal financial liabilities are interest bearing borrowings and accounts payable.

All financial liabilities are measured at amortised cost, comprising original debt less principal payments and amortisations, except for financial liabilities held-for-trading and derivative liabilities, which are subsequently measured at fair value.

Interest-bearing loans and borrowings

After initial recognition, interest-bearing loans and borrowings, are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any transaction costs, and any discount or premium on settlement.

Gains and losses are recognised in the income statement when the liabilities are derecognised, as well as through the amortisation process.

Trade and other payables

All financial liabilities are measured at amortised cost, comprising original debt less principle payments and amortisation's.

1.18.5. Impairment and uncollectability of financial assets

An assessment is made at each balance sheet date to determine whether there is objective evidence that a financial asset or group of financial assets may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and an impairment loss is recognised for the difference between the recoverable amount and the carrying amount as follows:

For financial assets held at either cost or amortised cost - the carrying amount of the asset is reduced to its undiscounted estimated recoverable amount either directly or through the use of an allowance account and the amount of the loss is recognised in the income statement for the period; and

For financial assets at fair value - where a loss has been recognised directly in equity as a result of the write-down of the asset to recoverable amount, the cumulative net loss recognised in equity is transferred to the income statement for the period.

1.18.6. Gains and losses on subsequent measurement

Gains and losses arising from the re-measurement of the hedged item are recognised in profit or loss. Gains and losses arising from the re-measurement to fair value of financial assets held for trading are recognised in profit or loss.

Gains and losses arising from a change in the fair value of financial instruments that are not part of a hedging relationship, other than available-for-sale financial assets, are included in profit or loss in the period in which it arises. Gains and losses arising from a change in the fair value of available-for-sale financial assets are recognised in equity, until the investment is disposed of or is determined to be impaired, at which time the net profit or loss is included in the profit or loss for the period.

1.18.7. Derecognition

Financial assets or parts thereof are derecognised when the contractual rights to receive cash flows have been transferred or have expired or if substantially all the risks and rewards of ownership have passed. Where all the risks and rewards of ownership have not been transferred or retained, the financial assets are derecognised if they are no longer controlled. However, if control in this situation is retained, the financial assets are recognised only to the extent of the continuing involvement in those assets.

All other assets are derecognised on disposal or when no future economic benefits are expected from their use or on disposal.

Financial liabilities are derecognised when the relevant obligation has either been discharged or cancelled, or has expired. On derecognition, the difference between the carrying amount of the financial liability, including related unamortised costs, and the amount paid for it is included in net profit or loss for the period.

1.18.8. Fair value considerations

The fair values at which financial instruments are carried at the balance sheet date have been determined using available market prices. Where market values are not available, fair values have been calculated by discounting expected future cash flows at prevailing interest rates. The fair values have been estimated using available market information and appropriate valuation methodologies. The carrying amounts of financial assets and financial liabilities with a maturity of less than one year are assumed to approximate their fair values due to the short-term trading cycle of these items.

When the hedged firm commitment results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses that had previously been recognised in equity are included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability. For all other cash flow hedges, the gains or losses that are recognised in equity are transferred to the income statement in the same period in which the hedged firm commitment affects the net profit and loss, for example when the future sale actually occurs.

1.19. Post-employment benefit costs

1.19.1. Defined contribution costs

The group contributions to a defined contribution plan in respect of service in a particular period are recognised as an expense in that period. The group contributes to a number of defined contribution benefit plans for its staff. The majority of staff are provided for under at least one of these plans. Previously the group provided a defined benefit plan to all staff. Those staff not provided for under the defined contribution plan are those who elected to remain on the old plan.

1.19.2. Defined benefit costs

Current service costs in respect of defined benefit plans are recognised as an expense in the current period.

Past service costs, experience adjustments, the effects of changes in actuarial assumptions and the effects of plan amendments in respect of existing employees in a defined benefit plan are recognised in profit and loss systematically over the remaining work lives of those employees (except in the case of shorter plan amendments where the use of a shorter time period is necessary to reflect the economic benefits by the entity).

The effects of plan amendments in respect of retired employees in a benefit plan are measured as the present value of the effect of the amended benefits, and are recognised as an expense or as income in the period in which the plan amendment is made.

The cost of providing retirement benefits under a defined benefit plan is determined using a projected unit credit valuation method. Valuations are conducted every three years and interim adjustments to those valuations are made annually.

The full actuarial gains and losses are recognised in profit and loss.

1.19.3. Post-retirement medical benefits

Some group companies provide post-retirement health care benefits to their retirees. The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment, using a projected credit method similar to that for defined benefit pension plans. Valuations of these obligations are carried out by independent qualified actuaries.

1.20. Provisions

Provisions represent liabilities of uncertain timing or amounts.

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

Provisions are measured at the expenditure required to settle the present obligation. Where the effect of discounting is material, provisions are measured at their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks for which future cash flow estimates have not been adjusted.

1.21. Environmental liabilities

The Group is responsible for environmental expenditure and rehabilitation relating to its operations, as well as for assets it manages on behalf of the State. Provision for the cost of environmental and other remedial work such as reclamation costs, close down, restoration costs and pollution control is made when such expenditure is probable and the cost can be estimated within a reasonable range of possible outcomes.

1.22. Revenue recognition

Revenue is measured at the amount received or receivable. VAT, cash discounts and rebates are excluded from revenue.

Revenue from the rendering of services is measured using the stage of completion method based on the services performed to date as a percentage of the total services to be performed. Revenue from the rendering of services is recognised when the amount of the revenue, the related costs and the stage of completion can be measured reliably and when it is probable that the debtor will pay for the services.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods are transferred, when delivery has been made and title has passed, when the amount of the revenue and the related costs can be reliably measured and when it is probable that the debtor will pay for the goods.

Revenue from royalties is recognised on the accrual basis in accordance with the substance of the relevant agreements.

Revenue from license fees is recognised on an accrual basis in accordance with the substance of the relevant agreement.

Dividend income from investments is recognised when the shareholders right to receive payment has been established.

Interest income is accrued on a time basis by reference to the principal outstanding and at the interest rate applicable.

1.23. Cost of sales

When inventories are sold, the carrying amount is recognised as part of cost of sales. Any write-down of inventories to net realisable value and all losses of inventories or reversals of previous write-downs or losses are recognised in cost of sales in the period the write-down, loss or reversal occurs.

1.24. Income from investments

Interest income is accrued on a time basis by reference to the principal outstanding and at the interest rate applicable.

Dividend income from investments is recognised when the shareholders' right to receive payment has been established.

1.25. Taxation

The charge for current tax is based on the results for the year as adjusted for income that is exempt and expenses that are not deductible using tax rates that are applicable to the taxable income. Deferred tax is recognised for all temporary differences, unless specifically exempt, at the tax rates that have been enacted or substantially enacted at the balance sheet date.

1.25.1. Deferred Tax Assets

A deferred tax asset is only recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised, unless specifically exempt. It is measured at the tax rates that have been enacted or substantially enacted at balance sheet date.

1.25.2. Deferred Tax Liability

A deferred tax liability is recognised for taxable temporary differences, unless specifically exempt, at the tax rates that have been enacted or substantially enacted at the balance sheet date.

Deferred tax arising on investments in subsidiaries, associates and joint ventures is recognised except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Some of the income of the Group is earned from the State and is exempt from tax.

1.26. Finance costs

Interest costs incurred on financing of major projects are capitalised until the project is substantially completed or ready for its intended use.

Other finance costs are recognised as an expense when incurred.

1.27. Irregular and fruitless and wasteful expenditure

Irregular expenditure means expenditure incurred in contravention of, or not in accordance with, a requirement of any applicable legislation, including:

- The PFMA, or
- Any provisional legislation providing for procurement procedures in that provincial government.

Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised.

All irregular and fruitless and wasteful expenditure is charged against income in the period in which it is incurred.

1.28. Government grants

Government grants are recorded as deferred income when they become receivable and are then recognised as income on a systematic basis over the period necessary to match the grants with the related costs which they are intended to compensate.

1.29. Key assumptions made by management in applying accounting policies

The following key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year if the assumption or estimation changes significantly:

Going concern

Management considers key financial metrics and loan covenant compliance in its approved medium-term budgets, together with its existing term facilities, to conclude that the going concern assumption used in the compiling of its annual financial statements, is relevant.

Environmental and decommissioning provision

Provision is made for environmental and decommissioning costs where either a legal or constructive obligation is recognised as a result of past events. Estimates are made in determining the present obligation of environmental and decommissioning provisions, which include the actual estimate, the discount rate used and the expected date of closure of mining activities in determining the present value of environmental and decommissioning provisions. Estimates are based upon costs that are regularly reviewed, by internal and external experts, and adjusted as appropriate for new circumstances.

Other provisions

For other provisions, estimates are made of legal or constructive obligations resulting in the raising of provisions, and the expected date of probable outflow of economic benefits to assess whether the provision should be discounted.

Impairments and impairment reversals

Impairment tests are performed when there is an indication of impairment of assets or a reversal of previous impairments of assets. Management therefore has implemented certain impairment indicators and these include movements in exchange rates, commodity prices and the economic environment its businesses operate in. Estimates are made in determining the recoverable amount of assets which include the estimation of cash flows and discount rates used. In estimating the cash flows, management base cash flow projections on reasonable and supportable assumptions that represent managements' best estimate of the range of economic conditions that will exist over the remaining useful life of the assets, based on publicly available information. The discount rates used are pre-tax rates that reflect the current market assessment of the time value of money and the risks specific to the assets for which the future cash flow estimates have not been adjusted.

Contingent liabilities

Management considers the existence of possible obligations which may arise from legal action as well as the possible non-compliance of the requirements of completion guarantees and other guarantees provided. The estimation of the amount disclosed is based on the expected possible outflow of economic benefits should there be a present obligation.

Evaluation of the useful life of assets

On an annual basis, management evaluate the useful life of all assets. In carrying out this exercise, experience of asset's historical performance and the medium-term business plan are taken into consideration.

Critical accounting estimates and judgments

In preparing the annual financial statements in terms of SA GAAP, the group's management is required to make certain estimates and assumptions that may materially affect reported amounts of assets and liabilities at the date of the annual financial statements and the reported amounts of revenues and expenses during the reported period and the related disclosures. As these estimates and assumptions concern future events, due to the inherent uncertainty involved in this process, the actual results often vary from the estimates. These estimates and judgemental are based on historical experience, current and expected future economic conditions and other factors, including expectations of the future events that are believed to be reasonable under the circumstances.

1.30. Adoption of South African Accounting Standards

The following standards and interpretations have been applied, where relevant, to the annual financial statements:

- IFRIC 7 Applying the Restatement Approach under IAS 29, Financial Reporting in Hyperinflationary Economies
- IFRIC 8 Scope of IFRS 2
- IFRIC 9 Reassessment of Embedded Derivatives
- IFRIC 10 Interim Financial Reporting and Impairment
- IFRS 7 Financial Instruments: Disclosure
- IFRIC 11- IFRS 2 Group and Treasury Share transactions
- IFRIC 12 Service Concession Arrangement
- IFRIC 14 - IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirement and their interaction

At the date of authorisation of these annual financial statements, the following standards and interpretations were issued but not yet effective:

- IFRIC 13 Customer Loyalty Programmes, effective for annual period beginning on or after 1 July 2008.
- IFRS 8 Operating Segments,effective for annual period beginning on or after 1 January 2009.
- IFRS 2 Share-based Payments, effective for annual period beginning on or after 1 January 2009.
- Revised IAS 1 Presentation of financial statement, effective for annual period beginning on or after 1 January 2009.
- Revised IAS 23 Borrowing costs, effective for annual period beginning on or after 1 January 2009.
- Revised IAS 27 Consolidated and separate financial statements, effective for annual period beginning on or after 1 July 2009.
- Revised IAS 32 Financial Instruments: Presentation, effective for annual period beginning on or after 1 January 2009.
- Revised IFRS 3 Business Combinations, effective for annual period beginning on or after 1 July 2009.

The effect of the financial impact or the adoption of these standards, interpretations and amendments are not known. The directors believe that none of these new or revised standards and interpretations will have an effect other than enhanced disclosure.

2. Property, plant and equipment

2.1. Group

	2008				2007			
	Cost / valuation R'000	Accumulated depreciation R'000	Impairments R'000	Carrying amounts R'000	Cost / valuation R'000	Accumulated depreciation R'000	Impairments R'000	Carrying amounts R'000
Land and buildings	20 781	(4 351)	-	16 430	20 781	(4 227)	-	16 554
Plants, platforms & equipment	19 659 824	(16 119 218)	-	3 540 606	17 665 931	(15 478 724)	-	2 187 207
Motor vehicles	46 294	(40 202)	-	6 092	45 527	(39 874)	-	5 653
Furniture & fittings & Office Equipment	397 422	(174 142)	-	223 280	147 924	(151 040)	(30 389)	27 273
Restoration expenditure	701 438	(413 010)	-	288 428	408 250	(148 108)	-	260 142
Computer equipment	755 915	(464 025)	-	291 890	754 641	(462 286)	-	292 355
Mainframe software	1 859	(1 211)	-	648	1 859	(1 059)	-	800
Assets under development	812 239	-	-	812 239	1 724 071	-	-	1 724 071
	22 395 772	(17 216 159)	-	5 179 613	20 768 984	(16 285 318)	(30 389)	4 514 055

The carrying amounts of property, plant and equipment can be reconciled as follows:

	Opening balance cost R'000	Opening balance accumulated depreciation R'000	Additions & borrowings costs R'000	Change in estimate R'000	Disposals/amounts written off & transfers R'000	Impairments R'000	Depreciation R'000	Carrying amounts at end of the year R'000
2007								
Land and buildings	20 209	(4 117)	-	310	-	-	152	16 554
Plants, platforms & equipment								
Motor vehicles	17 342 487	(14 566 147)	1 833	165 943	35 210	-	(792 119)	2 187 207
Furniture & fittings & Office	41 825	(39 098)	791	3 522	(109)	-	(1 278)	5 653
Equipment								
Restoration expenditure	137 159	(109 189)	31 505	-	(82)	(30 389)	(1 731)	27 273
Computer equipment	944 471	(837 192)	-	271 164	-	-	(118 301)	260 142
Mainframe software	48 090	(16 118)	2 814	266 063	(19)	-	(8 475)	292 355
Assets under development	1 859	(1 859)	-	-	-	-	800	800
	555 429	(3 827)	1 207 711	-	(35 242)	-	-	1 724 071
	19 091 529	(15 577 547)	1 244 654	707 002	(242)	(30 389)	(920 952)	4 514 055

2. Property, plant and equipment continued

	Opening balance cost R'000	Opening balance accumulated depreciation R'000	Additions & borrowing costs R'000	Change in estimate R'000	Disposals/ amounts written off & transfers R'000	Exchange differences capitalised R'000	Depreciation R'000	Carrying amount at end of year R'000
2008								
Land and buildings	20 781	(4 227)	-	-	-	-	(124)	16 430
Plants, platforms & equipment	17 665 931	(15 478 724)	637 740	-	1 339 808	16 345	(640 494)	3 540 606
Motor vehicles	45 527	(39 874)	767	-	-	-	(328)	6 092
Furniture & fittings & Office Equipment	178 313	(151 040)	244 479	-	(11)	(25 359)	(23 102)	223 280
Restoration expenditure	408 250	(148 108)	260 035	30 437	-	2 716	(264 902)	288 428
Computer equipment	754 641	(462 286)	1 375	-	(101)	-	(1 739)	291 890
Mainframe software	1 859	(1 059)	-	-	-	-	(152)	648
Assets under development	1 724 071	-	427 976	-	(1 339 808)	-	-	812 239
	20 799 373	(16 285 318)	1 572 372	30 437	(112)	(6 298)	(930 841)	5 179 613

2.2. Company

	2008 Cost / valuation R'000	2008 Accumulated depreciation R'000	2008 Carrying amounts R'000	2007 Cost / valuation R'000	2007 Accumulated depreciation R'000	2007 Carrying amounts R'000
Motor vehicles	676	(178)	498	676	(43)	633
Furniture & fittings & Office Equipment	5 811	(3 172)	2 639	4 916	(2 186)	2 730
Computer Equipment	3 212	(2 211)	1 001	2 889	(1 535)	1 354
	9 699	(5 561)	4 138	8 481	(3 764)	4 717

The carrying amounts of property, plant and equipment can be reconciled as follows:

	Opening balance cost R'000	Opening balance accumulated depreciation R'000	Additions & borrowing costs R'000	Disposals/ amounts written off & transfers R'000	Depreciation R'000	Carrying amounts R'000
2007						
Motor vehicles	321	(61)	513	(109)	(31)	633
Furniture & fittings & Office Equipment	4 729	(1 319)	195	(459)	(416)	2 730
Computer Equipment	1 825	(1 129)	1 079	(15)	(406)	1 354
	6 875	(2 509)	1 787	(583)	(853)	4 717

2. Property, plant and equipment continued

	Opening balance cost R'000	Opening balance accumulated depreciation R'000	Additions & borrowing costs R'000	Disposals/ amounts written off & transfers R'000	Depreciation R'000	Carrying amounts R'000
2008						
Motor vehicles	676	(43)	-	-	(135)	498
Furniture & fittings & Office Equipment	4 916	(2 186)	804	91	(986)	2 639
Computer Equipment	2 889	(1 535)	414	(91)	(676)	1 001
	8 481	(3 764)	1 218	-	(1 797)	4 138

Registers of land and buildings are available at the registered offices of those subsidiaries that own land and buildings. The register for SFF is unable to be completed in full as required by the Companies Act of South Africa No. 26 of 1973. The cost price of the individual properties cannot be ascertained due to a lack of historical information. In addition all the land paid for by SFF, and reflected in these accounts is registered in the name of the State. SFF merely manages these properties on behalf of the State.

PetroSA

Restoration expenditure relates to the provision for restoration costs and is amortised on a units-of-production basis over the expected useful life of the reserves. The Minerals Act of 1991 requires that amounts for abandonment be set aside as prescribed in the Act. The restoration fund requirement has been met through the issue of a guarantee by CEF (Proprietary) Limited.

Oil Pollution Control South Africa

The buildings of the company at Saldanha Bay are built on land owned by the National Ports Authority (Plan 101-28/00/02-17) which is leased to Oil Pollution Control South Africa in terms of a 99 year lease.

SFF Association

The production assets at Saldanha have an engineering life of 40 years, of which 12 years remain. Milnerton and Ogies tanks are fully impaired

The directors of the company evaluated the estimated useful life of the fixed assets as at 31 March 2008 to ensure that the fixed assets were fairly stated at year end.

2.3. Production assets

	Group		Company	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
Plants, platforms and equipment	19 659 824	17 665 931	-	-

Managed storage facilities are crude oil storage facilities owned by the State but managed within the group on behalf of the State. These assets are paid for and maintained by the group but are not owned by the Group.

3. Intangible assets

	2008			2007		
	Cost/ valuation R'000	Accumulated amortisation R'000	Carrying amount R'000	Cost/ valuation R'000	Accumulated amortisation R'000	Carrying amount R'000
Group						
Patents & trademarks	50 490	(42 487)	8 003	50 490	(40 091)	10 399
Mineral & servitude rights	345	(211)	134	363	(363)	-
Exploration & exploitation assets	79 162	-	79 162	79 162	-	79 162
Software	8 184	(4 907)	3 277	9 646	(5 623)	4 023
	138 181	(47 605)	90 576	139 661	(46 077)	93 584

The carrying amounts of property, plant and equipment can be reconciled as follows:

	Carrying amount at beginning of year R'000	Additions R'000	Transfers R'000	Change in estimate R'000	Amortisation R'000	Carrying amount at end of year R'000
2007						
Patents & trademarks	12 794	-	-	-	(2 395)	10 399
Mineral & servitude rights	-	-	-	-	-	-
Exploration & exploitation assets	71 998	7 164	-	-	-	79 162
Software	2 348	1 829	74	520	(748)	4 023
	87 140	8 993	74	520	(3 143)	93 584

	Carrying amount at beginning of year R'000	Additions R'000	Transfers/ revalued R'000	Change in estimate R'000	Amortisation R'000	Carrying amount at end of year R'000
2008						
Patents & trademarks	10 399	-	-	-	(2 396)	8 003
Mineral & servitude rights	-	-	-	134	-	134
Exploration & exploitation assets	79 162	-	-	-	-	79 162
Software	4 023	1 229	20	336	(2 331)	3 277
	93 584	1 229	20	470	(4 727)	90 576

A register containing the information required by paragraph 22 (3) of Schedule 4 of the Companies act is available for inspection at the registered office of the company.

	2008			2007			
	Cost / valuation R'000	Accumulated amortisation R'000	Carrying amount R'000	Cost / valuation R'000	Accumulated amortisation R'000	Impairments R'000	Carrying amount R'000
Company							
Patents & trademarks	50 490	(42 487)	8 003	50 490	(40 091)	-	10 399
Software	3 629	(2 410)	1219	3 274	(1 115)	-	2 159
	54 119	(44 897)	9 222	53 764	(41 206))	-	12 558

3. Intangible assets continued

	Carrying amount at beginning of year R'000	Additions R'000	Transfers R'000	Amortisation R'000	Carrying amount at end of year R'000
2007					
Patents & trademarks	12 794	-	-	(2 395)	10 399
Software	1 378	795	-	(14)	2 159
	14 172	795	-	(2 409)	12 558

	Carrying amount at beginning of year R'000	Additions R'000	Transfers R'000	Amortisation R'000	Carrying amount at end of year R'000
2008					
Patents & trademarks	10 399	-	-	(2 396)	8 003
Software	2 159	355	-	(1 295)	1 219
	12 558	355	-	(3 691)	9 222

4. Assets pending determination

	Group		Company	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
Balance at the beginning of the year	54 793	54 793	-	-
Capitalisation exploration expenditure	16 498	-	-	-
Balance at end of the year	71 291	54 793	-	-

Assets pending determination at 31 March 2008, consist of expenditure in respect of exploration activities, which have been initially capitalised pending a determination of the economic reserves. The accounting policy recommends that intangible assets of this nature should be recognised as production assets after a period of 3 years or expended. Assets pending determination consists of the well A-X1, which is within Block 2A development plan and was sent to the Petroleum Agency of South Africa for approval.

Expenditure of R16 million relates to African Exploration Mining and Finance Corporation (Pty) Ltd and consists of expenditure in respect of mining activities, which has been initially capitalised pending determination of the economic reserves.

5. Deferred tax

	Group		Company	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
5.1. Deferred tax				
Balance at the beginning of the year	1 288	1 328	1 288	1 328
Movements during year attributable to:				
Charged to profit and loss	(664)	(40)	(664)	(40)
Balance at end of year	624	1 288	624	1 288
The balance comprises:				
Provisions	624	1 288	624	1 288
5.2. Deferred tax liabilities				
Balance at the beginning of the year	139 958	90 469	-	-
Movements during year attributable to:				
Charged to the income statement	-	49 489	-	-
Other	298 213	-	14 882	-
Balance at end of year	438 171	139 958	14 882	-
The balance comprises:				
Capital allowances	1 084 206	144 381	14 882	-
Abandonment / restoration provision	(693 693)	(97 828)	-	-
Unrealised exchange differences	24 776	1	-	-
Loans	22 882	93 404	-	-
	438 171	139 958	14 882	-

6. Investments in subsidiaries

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
6.1. Summary of carrying amounts				
African Exploration Mining	-	-	4	-
Shares	-	-	4	-
Loan	-	-	2 134	-
Provisions	-	-	(2 134)	-
Cotec Patrade (Pty) Ltd	-	-	-	-
Shares	-	-	-	-
Loans	-	-	3 744	3 744
Provisions	-	-	(3 744)	(3 744)
iGas	-	-	637 460	682 309
Shares	-	-	-	-
Loans	-	-	637 460	676 177
Reversal / (increase) in provisions	-	-	-	6 132
OPC	-	-	-	-
Loan	-	-	21 870	15 703
Provisions	-	-	(21 870)	(15 703)
PetroSA	-	-	2 861 554	2 932 055
Shares	-	-	2 755 935	2 755 935
Loan	-	-	105 619	176 120
SFF	-	-	12	1
Shares	-	-	1	1
Loan	-	-	11	-
Total	-	-	3 499 030	3 614 365
Shares	-	-	2 755 940	2 755 936
Loans	-	-	770 838	871 744
Provisions for impairment	-	-	(27 748)	(13 315)

6.2. Analysis of movement in carrying amounts

	Group		Company	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
African Exploration Mining and Finance Corporation				
Loan	-	-	2 134	-
Less: Impairment provision	-	-	(2 134)	-
Shares	-	-	4	-
Balance at the beginning of the year	-	-	-	-
Carrying amount of investment	-	-	4	-

CEF has issued a subordination agreement in favour of the creditors of African Exploration Mining and Finance Corporation.

	Group		Company	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
PetroSA				
Loans:				
Balance at the beginning of the year	-	-	(256 934)	(310 739)
Advances/ (repayments) during the year	-	-	(28 952)	(27 008)
Balance at the end of the year	-	-	(285 886)	(337 747)
Less: proportion repayable in less than 1 year transferred to current assets	-	-	90 134	80 813
Carrying amount of loan	-	-	(195 752)	(256 934)
Shares	-	-	2	2
Balance at the beginning of the year	-	-	2	2
Share premium	-	-	2 755 935	2 755 935
Balance at the beginning of the year	-	-	2 755 935	2 755 935
Share of Equity Earnings	-	-	-	-
Loans	-	-	105 619	176 121
Carrying amount of investment	-	-	2 861 554	2 932 055
Current portion of long term loan	-	-	90 134	80 813
Foreign loan	-	-	105 149	175 089
Other	-	-	469	1 032
Total	-	-	195 752	256 934

Included in these loans are amounts reflected under note 17, which reflect amounts borrowed by CEF on behalf of PetroSA.

	Group		Company	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
Cotec Patrade (Pty) Ltd				
Loans:				
Balance at the beginning of the year	-	-	3 744	3 744
Balance at the end of the year	-	-	3 744	3 744
Less: Impairment provision	-	-	(3 744)	(3 744)
Carrying amount of investment	-	-	-	-

6.2. Analysis of movement in carrying amounts continued

	Group		Company	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
iGas				
Loans:				
Balance at the beginning of the year	-	-	682 309	637 931
Advances during the year	-	-	(44 849)	38 246
Balance at the end of the year	-	-	637 460	676 177
Add: Reversal of impairment	-	-	-	6 132
Carrying value of loan	-	-	637 460	682 309
Balance at the end of the year	-	-	637 460	682 309
Carrying amount of investment	-	-	637 460	682 309
OPC				
Loans:				
Balance at the beginning of the year	-	-	15 703	18 482
Advances during the year	-	-	6 167	(2 779)
Balance at the end of the year	-	-	21 870	15 703
Less: Impairment provision	-	-	(21 870)	(15 703)
Carrying amount of investment	-	-	-	-
CEF has issued a subordination agreement in favour of the creditors of OPC.				
Advances/ repayments during the year	-	-	11	-
Balance at the end of the year	-	-	11	-
Shares - Balance at the beginning of the year	-	-	1	1
Carrying amount of investment	-	-	12	1

6.3. Details of Subsidiary Companies

Name and nature of business	Issued capital R'000	% held 2008	% held 2007	Voting power 2008 %	Voting power 2007 %	Net income after tax 2008 R'000	Net income after tax Restated 2007 R'000
Direct subsidiaries							
SANERI To undertake research and technology development in order to exploit and utilise the energy resources of the Republic and Southern Africa	-	100	100	100	100	721	1 731
OPC Containing and countering oil pollution	-	100	100	100	100	(1 551)	5 327
Cotec Development (Pty) Ltd Dormant	-	100	100	100	100	-	-
Cotec Patrade (Pty) Ltd Dormant	-	100	100	100	100	-	(11)
Petroleum Agency SA Acting as an Agent for the State in promoting for and exploration of natural oil and gas in the Republic	-	100	100	100	100	27 370	38 538
iGas To promote the diversification of energy usage into hydrocarbon gas and enter into ventures which will facilitate the use of hydrocarbon gas in S.A	-	100	100	100	100	19 828	(917)
SFF Management of strategic stocks of crude oil in accordance with ministerial directives	1	100	100	100	100	238 085	199 321
PetroSA Exploration for and production of oil and gas, refining operations converting gas and gas condensate to liquid fuels, and the production of petrochemicals	2	100	100	100	100	1 830 368	2 714 307
African Exploration Mining and Finance Corporation (Pty) Ltd To acquire, hold and develop all exploration and mineral rights	4	100	100	100	100	(561)	-
Indirect subsidiaries							
Klippoortje Koolmyne (Pty) Ltd Dormant	1300	100	100	100	100	-	-
Mahnes Areas (Pty) Ltd Dormant	-	100	100	100	100	-	-
PetroSA Europe BV Management of PetroSA product stock sales in Europe	166	100	100	100	100	-	-
PetroSA Brass (Pty) Ltd Management of investments in Nigeria	-	100	100	100	100	-	-

6.3. Details of Subsidiary Companies continued

Name and nature of business	Issued capital R'000	% held 2008	% held 2007	Voting power 2008 %	Voting power 2007 %	Net income after tax 2008 R'000	Net income after tax Restated 2007 R'000
PetroSA Gryphon Marin Permit (Pty) Ltd Management of PetroSA hydrocarbon interests	-	100	100	100	100	-	-
PetroSA Iris (Pty) Ltd Management of PetroSA hydrocarbon interests	-	100	100	100	100	-	-
PetroSA Nigeria Limited Investment holdings in companies having interests in petroleum prospecting, explorations and production	1 235	100	100	100	100	-	-
PetroSA Themis (Pty) Ltd Management of PetroSA hydrocarbon interests	-	100	100	100	100	-	-
PetroSA Synfuel International (Pty) Ltd Management of Gas-to-liquids project	501	100	100	100	100	-	-
PetroSA Equatorial Guinea (Proprietary) Limited Management of PetroSA hydrocarbon interests	-	100	100	100	100	-	-
PetroSA Sudan (Pty) Ltd	-	-	-	100	100	-	-
Petroleum Oil & Gas Corporation of South Africa (Namibia) (Pty) Ltd	-	100	100	100	100	-	-
PetroSA North America	-	100	100	100	100	-	-
PetroSA Egypt (Pty) Ltd	-	100	100	100	100	-	-
						2 114 260	2 958 296

7. Investments in associate companies

	Group		Company	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
Baniettor Mining (Proprietary) Limited	-	-	-	-
Sud-Chemie Zoelites (Proprietary) Limited	10 108	11 020	-	-
Darling Wind Power	151	-	-	-
Rompco	642 425	652 040	-	-
GTL.F1 AG	911	14 589	-	-
	653 595	677 649	-	-

7.1. Carrying amount of Investment in Baniettor Mining (Pty) Ltd.

49% interest in unlisted shares of Baniettor Mining (Pty) Ltd, the company owns various portions of the farm Vlaklaagte 92 and portion 3 of the farm Nooitgedacht 94.

	2008 R'000	2007 R'000	2008 R'000	2007 R'000
49 000 Shares at cost	98	98	98	98
Loans to associate	23 936	23 936	23 933	23 933
Total investment in associate company	24 034	24 034	24 031	24 031
Less: Provision for impairment	(24 034)	(24 034)	(24 031)	(24 031)
	-	-	-	-

	June 2007 R'000	June 2006 R'000
Summary financial information of Baniettor Mining (Pty) Ltd:		
Assets		
Non current	2 213	2 200
Current	151	-
	2 364	2 200
Equity and liabilities		
Equity and reserves	(45 211)	(45 397)
Non-current liabilities	47 441	47 562
Current liabilities	134	35
	2 364	2 200
Revenue	106	19
Profit	186	98

The directors' valuation of the investment in the company is Nil

7. Investments in associate companies continued

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
7.2. Carrying amount of Investment in Sud-Chemie Zeolites (Pty) Ltd.				
30% interest in unlisted shares of Sud-Chemie Zeolites (Pty) Ltd, a company involved in the production of catalysts.				
Shares at cost	12 176	12 176	-	-
Equity earnings	(2 068)	(1 156)	-	-
	10 108	11 020	-	-

	Dec 2007 R'000	Dec 2006 R'000
The assets, liabilities and results of operations of the company are summarised as follows:		
Assets		
Non current	33 744	28 413
Current	17 833	32 130
	51 577	60 543
Equity and liabilities		
Equity and reserves	33 691	36 731
Non-current liabilities	3 948	5 845
Current liabilities	13 938	17 967
	51 577	60 543
Profit (loss)	(140)	2 470

7. Investments in associate companies continued

7.3. Carrying amount of investment in Darling Wind Power

49% interest in unlisted shares of Darling Wind Power, a company involved in generating wind electricity.

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
Shareholder's loan	17 000	-	17 000	-
Less: Provision for impairment	(17 000)	-	(17 000)	-
Equity earnings	151	-	-	-
	151	-	-	-
Summary financial information of Darling Wind Power				
Assets				
Non current	75 440	-	75 440	-
Current	4 515	-	4 515	-
	79 955	-	79 955	-
Equity and liabilities				
Equity and reserves	1 227	-	1 227	-
Non-current liabilities	49 586	-	49 586	-
Current liabilities	29 142	-	29 142	-
	79 955	-	79 955	-
Net Profit (Loss)	308	-	-	-
CEF has a 49% interest in Darling Wind Power				

7.4. Carrying amount of investment in Rompco

25% interest in unlisted shares of Rompco. Rompco owns the natural gas pipeline from the Temane/Pande gas fields in Mozambique to Secunda in South Africa.

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
Carrying value of investment:				
Shares at cost	600 529	600 529	-	-
Equity earnings	41 896	51 511	-	-
	642 425	652 040	-	-
Summary financial information of Darling Wind Power				
Assets				
Non current	3 098 000	3 094 446	-	-
Current	473 000	723 817	-	-
	3 571 000	3 818 263	-	-
Equity and liabilities				
Equity and reserves	212 000	353 663	-	-
Non-current liabilities	3 069 000	3 262 054	-	-
Current liabilities	290 000	292 546	-	-
	3 571 000	3 818 263	-	-
Revenue	576 000	484 451	-	-
Net Profit (Loss)	197 000	161 603	-	-

7. Investments in associate companies (continued)

	Group		Company	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
7.5. Carrying amount of investment in GTL.F1 AG				
37.5% interest in unlisted shares of GTL.F1 AG, a company incorporated in Switzerland and involved in the making of proven technology.				
Carrying value of investment:				
Shares at cost	23 490	23 490	-	-
Equity earnings	(22 579)	(8 901)	-	-
	911	14 589	-	-
Summary financial information of GTL.F1 AG				
Assets				
Non current	22 923	10 640	-	-
Current	84 131	51 432	-	-
	107 054	62 072	-	-
Equity and liabilities				
Equity and reserves	39 918	53 756	-	-
Non-current liabilities	-	-	-	-
Current liabilities	67 136	8 316	-	-
	107 054	62 072	-	-
Net Profit (Loss)	(29 542)	22 634	-	-

8. Strategic inventory

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
Crude oil at cost	2 078 004	2 078 004	-	-
Prior year provision for unpumpable inventory	(26 135)	(26 135)	-	-
Reversal of provision for umpumpable inventory	26 135	-	-	-
Current year stock adjustment for losses	(657)	-	-	-
	2 077 347	2 051 869	-	-

Strategic crude oil on hand is 10.3 million barrels (2007: 10.5 million barrels), excluding unpumpable stock. The fair value of strategic stock as at 31 March 2008 is R8 852 million (2007: R5 060 million).

Provision for unpumpable crude stock is not required, as the sludge is managed by applying a mixing program of 88 hours per month per tank. The operational activities in the tank, import and export from the tank also contribute to keeping the sludge in circulation.

The crude oil cost for March 2007 does not agree with prior year audited financial statements as the provision of R23,813 million for de-sludge in the current year was reallocated to the provisions account.

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

9. Loans receivable

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
Forest Oil Gryphon Marine	1 603	1 603	-	-
GTL.F1	18 517	-	-	-
Lurgi	113 287	80 425	-	-
PetroSA	-	-	90 134	80 813
Transfer to current assets	-	-	(90 134)	(80 813)
	133 407	82 026	-	-

The loan to Forest Oil Gryphon Marine is interest free.

The amount owing by Lurgi is in respect of a purchase of 12.5% share in the PetroSA Statoil Joint Venture. The loan accrues interest at EUROBOR + 3%. The loan is repayable based on dividends receivable by Lurgi from the GTL.F1 AG technology company.

10. Other investments

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
Balance at beginning of year	60 952	11 980	51 015	10 442
Movement during the year:				
Torbanite / Low smoke fuel project	1 285	27 570	1 285	27 570
Other EDC projects	358	1 450	358	1 450
CEF / IDC Biofuels feasibility study	-	1 227	-	1 227
Promethium	487	576	487	576
Carbon Environmental Option	1 226	456	1 226	456
JST SA	5 069	-	5 069	-
Coega Integrated Project, CIP & IDZ costs	4 773	8 399	-	-
Johanna Solar project	2 987	7 820	2 987	7 820
Hoedspruit Bio Ethanol	3 370	-	3 370	-
Pondoland Bio Ethanol	100	-	100	-
Cradock Bio Ethanol	2 129	-	2 129	-
Landfill	100	-	100	-
Methcap	-	1 474	-	1 474
LPG	53	-	53	-
Balance at end of year	82 889	60 952	68 179	51 015

11. Inventories

The amounts attributable to the different categories are as follows:

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
Petroleum fuels	1 221 413	599 342	-	-
Consumable stores, spares and catalysts	599 400	280 581	-	-
Commercial crude oil	49 748	92 760	-	-
	1 870 561	972 683	-	-

12. Trade and other receivables

	Group		Company	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
Trade receivables	1 892 059	1 361 424	2 621	4 439
Sundry receivables	516 398	224 565	50 197	19 639
Deposits	7 167	936	6 282	282
VAT	121 750	12 209	14	61
Prepayments	146 610	113 540	590	707
Provision for doubtful debts	(25 562)	(13 948)	-	-
	2 658 422	1 698 726	59 704	25 128

The provision for doubtful debt consists of three customer account balances and the balance is aged as R14.5 million (2007:R13.9 million) at over 120 days and R11 million is between 90-120 days. Movement in provision for doubtful debts is as follows:

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
Balance at beginning of year	13 948	13 404	-	-
Impairment losses recognised on receivables	12 364	1 051	-	-
Amounts recovered during the year	(750)	(507)	-	-
	25 562	13 948	-	-

13. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks and investments in money market instruments. Cash and cash equivalents included in the balance sheet comprise the following:

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
Short-term investments in money market and cash on hand	16 962 905	14 975 164	3 119 387	1 818 113
PetroSA Surplus Funds	-	-	(537 648)	537 648
SANERI	-	-	-	55 422
SFF Account (US$)	5 545	13	-	-
Upstream Training Trust*	(10 219)	-	(10 219)	10 843
MEETI*	(464)	-	(464)	462
Petroleum Agency SA	-	-	189 565	174 775
Demand Site Levy*	(3 749)	-	(3 749)	2 588
Darling Wind Power*	(3 535)	-	(3 535)	-
Bank overdraft	(17 307)	(236 672)	-	-
SASDA*	(1 421)	-	(1 421)	-
Balance at end of year	16 931 755	14 738 505	2 751 916	2 599 851

* Cash invested on behalf of third parties
* Comprising of: cash and cash equivalents and bank overdrafts

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

14. Issued capital

Authorised				
100 Ordinary par value shares of R1 each	-	-	-	-
Issued				
1 Ordinary par value share of R1	-	-	-	-

15. Foreign Currency Translation reserve

Foreign currency translation reserve	57 726	39 646	-	-
	57 726	39 646	-	-
Balance at beginning of year	39 646	32 537	-	-
Movement during year:				
Currency translation differences	18 080	7 109	-	-
Transfers back to net profit	-	-	-	-
Balance at end of year	57 726	39 646	-	-

16. Amounts owing to group companies

SANERI				
Balance at beginning of year	-	-	55 429	23 732
Surplus funds	-	-	(33 868)	31 697
Balance at end of year	-	-	21 561	55 429
Petroleum Agency SA				
Balance at beginning of year	-	-	174 775	132 459
Additional deposits / (withdrawals) during the year	-	-	14 790	42 316
Balance at end of year	-	-	189 565	174 775
PetroSA				
Balance at beginning of year	-	-	537 648	876 718
Additional deposits / (withdrawals) during the year	-	-	-	(339 070)
Balance at end of year	-	-	537 648	537 648
Total	-	-	748 774	767 852

17. Interest bearing borrowings

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
All the US dollar loans below are secured by a guarantee from the State.				
EIB51 - Installments of 3 658 178 USD made 6 monthly at an interest rate of 3.00% (2007: 5.55%). Final installment 09/2008	29 683	79 840	29 683	79840
EIB40 - Installments of 2 456 286 USD made 6 monthly at an interest rate of 3.00% (2007:5.55%) commencing on 15 March 2004. Final installment 09/2010	99 653	125 087	99 653	125 087
ECG231 - Installment of 3 097 879 USD made 6 monthly at an interest rate of 3.57% (2007: 5.6788%) Final installment 08/2010	95 631	130 815	95 631	130 815
Calyon/iGas - Final installment 6 July 2010 with an option to extend for a further 5 years at an interest rate of 12.7580% (2007:10.221%)	292 500	338 758	292 500	338 758
	517 467	674 500	517 467	674 500
Less: Current portion included in current portion of interest bearing borrowings	(119 817)	(134 040)	(119 817)	(134 040)
	397 650	540 460	397 650	540 460

18. Provisions

Group	Carrying amount at beginning of year R'000	Additional provisions R'000	Exchange differences R'000	Used during the year R'000	Unused amounts reversed during the year R'000	Current year interest expenses & change in estimate R'000	Carrying amount at end of year R'000
18.1. Abandonment/ Environmental	95 539	40 748	-	(7 012)	-	-	129 275
18.2. De-sludging provision	23 813	11 000	-	-	(23 813)	-	11 000
18.3. Post-retirement medical aid benefits	195 766	36 611	-	(5 661)	(1 258)	666	226 124
18.4. Rehabilitation provision	1 423	-	-	(6)	-	127	1 544
18.5. Restoration	3 072 046	261 911	10 241	-	-	283 412	3 627 610
18.6. Demurrage provision	-	12 888	-	-	-	-	12 888
18.7. Litigation provision	-	4 146	-	-	-	-	4 146
18.8. Bonus	134 000	-	-	-	-	(43 500)	90 500
	3 522 587	367 304	10241	(12 679)	(25 071)	240 705	4 103 087

18 Provisions continued

Company	Carrying amount at beginning of year R'000	Used during the year R'000	Carrying amount at end of year R'000
Post-retirement medical aid benefits	2 587	(2 587)	-

	Group		Company	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
Non-current	4 011 013	3 382 642	-	2 587
Current	92 074	139 945	-	-
	4 103 087	3 522 587	-	2 587

18.1. Abandonment/Environmental

The provision relates to the abandonment of Milnerton tanks and environmental rehabilitation at Ogies.

18.2. De-sludge provision

This is in respect of the de-sludging of the tanks at the Milnerton terminal.

18.3. Post-retirement medical aid benefits

Certain subsidiaries within the group contribute to a medical aid scheme for retired and medical unfit employees.

18.4. Rehabilitation provision

This amount is in respect of funds held for the rehabilitation of the Klippoortje dump. The fund is held in a trust account by Werkmans Attorneys.

18.5. Restoration

The total cost of future restoration costs is estimated at R3 772 million. This cost includes the net expenditure to abandon and to rehabilitate both the onshore and offshore facilities as well as other related closure costs. The costs are expected to be incurred as follows:

Financial year	R'million
2009	648
2010	2 780
2011	344

18.6. Demurrage provision

This is in respect of a claim from customers relating to ships that have docked at the harbour and have not been attended to within the time specified in the laycam.

18.7. Litigation provision

The provision for litigation is in respect of the claim against the company for the termination of the de-sludge contract.

18.8. Bonus

The provision is for incentives for PetroSA employees who qualify in terms of their performance during the financial year.

19. Employee benefits

It is the policy of the group to provide retirement benefits for all of its eligible permanent employees. All eligible permanent employees are either members of the Mossgas Pension Fund, a defined benefit fund, PetroSA Retirement Fund, a defined contribution fund, a defined contribution provident fund previously operated by Soekor E and P (Proprietary) Limited or to the CEF Pension Fund.

19.1. Pensions and Retirement Funds

19.1.1. Defined benefit pension plan

The group operates defined benefit retirement plans for the benefit of all employees. The plans are governed by the Pension Funds Act, 1956 (Act no. 24 of 1956). The assets of the plans are administered by trustees in funds independent of the Group's.

The Mossgas pension fund was closed to new entrants during 1996 and currently covers 38 (3.1%) of it's employees. Contributions to the fund commenced in March 1990. The pension fund is actuarially valued every three years with the most recent actuarial valuation being performed as at 31 January 2007. The independent actuary was of the opinion that the fund was financially sound. The actuarial present value of promised retirement benefits as at 31 January 2007 was R46.5 million. The fair value of the plan assets had an actuarial value of R44.7 million and a market value of R44.7 million as at 31 January 2007, excluding the annuity policy. The value of the annuity policy for pensioners was R26.1 million. The Fund was valued using the "attained age method".

It was assumed that investment returns (after taxation and asset management fees) would exceed general salary increases (excluding promotional increases) by some 3.% per annum over the long term. It was further assumed that if investment returns were 5% per annum in excess of inflation, pensioners would receive fully inflation-linked pensions. Mortality assumptions were in line with standard tables PA(90) after retirement. These assumptions were materially changed from the previous valuation.

The reason for the change at this valuation date was due to the impending termination of the Fund and the resulting requirements to secure pension rights for all in-service members. In terms of the approved surplus apportionment scheme at 31 January 2004, PetroSA is entitled to receive R1.7 million of the surplus net of R0.3 million termination expenses, which has been recognised as an income. The amount recognised as an expense during the year under review was R1.5 million (2007: R1.6 million) for the pension fund.

19. Employee benefits continued

	2008 R'000	2007 R'000
Defined benefit pension plan		
SFF		
Benefit liability	-	(2 970)
Benefit asset	17 875	19 843
Benefit asset/(liability) - non-current	17 875	16 873
Movements in the benefit asset / (liability) during the year ended		
At beginning of year	17 123	12 312
Contributions	17	138
Benefit expense	(681)	(1 315)
Other	1 416	5 988
At end of year	17 875	17 123
Net benefit expense		
Current service cost	(21)	(151)
Interest cost on benefit obligation	(32)	(249)
Expected return on plan assets	1 943	1 451
Past service cost	(461)	(341)
Net benefit expense	1 429	710
Actual plan returns	474	(4 888)
Movements in present value of defined benefit obligation		
At beginning of year	2 720	3 420
Interest cost	32	249
Current service cost	21	151
Benefits paid	(2 312)	(759)
Actuarial gain/loss	(461)	(341)
Additional past service obligation	-	-
At end of year	-	2 720
Movement in fair value of plan assets		
Market value of assets at beginning of year	19 843	15 732
Actual return on assets	474	4 888
Employer contribution	10	85
Employee contribution	7	53
Benefits paid	(2 312)	(759)
Tax paid	-	-
Expenses paid (admin and risk benefit premiums)	(147)	(156)
Market value at end of year	17 875	19 843

19. Employee benefits continued

	2008 R'000 %	2007 R'000 %
Assumptions used:		
Investment returns	8.16	8.60
Salary increase	0.00	6.70
Pension increases	0.00	4.60
Pension increases	8.75	8.60

19.1.2. Defined contribution pension plan

The Group contributions for the year amounted to R60.2 million (2007: R51.4 million). The company contributions for the year amounted to R2.6 million (2007: R2.5 million).

Soekor Retirement Fund

The valuation of the Soekor Retirement Fund as at 1 January 2002 shows a surplus as at that date of R35 million, reflecting assets of approximately R82 million and liabilities of approximately R46 million. No contribution was recognised as an expense during the year as all employees were transferred to the PetroSA Retirement Fund. The company is uncertain of the extent of it's entitlement to the surplus and has not accounted for it's portion pending finalisation of the actuarial valuation.

The trustees are in the process of a surplus apportionment in terms of the Pension Funds Second Amendment Act, after which the fund will be dissolved.

PetroSA Retirement Fund

The amount recognised as an expense during the year under review was R57.4 million (2007: R49.1 million) for the retirement fund.

Petroleum Agency Retirement Fund

The company contributions for the year amounted to R2.8 million (2007: R2.3 million). The fair value of funds investment at 31 March 2008 was R93 million (2007: R108 million). The fair value of the funds invested is their market value at the end date. The last actuarial valuation of the fund was done at 1 January 2002. This was the valuation as at the surplus apportionment date. The Fund has no more surplus and is operated as a defined contribution fund, as application has been made to the Registrar of Pension Fund to exempt the fund from actuarial valuations. The exemption has not yet been granted by the Financial Services Board.

19. Employee benefits continued

19.2. Medical benefits

Post-employment medical benefits

Some of the companies within the Group contributes to medical aid schemes for retired employees. The liability in respect of future contributions to the schemes in respect of retirees are actuarially valued every year, using the projected unit credit method.

CEF, OPC, Saneri and iGas

CEF, OPC, Saneri and iGas decided to reduce its future liability in line with the Group and made an offer to qualifying staff where they can receive an actuarially determined lump sum paid into their current provident fund. All staff have exercised this option and payment was made in February 2008.

SFF Association

The company contribution to a medical aid scheme for retired employees amounted to R17 111 million (2007: R14 785 million). The liability in respect of future contributions to the scheme in respect of retirees is actuarially valued every three years, using the projected unit credit method. The plan is funded. The last actuarial valuation was carried out on 31 March 2007. The principal assumptions adopted are disclosed below.

		2008 R'000	2007 R'000
Discount rate	8.75%		
Medical costs trend rates	7.25%		
Current services cost		(147)	(156)
Benefit costs		-	(1 260)
Net benefit (income) / expense		(147)	(1 416)

PetroSA

The group has provided an amount of R201.2 million (2007: R172.1 million) toward the funding of post-retirement medical scheme costs for employees who commenced employment before 1 April 2006 and pensioners. The commitment is actuarially valued annually, the most recent valuation performed as at 31 March 2008. The actuary's recommendation that redemption of R1,7 million be made for the previous financial year was implemented, with a credit made against income. Employees who commenced employment after 1 April 2006 are not entitled to this benefit.

The actuarial present value of promised retirement medical benefits at 31 March 2008 is R201,2 million. The obligation is unfunded and was valued using the projected unit method. A discount rate of 10% and medical aid inflation rate of 8% was assumed. Mortality assumptions were in line with standard tables SA56/62 (in service) and PA(90) (in retirement).

A sensitivity analysis was performed on the medical aid inflation rate assumption used in the valuation. A 9% and 7% medical aid inflation rate assumption would result in an accumulated obligation at 31 March 2008 of R215.8 million and R189.0 million respectively. The combined interest and service cost vary according to the medical aid inflation assumption and are R26.1 million (8%); R27.3 million (9%) and R23.1 million (7%).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

	Group		Company	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
20. Trade and other payables				
Trade payables	1 437 265	660 254	1 132	2 353
Accruals	917 212	356 734	4 169	7 869
VAT	119 178	68 283	1 376	141
Sundry Payables	116 011	173 010	30 885	34 772
	2 589 666	1 258 281	37 562	45 135
21. Deferred income				
Deferred income	1 812	-	-	-
This is in respect of government grants received by the South African National Energy Research Institute (Proprietary) Limited from the Department of Science and Technology to fund future related costs.				-
22. Revenue				
Major classes of revenue comprise:				
Crude oil and fuel production sales	11 020 476	8 951 756	-	-
Tank rentals	173 426	113 661	-	-
Royalties	4 179	4 532	-	-
Other	21 598	29 693	-	-
	11 219 679	9 099 642	-	-
23. Interest received				
Investments	1 587 129	1 062 173	272 664	178 871
Subsidiaries	-	-	56 547	52 147
	1 587 129	1 062 173	329 211	231 018

	Group		Company	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
24. Operating profit				
Operating profit is stated after:				
Income				
Income from subsidiaries				
Interest received	-	-	56 547	52 147
Profit on disposals of PPE	-	81	-	-
Bad debts recovery	750	507	-	-
Insurance proceeds	-	83 000	-	-
Reversal of provision for unpumpable stock	26 135	-	-	-
Expenditure				
Auditors' remuneration	5 183	4 588	1 354	955
Audit fee - current year	4 746	4 272	1 098	920
Prior year	284	145	152	2
Expenses	153	171	104	33
Depreciation PPE	930 841	920 952	1 797	853
Impairment losses				
Property, plant and equipment	-	30 389	-	-
Amortisation of patents and trademarks	4 727	3 143	2 409	3 691
Lease rentals	129 205	63 581	1 891	1 660
Premises	15 467	10 966	1 891	1660
Equipment	1 973	1 604	-	-
Operating Lease rentals	111 765	51 011	-	-
Loss on disposals of PPE	-	-	2	3
Plant operational expenses	1 476 502	758 746	1 978	59
Directors' emoluments	20 236	23 903	11 291	9 659
Consulting fees	14 052	6 119	10 453	3 472
Research and development	36 400	58 691	3 459	692
Provisions				
Abandonment/environmental liability	35 612	(33 065)	-	-
Demurrage cost	12 888	-	-	-
De-sludge cost	(8 668)	-	-	-
Litigation cost	4 146	-	-	-
Post-Retirement medical aid	53 739	8 348	-	-
Stock loss provision	(657)	-	-	-
Increase of stock provision	-	10 308	-	-
Staff costs	181 150	107 176	47 889	37 533
Defined benefit retirement plan - pension				
Current service cost	2 720	3 420	(21)	(151)
Interest cost on benefit obligation	32	249	(32)	(249)
Expected return on plan assets	21	151	1 943	1 451
Net actuarial loss recognised in the year	(2 312)	(759)	-	-
Past service cost	(461)	(341)	(461)	(341)
Net benefit expense	-	2 720	1 429	710

	Group		Company	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
25. Finance costs				
Interest bearing borrowings	64 461	29 407	18 242	92 202
Bank overdrafts and acceptances	9 420	4 624	-	-
Finance leases	242 196	215 835	38 239	-
Other	2 774	81 525	2 709	961
Subsidiaries	-	-	76 020	43 832
	318 851	331 391	135 210	136 995
26. Impairment of investments				
Decrease / (Increase) in provision against loan to DWP	(17 000)	-	(17 000)	-
Decrease / (Increase) in provision against loan to African Exploration	-	-	(2 134)	-
Decrease / (Increase) in provision against loan to OPC	-	-	(6 156)	2 779
Decrease / (Increase) in provision against loan to Cotec Patrade (Proprietary) Limited	-	-	-	(11)
Decrease / (Increase) in provision against loan to iGas	-	-	-	23 936
	(17 000)	-	(25 300)	26 704
27. Taxation				
27.1. Normal tax				
Current tax	627 167	391 912	20 048	8 174
Deferred tax				
Current year	298 877	(48 251)	15 546	40
Prior year adjustments	-	11	-	-
Tax for the year	926 044	343 672	35 594	8 214
27.2. Reconciliation of rate of taxation				
	%	%	%	%
South African normal tax rate	29.0	29.0	29.0	29.0
Adjusted for:				
Exempt income	(6.3)	6.4	2.0	(1.3)
Dividends	-	-	(24.1)	(26.6)
Tax Losses	-	(34.6)	-	-
Foreign taxation	7.3	9.5	-	-
Net reduction	1.0	(18.7)	(22.1)	(27.9)
Effective rate	30.0	10.3	7.0	1.1

27. Taxation continued

PetroSA

Provision for SA taxation is only made for the European operations where the Dutch tax rate is 24.5%, versus 29% in SA. No further provision has been made for 2008 taxation as the company has an estimated tax loss of R7.2 billion available for set-off against future taxable income. The tax loss is available for set-off against mining income, refining income and 10% of non-refining income.

The significant increase in the tax loss attributable to a change in the tax regime from OP26 to the 10th Schedule dispensation. Under the OP26 regime, deductions for mining capital expenditure were limited to mining income and a 12% uplift. Under the new 10th Schedule, additional deductions of 50% or 100% for mining capital expenditure are allowed.

No deferred tax asset has been raised as the realisation of the related tax benefits in the foreseeable future is considered improbable where the significant mining capital expenditure as forecast, is undertaken.

The foreign tax charge relates mainly to the Nigerian operations of Brass Exploration Unlimited where the Nigerian tax rate is 85%, versus 29% in SA.

Petroleum Agency SA

Petroleum Agency SA is exempt from paying taxation due to it being an agent of the State in terms of the MPRDA.

SFF

SFF is not liable for tax as it's a Section 21 company and manages the strategic stock for the state. SFF is confident that SARS will refund R17.5 million with interest.

	Group		Company	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
27.3. SARS for income tax				
Opening balance	536 035	200 581	(1 261)	79
Income tax for the year	926 044	343 672	35 594	8 214
Deferred portion	(298 877)	(49 529)	(15 546)	(40)
Payment made	(88 262)	41 311	(24 955)	(9 514)
Balance due to / (from) SARS	1 074 940	536 035	(6 168)	(1 261)
Summary:				
Taxation refund due from SARS	(6 168)	(1 502)	(6 168)	(1 261)
Taxation owing to SARS	1 081 108	537 537	-	-
	1 074 940	536 035	(6 168)	(1 261)

	Group		Company	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
28. Notes to the cash flow statements				
28.1. Cash receipts from customers				
Sales and other revenue	13 338 890	10 694 459	23 300	9 019
Profit on sale of assets	(108)	(81)	-	110
Movement in trade and other receivables	(930 196)	(572 622)	(239 576)	(2 385)
Unrealised foreign exchange moves	-	-	(2 532)	(3 425)
	12 408 586	10 121 756	(218 808)	3 319
28.2. Cash paid to suppliers and employees				
Cost of sales	7 901 372	6 133 327	-	-
Operating costs	3 598 309	1 939 209	102 510	63 252
Movement in inventories	923 356	156 773	-	-
Movement in trade and other payables	(1 333 198)	(343 473)	7 573	(14 857)
Non-cash items	(1 462 672)	(833 373)	(1 037)	(3 327)
Realised foreign exchange	58 453	(206 263)	(4 139)	14 817
	9 685 619	6 846 200	104 907	59 885

28. Notes to the cash flow statements continued

	Group		Company	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
28.3. Cash generated by operations				
Net profit before taxation	3 090 487	3 352 705	511 959	753 069
Non cash items:			1 797	851
Depreciation	930 841	920 952	25 300	(26 704)
Impairment losses	17 000	-	-	-
Foreign exchange adjustment of subsidiary	18 081	7 108	(1 864)	-
Movement in forward exchange contracts	(1 857)	1 839	(2 587)	67
Movement in provisions	580 500	651 901	-	110
Profit on disposals of property, plant and equipment	(108)	(81)	3 691	2 400
Amortisation of intangible assets	4 727	3 143	-	-
Exchange differences capitalised (restatement at year end)	6 298	(74 469)	-	-
Capitalised expenditure	(16 498)	-	-	-
Profit on investment reversed	(28 492)	-	-	-
Assets fair valued	(30 927)	(676 613)	-	-
Change in estimate of intangibles	-	(520)	-	-
Transfer of fixed assets	-	32	-	-
	4 570 052	4 185 997	538 296	729 802
Other adjustments:				
Interest received	(1 587 129)	(1 062 173)	(329 211)	(231 018)
Finance costs	318 851	331 391	135 210	136 995
Dividends received	-	-	(425 000)	(690 000)
Realised foreign exchange loss/(gain)	(58 453)	206 263	4 139	(14 817)
	(1 326 731)	(524 519)	(614 862)	(798 840)
Movements in working capital				
Increase in inventories	(923 356)	(156 773)	-	-
Increase in trade and other receivables	(930 196)	(572 622)	(239 576)	(2 385)
Increase/(decrease) in trade and other payables	1 333 198	343 473	(7 573)	14 857
	2 722 967	3 275 556	(323 715)	(56 566)

28. Notes to the cash flow statements continued

	Group		Company	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
28.4. Increase in investment in Subsidiaries and associates				
Investment in associate				
Increase in investment	(24 054)	22 265	-	-
Movement in investment	(24 054)	22 265	-	-
28.4.1. DWP				
Provision against investment	17 000	-	17 000	-
Provision against loan	(17 000)	-	(17 000)	-
Movement in investment	-	-	-	-
28.4.2. iGas				
Provision against investment	-	-	-	(23 936)
Movement in investment	-	-	-	(23 936)
28.4.3. OPCSA				
Provision against investment	-	-	6 166	(2 779)
Movement in investment	-	-	6 166	(2 779)
28.4.4. African Exploration				
Provision against investment	-	-	2 134	-
Movement in investment	-	-	2 134	-
28.4.5. Cotec Patrade (Pty) Ltd				
Provision against investment	-	-	-	11
Movement in investment	-	-	-	11
Net movement on investment in subsidiaries and associates	(24 054)	22 265	8 300	(26 704)

28. Notes to the cash flow statements continued

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
Opening carrying amount of loans to group companies				
African Exploration	-	-	-	-
SANERI	-	-	(55 429)	(23 732)
Petroleum Agency SA	-	-	(174 775)	(132 459)
SFF	-	-	-	35
PetroSA	-	-	(361 527)	(657 561)
iGas	-	-	682 309	613 996
	-	-	90 578	(199 721)
Closing carrying amount of loans to group companies:				
Petroleum Agency SA	-	-	(189 565)	(174 775)
SFF	-	-	11	-
PetroSA	-	-	(432 029)	(361 527)
South African Gas Development Company (Pty) Ltd	-	-	637 460	682 309
SANERI (Pty) Ltd	-	-	(21 561)	(55 429)
	-	-	(5 684)	90 578
Movement in carrying amount of loans	-	-	96 262	(290 299)
Net investment in associates	(24 054)	22 265	(8 300)	26 704
Cash effect of investments in subsidiaries and associates	(24 054)	22 265	87 964	(263 595)

28.5. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
Cash and cash equivalents	16 949 062	14 975 177	2 751 916	2 599 851
Bank overdraft	(17 307)	(236 672)	-	-
	16 931 755	14 738 505	2 751 916	2 599 851

29. Contingent liabilities

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
29.1. Guarantees				
DME for Rehabilitation of E-BT/E-AR mining lease	27 100	27 100	27 100	27 100
Eskom for payment of guarantee for electrical supply	9 485	9 485	9 485	9 485
Eskom for payment of guarantee for electrical supply	2 435	2 435	2 435	2 435
Department of Minerals and Energy for rehabilitation of FA mining lease	450 000	450 000	450 000	450 000
ABSA Bank for iGas to acquire a 25% interest in Rompco	300 000	340 000	300 000	340 000
Performance guarantees - Egyptian General Petroleum Corporation iro minimum work obligations for exploration operations in Egypt.	170 396	152 775	-	-
Performance guarantees - Republic of Sudan iro minimum work obligations for exploration in Sudan	64 912	58 200	-	-
Bluewater (UK) Limited - PetroSA for rental contract.	46 420	41 619	46 420	41 619
Various financial institutions - housing and motor loans - employees	24 842	46 728	-	-
ABSA Bank for OPCSA's Deed of Suretyship	2 000	2 000	2 000	2 000
Group share of 55% of costs ($3.356 million) payable from PetroSA's share of revenues from future production within E-P tract, should the tract be successful	27 231	24 413	-	-
The group has issued guarantees for the rehabilitation of land disturbed by mining on the Sable field, amounting to:	180 000	180 000	-	-
Department of Minerals and Energy for rehabilitation of land distributed by Mining	-	10	-	10
Performance guarantees - Republic of Equatorial Guinea iro minimum work obligations for exploration in Equatorial Guinea ($18 million)	146 054	139 950	-	-
The group has issued a manufacture and excisable bond in favour of the South African Revenue Services	5 000	-	-	-
	1 455 875	1 474 715	837 440	872 649

29. Contingent liabilities continued

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

Rehabilitation of mining leases

In addition to the guarantees in respect of the rehabilitation of mining leases issued to the Department of Minerals and Energy, adequate provision for the expected future cost of rehabilitation of these leases has been made.

Cession and pledge to Absa Bank Ltd of R190 442 500

iGas (Proprietary) Limited, a subsidiary of CEF (Proprietary) Limited has acquired a 25% interest in Rompco (Proprietary) Limited. In order for iGas (Proprietary) Limited to give effect to the above mentioned acquisition it was obliged to procure guarantees from a financial institution in support of its obligation as Debt Service Support provider to Rompco (Proprietary) Limited. Absa Bank Ltd has issued guarantees to the value of R590 442 500 (current outstanding amount R490 442 500). CEF (Proprietary) Limited has issued a counter guarantee to Absa Bank Ltd to the same value. CEF (Proprietary) Limited has ceded and pledged an amount of R190 442 500 to Absa Bank Ltd for the guarantee facility.

30. Commitments

30.1. Capital expenditure

The following capital commitments will be financed through loans and operating cash flows:

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
Approved by the directors contracted for	1 722 145	2 325 766	-	-
Approved by the directors but not contracted for	3 373 036	253 454	-	-
	5 095 181	2 579 220	-	-

The group expenditure relates mainly to the Jabulani project and it is intended to finance this expenditure from internally generated funds and available cash resources.

The group commitments include R26 million for BEU for a gas compression unit; R436.6 million for PetroSA Equatorial Guinea (Pty) Ltd and R491.4 million for PetroSA Egypt (Pty) Ltd for the drilling of wells and R86.2 million for PetroSA Sudan for the processing of seismic data.

30.2. Operating leases

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
PetroSA (Pty) Ltd				
Leased office space at the V&A Waterfront from Victoria & Alfred Waterfront Properties (Pty) Ltd, effective from 1 January 2003. The lease payment was fixed at R583 605 per month, with a 10% escalation per annum.The period of the lease agreement was five years and ended on 31 December 2007, at which time PetroSA had the option to renew the lease for a further five-year period ending 31 December 2013. This office space has been sublet from August 2006 for the remaining period of the lease until 31 December 2007.				
Within one year	-	8 520	-	-
CEF (Pty) Ltd				
Leases the office space at 158 Jan Smuts Avenue. The period of the lease is 5 years and 4 months from 1 December 2004 until 31 March 2010 from Gensec Property Services Limited.				
Within one year	1 369	1 369	1 369	1 369
After one year but not more than five years	1 369	2 738	1 369	2 738
	2 738	4 107	2 738	4 107
SANERI				
Leases the office space at 158 Jan Smuts Avenue, 4th floor, office 22-23 & 28 and 31 for a period of 4 years from Gensec Property Services Limited.				
Within one year	258	136	-	-
After one year but not more than five years	136	272	-	-
	394	408	-	-
OPC				
Has entered into a property lease for its administrative offices. The non-cancelable lease was for a period of 3 years ending 31 March 2010. An option to extend the lease for another 2 years was taken.				
Within one year	26	288	-	-

30.2. Operating leases continued

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
OPC				
The company has entered into an equipment lease for photocopiers for a period of 60 months commencing on 9 July 2003.				
Within one year	-	37	-	-
After one year but not more than five years	-	118	-	-
	-	155	-	-
African Exploration Mining and Finance Corporation				
The company has entered into a property lease for its administrative offices. The lease is for a period of 11 months ending 31 January 2009.				
Within one year	73	-	-	-
PetroSA Europe BV - Office space				
Leases office space at 3011XB Willemswerf, 13th Floor, Boomjes, effective 1 December 2004. The lease payment is fixed at Euro 23,360 per annum, with an inflationary escalation per annum. The period of the lease agreement is five years and ends on 30 November 2009, at which time PetroSA Europe BV has the option to renew the lease for a further five-year period.				
Within one year	389	374	-	-
After one year but not more than five years	259	624	-	-
	648	998	-	-
PetroSA Europe BV - motor vehicles				
Leases motor vehicles on behalf of its employees. The standard contract period is 48 months. The effective start date was October 2004 and ends November 2009.				
Within one year	335	343	-	-
After one year but not more than five years	108	426	-	-
	443	769	-	-
PetroSA Europe BV - apartments				
Leases apartments for its employees. The effective starting date were 1 October and 1 November 2005 for a period of 2 years and ends 30 September 2007 and 15 November 2007. The rental is now on a month to month basis with a notice period of one month. The annual rental will be adjusted in line with CPI - all household series.				
Within one year	101	631	-	-

30.2. Operating leases continued

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
Equatorial Guinea				
Leases office space in Alsala for a one year period, effective from 1 October 2007 to 30 September 2008. The lease payments are EUR 8 427.50 per month, and is paid in advance for a year.				
Within one year	941	591	-	-
After one year but not more than five years	784	-	-	-
	1 725	591	-	-
PetroSA Egypt				
Leases office space and accommodation for its employees at Building No 3, Road 259, Maadi, Cairo. The lease period is 36 months with a monthly payment of $11 000 (R80 025) and an escalation of 5% at the beginning of the third year. The company has an option to renew the lease for another three year period.				
Within one year	2 050	880	-	-
After one year but not more than five years	2 722	1 809	-	-
	4 772	2 689	-	-
PetroSA Sudan				
Leases office space and accommodation for its employees at no 45A, Square 2, Garden City District, Mugran. The lease period is 12 months with a monthly payment of EUR 8 427.50 and an escalation of 10% for office space and 5% for accommodation for employees at the beginning of the second year. The company has an option to renew the lease for another three year period.				
Within one year	2 045	-	-	-
After one year but not more than five years	4 090	-	-	-
	6 135	-	-	-
PetroSA North America				
PetroSA North America leases office space at Lyric Centre Office Building, 440 Louisiana Street, Houston, Harris County, Texas, 77002. The lease period is 36 months with a monthly payment of USD4251.99 and an escalation of 0.692% linked to the increase in taxes; operating expenses and utility costs.				
Within one year	414	-	-	-
After one year but not more than five years	690	-	-	-
	1 104	-	-	-

30.2. Operating leases continued

	Group		Company	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
Petroleum Agency SA				
Petroleum House in Parow				
Extended the lease of office space from PetroSA for a further period of two years ending 31 July 2010. The lease payment is fixed at R103 189 per month, with a 12% escalation per annum.				
Suite 3 Tygerpoort in Bellville				
Petroleum Agency SA extended the lease of office space from Sulnisa Property for a further period of two years ending 30 November 2008. The lease payment is fixed at R79 936 per month for the remainder of the lease. Petroleum Agency SA has an option to renew the lease for a further two-months period ending 31 January 2009. As an addendum to this lease, Petroleum Agency SA has leased additional space on the second floor of the building. This lease commenced on 1 June 2007 and terminates on 30 November 2008. The lease payment is R16 824 per month.				
Milnerton				
Petroleum Agency SA extended the lease was extended for storage space from SFF Association for a further period of three years ending 31 March 2010. The lease payment is fixed at R9 487 per month, with a CPIX linked escalation per annum. The company has an option to renew the lease.				
Roy Beamish Centre				
Petroleum Agency SA leases storage space at Modderdam Road, Airport Industria from EJB Creations which expires on 31 July 2008. The lease payment is fixed at R5 775 per month, with a 10% escalation per annum. The company has an option to renew the lease.				
Within one year	2 289	2 178	-	-
After one year but not more than five years	125	794	-	-
	2 414	2 972	-	-

30.3. Subsidiaries

With OPC still in the start-up phase, the annual budget is approved by the CEF board of directors and CEF has agreed to fund OPC's operations via a loan account. CEF has signed a subordination agreement with respect to the loan in favour of OPC creditors. Furthermore CEF has agreed to cover all of the present liabilities of OPC. The subordination agreements will remain in place until such time as the assets, fairly valued, exceed the liabilities of OPC.

31. Financial instruments

31.1. Risk profile

The Group has a risk management and a treasury department in CEF (Pty) Ltd and in PetroSA that manages the financial risks relating to the group's operations. The Group's liquidity, credit, foreign exchange, interest rate and crude oil price risks are monitored continually. Approved policies exist for managing these risks.

31.2. Risk management objectives and policies

The Group's objective in using financial instruments is to reduce the uncertainty over future cash flows arising from movements in foreign exchange, interest rates and crude oil prices. Throughout the year under review it has been, and remains, the Group's policy that no speculative trading in derivative instruments be undertaken.

31.3. Foreign currency management

The Group is exposed to foreign currency fluctuations as it raises funding on the offshore financial markets, imports raw material and spares and furthermore exports finished product and crude oil. All local sales of finished products are sold on a foreign currency denominated basis.

The Group takes cover on foreign exchange transactions where there is a future currency exposure. The group also makes use of a natural hedge situation to manage foreign currency exposure.

A sensitivity analysis was done for the net effect on revenue and expenses, and the weakening or strengthening of the Rand/Dollar exchange rate by R1 based on actual revenue and cost will increase or decrease profit by R 909.8 million respectively.

All local sales of finished products are sold on a foreign currency denominated basis. This leads to a situation where foreign currency inflows exceed outflows, thus creating a natural hedge situation to manage foreign currency exposure. In the event that this natural hedge is not apparent, the Group enters into forward foreign exchange contracts to buy and sell specified amounts of various foreign currencies in the future at predetermined exchange rates. The contracts are entered into in order to manage the Group's exposure to fluctuations in the foreign currency exchange rates on such transactions.

	Group		Company	
	2008	2007	2008	2007
	R'000	R'000	R'000	R'000
31.4. Categories of financial instruments				
Financial assets				
Other	2 774	81 525	3 106 754	2 705 792
Derivatives	340	84	2 226	84
Financial liabilities				
Amortised cost	534 774	911 172	517 467	674 500
Derivatives	247	1 848	2 133	1 848

31.5. Currency risk

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. The Group manages this risk by entering into forward foreign exchange contracts.

Forward foreign exchange contracts

The Group enters into forward foreign exchange contracts to buy and sell amounts of various foreign currencies in the future at a predetermined exchange rate. The contracts are matched with the anticipated future cash flows in foreign currencies and are primarily denominated in the currencies of the Group's principal markets, the majority of which is the US Dollar.

The Group does not enter into foreign currency exchange contracts for speculative purposes.

The carrying amount of the companies denominated monetary assets and liabilities are as follows:

		Liabilities		Assets	
		2008	2007	2008	2007
		R'000	R'000	R'000	R'000
US Dollars	Maturing within 3 months	224 966	-	-	-
EURO	Maturing within 3 months	-	-	3 213	-

The following table details the Group's sensitivity to a 10% increase and decrease in the Rand against the relevant foreign currency.

The sensitivity includes external loans. A positive number below indicates an increase in profit where the Rand strengthens 10% against the relevant currency.

31. Financial instruments continued

For a 10% weakening of the rand against the relevant currency there would be an equal and opposite impact on the profit and balance below would be negative.

	2008 R'000	2007 R'000
US Dollar Currency Impact		
Profit / (Loss)	97 614	43 300
EUR Currency Impact		
Profit / (Loss)	7 700	-

		Group 2008 R'000		Group 2007 R'000		Company 2008 R'000		Company 2007 R'000	
Forward exchange contracts - liability									
US Dollars	Maturing within 3 months	R	707 152	R	399 113	R	-	R	-
	Foreign amounts	$	87 047	$	54 727	$	-	$	-
	At an average rate of	R	8.1238	R	7.2928	R	-	R	-
US Dollars	Maturing within 12 months	R	77 906	R	33 943	R	-	R	-
	Foreign amounts	USD	9 841	USD	4 611	USD	-	USD	-
	At an average rate of	R	8.2171	R	7.3614	R	-	R	-
US Dollars	Maturing within 12 months	R	-	R	-	R	30 546	R	82 129
	Foreign amounts	USD	-	USD	-	USD	369	USD	1 130
	At an average rate of	R	-	R	-	R	8.2865	R	7.3791
GBP	Maturing within 3 months	R	13 997	R	-	R	-	R	-
	At an average rate of	R	16.1594	R	-	R	-	R	-

The Group is well matched in its currency exposures. Major capital expenditure programs are incurred in foreign currencies, mainly the US dollar or currencies easily converted to US dollars.

Term liabilities arising from funds raised to finance new projects are denominated in the currency that matches the project income stream. By the use of customer foreign currency bank accounts, short term mismatches can be avoided. It is seldom necessary therefore to hedge currency exposure risks other than on occasions where rand balances are held in anticipation of settlement of commitment in dollars.

31. Financial instruments continued

	Group		Company	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
31.6. Forward exchange contracts - asset				
Forward exchange contracts	340	84	2 226	84
31.7. Forward exchange contracts - liability				
Forward exchange contracts	247	1 848	2 133	1 848

31.8. Credit risk

Financial assets, which potentially subject the Group to the risk of non-performance by counterparties and thereby subject the Group to concentrations of credit risk, consist primarily of cash and cash equivalents, short-term investments, trade receivables and derivatives. The Group's cash equivalents and short-term deposits are placed with high credit quality financial institutions. These institutions are reviewed by the CEF board of directors on a quarterly basis.

With respect to the foreign exchange forward contracts, the Group's exposure is on the full amount of the foreign currency receivable on settlement. The Group minimises such risk by limiting the counterparties to a group of major financial institutions with high credit ratings assigned by international credit-rating agencies.

The Group's exposure and the credit ratings of its treasury counter-parties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counter-parties. This covers the risk of significant exposure to any individual customer or counterparty. The Group does not expect to incur any losses as a result of non-performance by these counterparties.

The carrying amounts of financial assets included in the balance sheet represent the Group's exposure to credit risk in relation to these assets. The credit exposure of forward exchange contracts is represented by the net market value of the contracts as disclosed.

31. Financial instruments continued

	Group			
	2008 R'000 Carrying value	2007 R'000 Fair value	2007 R'000 Carrying value	2007 R'000 Fair value
31.9. Cross currency interest rate swap				
Financial assets				
Assets from foreign exchange portion	5 564	-	-	-
Assets from interest portion	2 352	-	-	-
Financial liabilities				
Assets from foreign exchange portion	-	7 466	-	-
Assets from interest portion	-	836	-	-

As at 31 March 2008, the interest rate and foreign exchange derivative position relating to the cross currency interest rate swap was in-the-money to an amount of R7.9 million (2007:out-of-the-money to an amount of R8.29) and due to immateriality no sensitivity analysis has been performed on the position in 2007 and 2008.

31.10. Fair value

The Group's financial instruments consist mainly of cash and cash equivalents, trade receivables, investments, trade payables and long-term debt.

As at 31 March 2008 no financial asset was carried at an amount in excess of its fair value and fair values could be reliably measured for all financial assets that are available-for-sale or held-for-trading. The following methods and assumptions are used to determine the fair value of each class of financial instrument:

Cash and cash equivalents

The carrying amounts of cash and cash equivalents approximates fair value due to the relatively short-term maturity of these financial assets.

Trade receivables

The carrying amounts of trade receivables net of provision for bad debt, approximates fair value due to the relatively short-term maturity of this financial asset.

31. Financial instruments continued

Fair value (continued)

Investments

The carrying amounts of short-term investments approximates fair value due to the relatively short-term maturity of these assets. The fair values of other long-term investments are not materially different from the carrying amounts.

Trade payables

The carrying amounts of trade payables approximates fair value due to the relatively short-term maturity of these liabilities.

Interest-bearing borrowings

The carrying value of short-term borrowings approximates fair value due to the relatively short-term maturity of these liabilities. The fair values of other long-term borrowings are not materially different from the carrying amounts.

Derivatives

The fair value of foreign exchange forward contracts represent the estimated amounts (using rates quoted by the Group's bankers) that the Group would pay / receive to terminate the contracts at the reporting date, thereby taking into account the unrealised gains / losses on open contracts.

31. Financial instruments continued

31.11. Maturity profile

At least half or more of long-term finance, i.e. more than 3 years (or less in more volatile environments) should be at fixed rates of interest, even though such long-term rates are usually higher than the short-term rates ruling at the time that the long-term rates are negotiated. In mitigating the volatility risk, therefore, at least half of term finance is raised at fixed rates and other commitments will, if strong volatility threatens, be mitigated by the use of forward rate agreements, futures, interest rate options, interest rate swaps, caps, floors and collars.

The maturity profiles of financial assets and liabilities at balance sheet date are as follows:

	Fixed interest rate maturing				
Group	1 year or less R'000	1 to 5 years R'000	Over 5 years R'000	Non-interest bearing R'000	Total R'000
31 March 2008					
Assets					
Cash	16 949 062	-	-	-	16 949 062
Loans receivable	-	133 407	-	-	133 407
Trade receivables	2 415 624	-	-	-	2 415 624
Dividends receivable	-	-	-	-	-
Foreign exchange receivables	340	-	-	-	340
Total financial assets	19 365 026	133 407	-	-	19 498 433
Liabilities					
Trade payables	2 470 488	-	-	-	2 470 488
Interest bearing borrowings	119 817	397 650	-	-	517 467
Foreign exchange payable	247	-	-	-	247
Bank overdrafts	17 307	-	-	-	17 307
Total Financial Liabilities	2 607 859	397 650	-	-	3 005 509

31. Financial instruments continued

31.11. Maturity profile continued

Group	Fixed interest rate maturing 1 year or less R'000	1 to 5 years R'000	Over 5 years R'000	Non-interest bearing R'000	Total R'000
31 March 2007					
Assets					
Cash	14 975 177	-	-	-	14 975 177
Trade Receivables	1 586 925	-	-	-	1 586 925
Loans receivable	-	82 028	-	-	82 028
Dividends receivables	29 500	-	-	-	29 500
Foreign exchange receivables	84	-	-	-	84
Total financial assets	16 591 686	82 028	-	-	16 673 714
Liabilities					
Trade Payables	1 189 998	-	-	-	1 189 998
Interest bearing borrowings	134 040	540 460	-	-	674 500
Foreign exchange payable	1 848	-	-	-	1 848
Bank overdraft	236 672	-	-	-	236 672
Total financial liabilities	1 562 558	540 460	-	-	2 103 018

Company	Fixed interest rate maturing 1 year or less R'000	1 to 5 years R'000	Over 5 years R'000	Non-interest bearing R'000	Total R'000
31 March 2008					
Assets					
Cash	2 751 916	-	-	-	2 751 916
Trade Receivables	59 100	-	-	-	59 100
Loans to subsidiaries	90 134	-	-	-	90 134
Foreign exchange receivables	2 226	-	-	-	2 226
Total financial assets	2 903 376	-	-	-	2 903 376
Liabilities					
Trade payables	36 187	-	-	-	36 187
Interest bearing borrowings	913 962	540 460	-	-	1 454 422
Owing to group	-	748 774	-	-	748 774
Foreign exchange payables	2 133	-	-	-	2 133
Total financial liabilities	952 282	1 289 234	-	-	2 241 516

31. Financial instruments continued

31.11. Maturity profile continued

	Fixed interest rate maturing				
				Non-interest	
	1 year or less	1 to 5 years	Over 5 years	bearing	Total
Company	R'000	R'000	R'000	R'000	R'000
31 March 2007					
Assets					
Cash	2 599 851	-	-	-	2 599 851
Trade Receivables	24 360	-	-	-	24 360
Loans to subsidiaries	80 013	-	-	-	80 013
Foreign exchange receivables	84	-	-	-	84
				-	
Total financial assets	2 704 308	-	-		2 704 308
Liabilities					
					10 222
Trade payables	10 222	-	-	-	674 500
Interest bearing borrowings	134 040	540 460	-	-	767 852
Loans	767 852	-	-	-	1 848
Amounts owing to group	1 848	-	-	-	
Total financial liabilities	913 962	540 460	-	-	1 454 422

31.11. Maturity profile continued

Interest on financial instruments classified as floating rate is repriced at intervals of less than one year. Interest on financial instruments classified as fixed rate is fixed until maturity of the instrument. The other financial instruments of the Group that are not included in the above tables are non-interest bearing and are therefore not subject to interest rate risk.

31.12. Liquidity risk

The Group manages liquidity risk through proper management of working capital, capital expenditure and actual vs. forecasted cash flows. Adequate reserves and liquid resources are also maintained.

31.13. Price risk

External sales and purchases are subject to price and basis risks associated with volume and timing differences.

Price risk is mitigated using various operational and financial instruments. Instruments used are liquid and can be traded and valued at any time. The hedge portfolio may consist of exchange-traded options and futures as well as non-exotic over the counter options and swaps. Options, however, are only traded within zero cost collars. The selling prices are hedged using the International Petroleum Exchange (IPE), New York Mercantile Exchange (Nymex), or Singapore Monetary Exchange (Simex).

A sensitivity analysis was performed for revenue and every $1 increase or decrease in the Brent crude oil price will increase or decrease profit by R70.9 million respectively, based on the 2007/8 financial results.

31.14. Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds at fixed and floating interest rate. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, by the use of interest rate swaps contracts.

Exposure to interest rate risk on liabilities and investments is monitored on a proactive basis. The financing of the group is structured on a combination of floating and fixed interest rates.

The following table sets out the carrying amount, by maturity, of the Group's financial instruments that are exposed to interest rate risk and the effective interest rates applicable:

31. Financial instruments continued

31.14. Interest rate risk management continued

Year ended 31 March 2008	< 1 year R'000	1 to 5 years R'000	> 5 years R'000	Total R'000
Fixed rate				
Cash and cash equivalents (11.20%)	11 051 746	-	-	-
Floating rate				
Cash and cash equivalents	5 360 642	-	-	-
Forest Oil Gryphon Marin loan (0%)	-	-	-	1 603
Foreign loan - USD (3.43%)	(90 134)	(105 149)	-	2 140 349
Trade receivables	-	-	-	-
trade payables	-	-	-	-
Brass Exploration Unlimited loan (16.5%)	-	-	289 747	-
Lurgi (5.54%)	-	-	113 286	-
PetroSA Egypt (16.5%)	-	-	19 382	-
PetroSA North America (4.69%)	-	-	2 118	-
PetroSA Sudan (16.5%)	-	-	135 903	-
GTL.F1 (0%)	-	-	-	18 517
PetroSA Equatorial Guinea (16.5%)	-	-	220 161	-
Year Ended 31 March 2007				
Fixed rate				
Cash and cash equivalents (9.06%)	13 943 846	-	-	-
Floating rate				
Cash and cash equivalents	511 059	-	-	-
PetroSA Equatorial Guinea (14.5%)	-	-	149 191	-
Foreign loan - USD (5.87%)	(80 813)	(175 089)	-	-
Trade receivables	-	-	-	-
Forest oil Gryphon Marin loan (0%)	-	-	-	1 603
Brass Exploration Unlimited loan (19.35%)	-	-	255 250	-
Lurgi (6.9%)	-	-	80 425	-
trade payables	-	-	-	-
Bank overdraft	(199 731)	-	-	-

32. Directors' emoluments

	Salary / Fee R'000	Bonuses and performance payments R'000	Pension contributions R'000	Other contributions R'000	Expenses R'000	Compensate for loss of office R'000	Other R'000	Total R'000
CEF Year ended 31 March 2008								
Executive Directors:	2 035	889	-	-	-	-	-	2 924
Mr MB Damane	2 035	889	-	-	-	-	-	2 924
Non executive Directors:	1 114	-	-	-	-	-	-	1 114
Mr T Feketha	28	-	-	-	-	-	-	28
Mr Y Tenza	157	-	-	-	-	-	-	157
Mr I Soules	10	-	-	-	-	-	-	10
Dr Z Rustomjee	146	-	-	-	-	-	-	146
Mr NR Boqo	45	-	-	-	-	-	-	45
Mrs K Mthimunye	61	-	-	-	-	-	-	61
Ms B Mabuza	396	-	-	-	-	-	-	396
Ms N Mazwai	79	-	-	-	-	-	-	79
Dr P Molefe	116	-	-	-	-	-	-	116
Mr J Molobela	56	-	-	-	-	-	-	56
Mr HM Leshabane	20	-	-	-	-	-	-	20
Executive Management:	4 696	2 403	-	-	-	-	154	7 253
Ms A Osman	929	436	-	-	-	-	-	1 365
Ms M Joubert	965	446	-	-	-	-	17	1 428
Ms O Mans*	622	591	-	-	-	-	93	1 306
Mr M Singh	1 382	637	-	-	-	-	22	2 041
Mr A Haffejee	798	293	-	-	-	-	22	1 113
Year ended 31 March 2007	5 904	2 467	456	160	200	-	472	9 659
Executive Directors:	1 614	754	-	15	-	-	-	2 383
Non executive Directors:	1 215	-	-	-	200	-	3	1 418
Executive Management:	3 075	1 713	456	145	-	-	469	5 858

* Not employed for the full year.

32. Directors' emoluments continued

	Salary / Fee R'000	Bonuses and performance payments R'000	Pension contributions R'000	Other contributions R'000	Expenses R'000	Compensate for loss of office R'000	Other R'000	Total R'000
PetroSA Year ended 31 March 2008								
Executive Directors:	5 263	1 490	392	145	-	-	125	7 415
S Mkhize	3 336	949	200	75	-	-	70	4 630
N Nika	1 927	541	192	70	-	-	55	2 785
Non executive Directors:	2 204	-	-	-	864	-	-	3 068
MB Damane	-	-	-	-	75	-	-	75
MW Mkhize	-	-	-	-	27	-	-	27
BB Siwisa	152	-	-	-	41	-	-	193
N Vukuza-Linda	231	-	-	-	80	-	-	311
DR Zihlangu	382	-	-	-	175	-	-	557
J Huntley	53	-	-	-	19	-	-	72
RJ Angel	113	-	-	-	40	-	-	153
PS Molefe	381	-	-	-	288	-	-	669
N Gumede	-	-	-	-	7	-	-	7
M Kajee	197	-	-	-	17	-	-	214
CWN Molope*	145	-	-	-	41	-	-	186
T Chikane	54	-	-	-	8	-	-	62
B Figaji	210	-	-	-	11	-	-	221
A Nkuhlu	286	-	-	-	35	-	-	321
Executive Management	7 533	2 278	526	188	-	-	211	10 736
W de Meyer	713	395	71	21	-	-	24	1 224
E September	1 018	59	61	34	-	-	12	1 184
N Siswana	1 647	477	99	17	-	-	50	2 290
JM Maisela	1 612	444	97	41	-	-	50	2 244
JEP Falbe	1 405	526	84	41	-	-	39	2 095
D Marokane	1 138	377	114	34	-	-	36	1 699
Year ended 31 March 2007	11 518	4 175	786	307	596	-	337	17 719
Executive Directors:	4 049	1 621	335	135	-	-	121	6 261
Non executive Directors:	1 546	-	-	-	596	-	-	2 142
Executive Management	5 923	2 554	451	172	-	-	216	9 316

* Paid directly to employer

	Salary / Fee R'000	Bonuses and performance payments R'000	Pension contributions R'000	Other contributions R'000	Expenses R'000	Compensate for loss of office R'000	Other R'000	Total R'000
SFF Year ended 31 March 2008								
Non executive Directors:	139	-	-	-	-	-	-	139
B Mabuza	73	-	-	-	-	-	-	73
M Mkhize*	-	-	-	-	-	-	-	-
O Mans*	-	-	-	-	-	-	-	-
P Zikalala*	-	-	-	-	-	-	-	-
N Gumede*	-	-	-	-	-	-	-	-
M Damane *	-	-	-	-	-	-	-	-
P Langeni*	-	-	-	-	-	-	-	-
A Osman*	-	-	-	-	-	-	-	-
M Masemola*	-	-	-	-	-	-	-	-
Z Rustomjee	30	-	-	-	-	-	-	30
TZ Feketha	6	-	-	-	-	-	-	6
N Mazwai	18	-	-	-	-	-	-	18
Y Tenza	12	-	-	-	-	-	-	12

* The directors are not remunerated in their personal capacity.

BAC Members:	122	-	-	-	-	-	-	122
K Mthimunye	39	-	-	-	-	-	-	39
J Molobela	37	-	-	-	-	-	-	37
Y Tenza	15	-	-	-	-	-	-	15
N Mazwai	31	-	-	-	-	-	-	31
Year ended 31 March 2007	164	-	-	-	-	-	-	164
Non executive Directors:	164	-	-	-	-	-	-	164

32. Directors' emoluments continued

	Salary / Fee R'000	Bonuses and performance payments R'000	Pension contributions R'000	Other contributions R'000	Expenses R'000	Compensate for loss of office R'000	Other R'000	Total R'000
Petroleum Agency SA Year ended 31 March 2008								
Executive Directors:	1 888	24	265	-	-	-	301	2 478
L Madlala*	411	-	49	-	-	-	207	667
M Xiphu	1 477	24	216	-	-	-	94	1 811
Non executive Directors:	300	-	-	-	-	-	225	525
N Qata	84	-	-	-	-	-	-	84
T Ramontja*	-	-	-	-	-	-	-	-
M Ledingwane**	-	-	-	-	-	-	204	204
J dos Santos*	-	-	-	-	-	-	-	-
Rocha***	-	-	-	-	-	-	-	-
S Sikhosana***	-	-	-	-	-	-	-	-
A Osman***	-	-	-	-	-	-	-	-
O Mans***	-	-	-	-	-	-	-	-
L Makatini	216	-	-	-	-	-	21	237
Committee Members:	385	-	-	-	-	-	-	385
C McClelland	122	-	-	-	-	-	-	122
Y Tenza	41	-	-	-	-	-	-	41
S Gumede	64	-	-	-	-	-	-	64
A Osman***	-	-	-	-	-	-	-	-
O Mans***	-	-	-	-	-	-	-	-
B Qina***	-	-	-	-	-	-	-	-
T Ramontja***	-	-	-	-	-	-	-	-
M de Pontes***	-	-	-	-	-	-	-	-
S Sikhosana***	-	-	-	-	-	-	-	-
N Qata	138	-	-	-	-	-	-	138
G Smith	20	-	-	-	-	-	-	20
Executive Members:	8 184	448	1 092	-	-	-	1 245	10 969
D Broad	810	61	119	-	-	-	46	1 036
N Nwendamutswu*	594	-	88	-	-	-	49	731
J Marot*	649	57	93	-	-	-	29	828
D van der Spuy	818	62	120	-	-	-	29	1 029
V Storm	825	31	121	-	-	-	58	1 035
S Mills	768	29	103	-	-	-	70	970
I Mclachlan*	147	66	2	-	-	-	663	878
N Ngabaza	694	20	101	-	-	-	34	849
N Makupula	1 188	-	107	-	-	-	201	1 496
L Mthunzi	740	32	99	-	-	-	-	871
N Van Averbeke	951	90	139	-	-	-	66	1 246

32. Directors' emoluments continued

	Salary / Fee R'000	Bonuses and performance payments R'000	Pension contributions R'000	Other contributions R'000	Expenses R'000	Compensate for loss of office R'000	Other R'000	Total R'000
Petroleum Agency SA Year ended 31 March 2008	9 457	834	1 156	-	-	-	463	11 910
Executive Members:	6 943	704	874	-	-	-	314	8 835
Non executive Directors:	224	-	-	-	-	-	25	249
Executive directors:	2 290	130	282	-	-	-	124	2 826

* Not for full year
**Ms Ledingwana was seconded to Petroleum Agency SA from the DME. Monies paid to her during this time are reflected above.
***Directors are not remunerated in their personal capacity.

32. Directors' emoluments continued

	Salary / Fee R'000	Bonuses and performance payments R'000	Pension contributions R'000	Other contributions R'000	Expenses R'000	Compensate for loss of office R'000	Other R'000	Total R'000
African Mining and Finance Corporation Year ended 31 March 2008								
Executive Directors:	12	-	-	-	-	-	-	12
Dr AD Surridge*	-	-	-	-	-	-	-	-
Dr Z Rustomjee	12	-	-	-	-	-	-	12
Mr PD Coetzee*	-	-	-	-	-	-	-	-
Mr A Mngomezulu*	-	-	-	-	-	-	-	-
Mr MB Damane*	-	-	-	-	-	-	-	-
Board audit and risk management committee:	29	-	-	-	-	-	-	29
Mr V Magan*	11	-	-	-	-	-	-	11
Mr D Hensman*	8	-	-	-	-	-	-	8
Ms A Thomali*	5	-	-	-	-	-	-	5
M Nyathi*	5	-	-	-	-	-	-	5
* Not for full year								
Executive Members:	-	-	-	-	-	-	-	-
Mr SE Madondo**	-	-	-	-	-	-	-	-
Ms O Mans**	-	-	-	-	-	-	-	-
Ms A Osman**	-	-	-	-	-	-	-	-

* Not for full year
**Directors are not remunerated in their personal capacity

32. Directors' emoluments continued

	Salary / Fee R'000	Bonuses and performance payments R'000	Pension contributions R'000	Other contributions R'000	Expenses R'000	Compensate for loss of office R'000	Other R'000	Total R'000
iGas Year ended 31 March 2008								
Non Executive Directors:	124	-	-	-	-	-	-	124
Dr Z Rustomjee	62	-	-	-	-	-	-	62
Mr M Damane*	-	-	-	-	-	-	-	-
Mr M Zimela*	-	-	-	-	-	-	-	-
Mr J Roelofse*	-	-	-	-	-	-	-	-
Mr Y Tenza	62	-	-	-	-	-	-	62
Ms E Marabwa*	-	-	-	-	-	-	-	-
Board audit and risk management Committee:	58	-	-	-	-	-	-	58
Mr Y Tenza	27	-	-	-	-	-	-	27
Mr R Boqo*	31	-	-	-	-	-	-	31
Year ended 31 March 2007	223	-	-	-	-	-	-	223
Non executive Directors:	223	-	-	-	-	-	-	223

*Directors are not remunerated in their personal capacity

32. Directors' emoluments continued

	Salary / Fee R'000	Bonuses and performance payments R'000	Pension contributions R'000	Other contributions R'000	Expenses R'000	Compensate for loss of office R'000	Other R'000	Total R'000
OPCSA Year ended 31 March 2008								
Executive Directors:	1 151	610	-	-	-	-	192	1 953
Mr P D Coetzee	1 151	610	-	-	-	-	192	1 953
Ms A Osman*	-	-	-	-	-	-	-	-
Mr S Madondo*	-	-	-	-	-	-	-	-
Dr R Singh*	-	-	-	-	-	-	-	-
Mr M Damane*	-	-	-	-	-	-	-	-
Non executive Directors:	75	-	-	-	-	-	-	75
Mr M Kajee	30	-	-	-	-	-	-	30
Mr J Molobela	22	-	-	-	-	-	-	22
Ms M Mgadza	23	-	-	-	-	-	-	23
Executive Members:	989	451	-	430	-	-	116	1 986
Mr A Jacobs	493	265	-	430	-	-	89	1 277
Mr A Partridge	496	186	-	-	-	-	27	709
Year ended 31 March 2007	1 905	-	278	94	-	-	462	2 739
Executive Directors:	986	-	140	20	-	-	192	1 338
Non executive Directors:	129	-	-	-	-	-	-	129
Executive Members:	790	-	138	74	-	-	270	1 272

* Paid directly to employer

32. Directors' emoluments continued

	Salary / Fee R'000	Bonuses and performance payments R'000	Pension contributions R'000	Other contributions R'000	Expenses R'000	Compensate for loss of office R'000	Other R'000	Total R'000
SANERI								
Year ended 31 March 2008								
Board audit & risk management committee:	29	-	-	-	-	-	-	29
Mr D Hensman*	8	-	-	-	-	-	-	8
Mr V Magan*	11	-	-	-	-	-	-	11
Ms A Thomani*	5	-	-	-	-	-	-	5
Ms M Nyathi*	5	-	-	-	-	-	-	5
Non executive Directors:	204	-	-	-	-	-	57	261
Mr J Marriott	62	-	-	-	-	-	-	62
Mr M Damane**	-	-	-	-	-	-	-	-
Ms M Pyoos**	-	-	-	-	-	-	-	-
Mr I Patel**	-	-	-	-	-	-	-	
Mr S Tyatya**	-	-	-	-	-	-	-	-
Ms N Mlonzi	50	-	-	-	-	-	3	53
Dr C Cooper	92	-	-	-	-	-	54	146
Executive Members:	1 023	68	-	-	-	-	-	1 091
Mr K Nassiep	1 023	68	-	-	-	-	-	1 091
Year ended 31 March 2007	678	-	-	76	-	-	7	761
Executive directors *	434	-	-	76	-	-	6	516
Non executive Directors:	244	-	-	-	-	-	1	245

*Not for a full year

**Directors are not remunerated in their personal capacity

33. Related parties

	Group		Company	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
African Exploration (Pty) Ltd				
Amounts owing from	-	-	10 501	-
Services received/ rendered	-	-	183	-
DWP				
Loan to	-	-	(17 000)	-
Cash on call	-	-	3 535	-
Services rendered	-	-	119	-
Interest received	-	-	(174)	-
Interest paid	-	-	840	-
Dept. of Public Enterprises				
Amounts owing from	-	-	-	4
PetroSA				
Long term loans	-	-	(105 149)	(175 088)
Dividends received/ Paid	-	-	(425 000)	(690 000)
Cash on deposit for	-	-	537 648	537 648
Amounts owing to	-	-	171	-
Services rendered	-	-	15	-
Interest received	-	-	(15 245)	(20 443)
Interest paid	-	-	54 077	66 136
FEC	-	-	1 879	77
SANERI				
Cash on deposit for	-	-	21 561	55 429
Amounts owing from	-	-	87	71
Services rendered	-	-	321	203
Interest paid	-	-	1 668	2 695
Cotec Patrade (Pty) Ltd				
Loan to	-	-	3 744	3 744
iGas				
Loan to	-	-	36 239	30 067
Amounts owing from	-	-	216	90
Services rendered	-	-	1 461	746
Shareholders loan Rompco	-	-	296 421	306 183
iGas term loan	-	-	294 323	339 982
Interest received	-	-	(41 302)	(31 704)
OPCSA				
Loan to	-	-	21 870	15 703
Amounts owing to	-	-	12	-
Amounts owing from	-	-	157	107
Services rendered	-	-	682	7 269

33. Related parties continued

	Group 2008 R'000	Group 2007 R'000	Company 2008 R'000	Company 2007 R'000
Petroleum Agency SA				
Loan to/ from	-	-	189 565	174 775
Amounts owing from	-	-	45	148
Services rendered	-	-	286	539
Interest paid	-	-	18 203	12 227
SFF				
Amounts owing from	-	-	12 149	3 691
Services received/ rendered	-	-	3 632	3 005
Department of Minerals and Energy				
Services received/ rendered	14	232	-	232
Amounts received	-	(1 231)	-	(1 231)
Baniettoir Mining (Pty) Ltd				
Loan to	23 936	23 933	23 936	23 933
SA Post Office				
Services received/ rendered	-	280	-	69
SAA				
Services received/ rendered	14 270	27 677	-	3 128
Amounts owing to	-	532	-	-
Mine Health and Safety Council				
Services received/ rendered	163	83	163	83
Trans Caledon Tunnel Authority				
Interest received/ paid	-	408	-	408
Financial Services Board				
Services received/ rendered	-	114	-	-
Mintek				
Services received/ rendered	-	293	-	-
City of JHB				
Services received/ rendered	-	63	-	27
Road Accident Fund				
Services received/ rendered	-	5	-	5
DTI				
Grants received	42 000	40 024	-	-
Council for Geoscience				
Amounts owing to	31	21	-	-
Industrial Development Corporation of SA Ltd				
Services received/ rendered	-	294	-	-
SABC				
Services received/ rendered	12	14	-	-

33. Related parties continued

	Group		Company	
	2008 R'000	2007 R'000	2008 R'000	2007 R'000
Airports Company				
Services received/ rendered	133	111	-	-
Eskom Group				
Services received/ rendered	190 392	177 237	13 132	-
Products sold	-	58 090	-	-
Arivia.Kom				
Amounts owing to	8	124	-	-
National Treasury				
Amounts owing to/ from	3 749	-	3 749	-

Key management personnel
refer to note 32

34. Interest in joint operating agreements

The group's proportionate share in the assets and liabilities of unincorporated joint ventures, which are included in the financial statements are as follows:

	Percentage Holding / Tracts					
	55%	55%	55%	55%	55%	55%
	E-BA	E-AG	E-AD	E-CB	E-CN	E-DC
2008	R'000	R'000	R'000	R'000	R'000	R'000
Current Assets	36	134	89	53	121	-
Total Assets	36	134	89	53	121	-
Current liabilities	37	-	-	40	24	-
Retained income	(2 161)	(705)	(424)	(31 152)	(1 483)	(43 970)
Company contribution to venture	2 160	839	513	31 165	1 580	43 970
Total liabilities	36	134	89	53	121	-
Revenue	2	12	7	6	8	-
Expenses	(209)	(17)	(10)	(315)	(707)	(274)
Net profit / (loss)	(207)	(5)	(3)	(309)	(699)	(274)
Partners	Pioneer 45%	Pioneer 45%	Pioneer 45%	Pioneer 45%	Pioneer 45%	Pioneer 45%
Nature of project	Exploration	Exploration	Exploration	Exploration	Exploration	Exploration

	Percentage Holding / Tracts					
					10%	31.25%
	55%	55%	22.86%	22.86%	Namibia	Gryphon
	E-CC	E-AO	Iris	Themis	North	Marin
2008	R'000	R'000	R'000	R'000	R'000	R'000
Current assets	801	8	-	-	-	-
Total assets	801	8	-	-	-	-
Current liabilities - interest free	-	-	-	-	-	-
Retained income	(153 050)	(280)	(26 259)	(10 747)	(987)	(987)
Company contribution to venture	153 851	288	26 259	10 747	987	59 017
Total liabilities	801	8	-	-	-	58 030
Revenue	70	1	-	-	-	-
Expenses	(97)	(36)	(2)	(27)	(5)	(1)
Net profit / (loss)	(27)	(35)	(2)	(27)	(5)	(1)
Partners	Pioneer 45%	Pioneer 45%	Sterling 38.57% Pan Africa 25.71% Afren 12.86%	Sterling 20.57% Pan Africa 25.71% Afren 12.86% Premier 18%	BHP 75% Mitsui 15%	Forest 50% Tullow Oil 18.75%
Nature of project	Exploration	Exploration	Exploration	Exploration	Exploration	Exploration

34. Interest in joint operating agreements

2008	55% E-P R'000	60% Sable R'000	55% E-BB R'000	24% Block 2A R'000	24% Block C R'000	55% F-Q R'000
			Percentage Holding / Tracts			
Production facilities	-	51 629	-	53 812	-	-
Current assets	-	69 307	113	-	-	-
Total Assets	-	120 936	113	53 812	-	-
Current liabilities	-	68 749	-	-	-	-
Retained income	(1 124)	(294 860)	(57 538)	(162 550)	(2 340)	(928)
Company contribution to venture	1 124	347 047	57 651	216 362	2 340	928
Total liabilities	-	120 936	113	53 812	-	-
Revenue	-	578 860	8	-	-	-
Expenses	(849)	(408 045)	(6)	(6)	(2)	(381)
Net profit / (loss)	(849)	170 815	2	(6)	(2)	(381)
Partners	Pioneer 45%	Pioneer 40%	Pioneer 45%	Anschutz 22.8% Forest 53.2%	Anschutz 22.8% Forest 53.2%	Pioneer 45%
Nature of project	Exploration	Production	Exploration	Exploration	Exploration	Exploration

2008	24% Ibhubezi R'000	55% E-AA R'000	55% SCG Capex R'000	60% Sable Capex R'000	10% Namibia South R'000	22% Zambezi Block R'000
			Percentage Holding / Tracts			
Production facilities	-	-	2 272 183	66 177	-	-
Current assets	-	33	59 009	-	-	-
Total Assets	-	33	2 333 192	66 177	-	-
Current liabilities	-	-	61 919	66 177	-	-
Retained income	(2 325)	(736)	-	-	(17 509)	(5 833)
Company contribution to venture	2 325	769	2 269 273	-	17 509	5 833
Total liabilities	-	33	2 333 192	66 177	-	-
Revenue	-	21	-	-	-	-
Expenses	(1 961)	(700)	-	-	(6)	(114)
Net profit / (loss)	(1 961)	(679)	-	-	(6)	(114)
Partners	Anschutz 22.8% Forest 53.2%	Pioneer 45%	Pioneer 45%	Pioneer 40%	BHP 75% Mutsui 15%	Petronas 42.5% ENH 15% Petrobras 17%
Nature of project	Exploration	Exploration	Development	Development	Exploration	Exploration

34. Interest in joint operating agreements

The group's proportionate share in the assets and liabilities of unincorporated joint ventures, which are included in the financial statements are as follows:

	Percentage Holding / Tracts					
	55%	55%	55%	55%	55%	55%
	E-BA	E-AG	E-AD	E-CB	E-CN	E-DC
2007	R'000	R'000	R'000	R'000	R'000	R'000
Current assets	17	132	92	125	140	213
Total assets	17	132	92	125	140	213
Current liabilities - interest free	1	4	9	24	123	-
Retained income	(1 752)	(624)	(377)	(27 653)	(703)	(43 696)
Company contribution to venture	1 768	752	460	27 754	720	43 909
Total liabilities	17	132	92	125	140	213
Revenue	2	4	12	7	2	12
Expenses	(24)	(109)	(138)	(453)	(413)	(24)
Net profit / (loss)	(22)	(105)	(126)	(446)	(411)	(12)
Partners	Pioneer 45%	Pioneer 45%	Pioneer 45%	Pioneer 45%	Pioneer 45%	Pioneer 45%
Nature of project	Exploration	Exploration	Exploration	Exploration	Exploration	Exploration

	Percentage Holding / Tracts					
	55%	55%	22.86%	22.86%	31.25%	25%
	E-CC	E-AO	Iris	Themis	Gryphon Marin	Block 402d
2007	R'000	R'000	R'000	R'000	R'000	R'000
Current assets	749	5	-	-	-	-
Total assets	749	5	-	-	-	-
Current liabilities - interest free	1	-	-	-	-	-
Retained income	(137 193)	(219)	(26 257)	(10 720)	(59 016)	(31 950)
Company contribution to venture	137 941	224	26 257	10 720	59 016	31 950
Total liabilities	749	5	-	-	-	-
Revenue	45	-	-	-	-	-
Expenses	(999)	(1)	(2 974)	(2 854)	(24 153)	(211)
Net profit / (loss)	(954)	(1)	(2 974)	(2 854)	(24 153)	(211)
Partners	Pioneer 45%	Pioneer 45%	Sterling 38.57% Pan Africa 25.71% Afren 12.86%	Sterling 20.57% Pan Africa 25.71% Afren 12.86% Premier 18%	Forest 50% Tullow Oil 18.75%	Burlington Resources 75%
Nature of project	Exploration	Exploration	Exploration	Exploration	Exploration	Exploration

34. Interest in joint operating agreements

	Percentage Holding / Tracts					
	55%	60%	55%	24%	24%	55%
	E-P	Sable	E-BB	Block 2A	Block C	F-Q
2007	R'000	R'000	R'000	R'000	R'000	R'000
Production facilities	36 011	50 365	14 404	53 812	-	-
Current assets	-	62 594	101	-	-	-
Total assets	36 011	112 959	14 505	53 812	-	-
Current liabilities - interest free	3	58 345	-	-	-	-
Retained income	(31 740)	(908 466)	(51 588)	(162 544)	(2 338)	(547)
Company contribution to venture	67 748	963 080	66 093	216 356	2 338	547
Total liabilities	36 011	112 959	14 505	53 812	-	-
Revenue	-	895 875	4	-	-	-
Expenses	(3)	(414 882)	(68)	(3 424)	(548)	(526)
Net profit / (loss)	(3)	480 993	(64)	(3 424)	(548)	(526)
Partners	Pioneer 45%	Pioneer 40%	Pioneer 45%	Anschutz 22.8% Forest 53.2%	Anschutz 22.8% Forest 53.2%	Pioneer 45%
Nature of Project	Exploration	Production	Exploration	Exploration	Exploration	Exploration

	Percentage Holding / Tracts					
	24%	55%	55%	60%	10%	22%
	Ibhubezi	E-AA	SCG Capex	Sable Capex	Namibia South	Zambezi Block
2007	R'000	R'000	R'000	R'000	R'000	R'000
Production facilities	-	-	1 377 270	656 198	-	-
Current assets	-	73	301 928	5 578	-	-
Total Assets	-	73	1 679 198	661 776	-	-
Current liabilities	-	9	310 187	-	-	-
Retained Income	(364)	(171)	-	-	(275)	(5 719)
Company contribution to venture	364	235	1 369 011	661 776	275	5 719
Total liabilities	-	73	1 679 198	661 776	-	-
Revenue	-	14	-	-	-	-
Expenses	-	(185)	-	-	(275)	(5 719)
Net profit/(loss)	-	(171)	-	-	(275)	(5 719)
Partners	Anschutz 22.8% Forest 53.2%	Pioneer 45%	Pioneer 45%	Pioneer 40%	Pioneer 45%	Petronas 42.5% ENH 15% Petrobras 17%
Nature of Project	Exploration	Exploration	Development	Development	Exploration	Exploration

34. Interest in joint operating agreements

2007	Percentage Holding / Tracts 10% Namibia North R'000	 10% Namibia South R'000
Production facilities	-	-
Current assets	-	-
Total Assets	-	-
Current liabilities - interest free	-	-
Retained income	(982)	(17 503)
Company contribution to venture	982	17 503
Total liabilities	-	-
Revenue	-	-
Expenses	(982)	(17 503)
Net expenditure	(982)	(17 503)
Partners	BHP 75% Mitsui 15%	BHP 75% Mitsui 15%
Nature of Project	Exploration	Exploration

Joint Venture with Energy Africa Bredasdorp (Pty) Ltd

The company has been involved in production in the Oribi oil field since May 1997. This project was being conducted through the mechanism of a Joint Operating agreement with Energy Africa Bredasdorp (Pty) Ltd which has since ended on the 15 March 2004, as the partner has withdrawn.

Joint venture with Statoil ASA

The company has entered into a 50:50 joint venture with Statoil ASA, the Norwegian State Oil company, to develop GTL-Fisher Tropsch technology and to explore and develop GTL opportunities in Iran and elsewhere. The PetroSA share of assets amounts to R287.9 million (2007: R174 million) at year end.

Joint venture with Pioneer

PetroSA has a production sharing agreement with Pioneer for the South Coast Gas field production. The holding is 55:45 respectively.

35. Prior period errors and changes in accounting policy

	Group	
	2008 R'000	2007 R'000
35.1. Prior period errors		
PetroSA		
The comparative figures have been restated for the correction of the classification of property, plant and equipment to intangible assets and buildings:		
Increase in depreciation	-	881
Decrease profit	-	881
Expenses that related to the previous financial year but were not accrued for were corrected:		
Decrease in expenses	-	23 127
Increase in accounts payable	-	23 127
An over accrual was made in the books of PetroSA Equatorial Guinea (Proprietary) Limited for employees tax and prepayments in the previous financial year:		
Decrease in expenses	-	402
Increase in accounts payable	-	380
Decrease in salaries	-	8
Increase in prepaid rentals	-	30
An error PetroSA Sudan (Proprietary) Limited for prepaid expenses in the incorrect period:		
Decrease in expenses	-	8 827
Increase in trade receivables	-	8 827
CEF Group		
Adjustment to the equity accounted earnings of Rompco		
Decrease in investment in associate	-	6 586
Decrease in equity accounted earnings	-	6 587
PASA		
Adjustment for an error in the estimation of the remaining useful life of assets:		
Increase in assets	-	2 163
Increase in retained income	-	2 163

35. Prior period errors and changes in accounting policy

	Group	
	2008 R'000	2007 R'000
35.2. Change in accounting estimates		
Oil Pollution Control		
The directors of the company evaluated the estimated useful life of certain items of pollution equipment by additional years as at 31 March 2008 to ensure that the fixed assets were fairly valued at year end. The result of the change in the estimated useful life is as follows:	142	967
SFF Association		
The useful life of tanks was 30 years and management has estimated the tank life to be 40 years. The result of the change in the estimated useful life is as follows:		
Effect on current profit and loss	7 894	-
Effect on current assets and liabilities	(7 894)	-
Effect on future profit and loss	2 532	-
Effect on future assets and liabilities	2 532	-
35.3. Change in accounting policy		
PASA		
It has been the policy to charge stationery and consumables inventory direct to cost and only capitalise it at the end of the financial year if inventory on hand is worth more than R250 000. To ensure compliance with South African Statements of GAAP, inventory on hand as at 31 March 2007 was capitalised. The change in accounting policy for inventory resulted in the following adjustment:		
Increase in assets	-	211
Increase in retained income	-	211

UNAUDITED SUPPLEMENTARY DISCLOSURE OF RESERVES AS AT 31 MARCH 2008

Fields in production and under developments

	2008 Crude oil / Condensate MMbbi	2008 Gas Bscf	2007 Crude oil / Condensate MMbbi	2007 Gas Bscf
Movement in net remaining proved and probable reserves				
At beginning of year	16.0	162.2	23.2	353.7
Revisions of previous estimates	-	-	(1.8)	(133.2)
Production	(4.6)	(52.8)	(5.4)	(58.3)
Additions	-	20.0	-	-
At end of year	11.4	129.4	16.0	162.2
Proved and probable reserve by type of field				
Fields in production	10.9	101.1	14.5	131.0
Fields under development	0.5	28.3	1.5	31.2
	11.4	129.4	16.0	162.2
Reserves by category				
Proved	7.9	85.1	10.6	117.3
Proved and probable	11.4	129.4	16.0	162.2
Total proved and probable reserves at end of year	11.4	129.4	16.0	162.2

Notes

1. Oil
Fields in production and under development comprise the Oribi (80%) and Oryx (100%) and Sable (60%) oil fields.
Gas
Fields in production and under development comprise the F-A and F-A Satellite and E-M and E-M Satellite gasfields respectively. The additions in 2008 relate to the South Coast Gas project.

2. Fields under appraisal comprise discoveries. The reserves shown are either all oil or all gas, excluding gas liquids. Oil includes condensate and LPG.

3. Reserves and production are shown on working interest basis (100%).

4. Oil and gas reserves cannot be measured exactly since estimation of reserves involves subjective judgemental and arbitrary determinations and therefore all estimations are subject to revision. The gas and oil reserves reflected above have been determined by an independent surveyor.

DEFINITIONS OF FINANCIAL TERMS FOR THE YEAR ENDED 31 MARCH 2008

Below is a list of definitions of financial terms used in the annual report of CEF (Proprietary) Limited (the company) and the group:

Accounting policies
The specific principles, bases, conventions, rules and practices applied in preparing and presenting annual financial statements.

Accrual accounting
The effects of transactions and other events are recognised when they occur rather than when the cash is received.

Actuarial gains and losses
The effects of differences between the previous actuarial assumptions and what has actually occurred as well as changes in actuarial assumptions.

Amortised cost
The amount at which a financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or uncollectability.

Asset
A resource controlled by the entity as a result of a past event from which future economic benefits are expected to flow.

Associate
An entity over which the investor has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the associate but is not control or joint control over those policies.

Borrowing costs
Interest and other costs incurred in connection with the borrowing of funds.

Carrying amount
The amount at which an asset is recognised after deducting any accumulated depreciation or amortisation and accumulated impairment losses.

Cash and cash equivalents
Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

Cash flow hedge
A hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with an asset, or a liability that could affect profit or loss or a highly probable forecast transaction that could affect profit or loss.

Change in accounting estimate
An adjustment to the carrying amount of an asset, liability or the amount of the periodic consumption of an asset that results from new information or new developments.

Consolidated annual financial statements
The annual financial statements of a group presented as those of a single economic entity.

Contingent asset
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.

Contingent liability
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 entity, or a present obligation that arises from past events but is not recognised because 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.

Date of transaction
The date on which the transaction first qualifies for recognition in accordance with Generally Accepted Accounting Practice.

Depreciation (or amortisation)
The systematic allocation of the depreciable amount of an asset over its useful life. The depreciable amount of an asset is the cost of an asset, or other amount substituted for cost, less its residual value.

Derecognition
The removal of a previously recognised asset or liability from the balance sheet.

Derivative
A financial instrument whose value changes in response to an underlying item, requires no initial or little net investment in relation to other types of contracts that would be expected to have a similar response to changes in market factors and is settled at a future date.

Development
The application of research findings or other knowledge to a plan or design for the production of new or substantially improved materials, devices, products, processes, systems or services before starting commercial production or use.

Discontinued operation
A component that has either been disposed of or is classified as held for sale and represents a separate major line of business or geographical area of operations, or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operation, or a subsidiary acquired exclusively with a view to resale.

Employee benefits
All forms of consideration (excluding share options granted to employees) given in exchange for services rendered by employees.

Equity instrument
A contract or certificate that evidences a residual interest in the total assets after deducting the total liabilities.

Equity method
A method in which the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the share of net assets of the investee. Profit or loss includes the share of the profit or loss of the investee.

Expenses
The decreases in economic benefits in the form of outflows or depletions of assets or incurrence's of liabilities that result in decreases in equity, other than those relating to distributions to equity participants.

Fair value
The amount for which an asset could be exchanged or a liability settled, between knowledgeable and willing parties in an armí'92s length transaction.

Fair value hedge
A hedge of exposure to changes in fair value of a recognised asset, liability or firm commitment.

Finance lease
A lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

Financial asset or liability at fair value through profit or loss
A financial asset or financial liability that is classified as held for trading or is designated as such on initial recognition other than investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured.

Financial instrument
A contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial risk
The risk of a possible future change in one or more of a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

Firm commitment
A binding agreement for the exchange of a specified quantity of resources at a specified price on a specified future date or dates.

Forecast transaction
An uncommitted but anticipated future transaction.

Going concern basis
The assumption that the entity will continue in operation for the foreseeable future.

Gross investment in lease
The aggregate of the minimum lease payments receivable by the lessor under a finance lease and any unguaranteed residual value accruing to the lessor.

Hedged item
An asset, liability, firm commitment, highly probable forecast transaction or net investment in a foreign operation that exposes the entity to risk of changes in fair value or future cash flows and is designated as being hedged.

Hedging instrument
A designated derivative or non-derivative financial asset or non-derivative financial liability whose fair value or cash flows are expected to offset changes in the fair value or cash flows of a designated hedged item.

Hedge effectiveness
The degree to which changes in the fair value or cash flows of the hedged item that are attributable to a hedged risk are offset by changes in the fair value or cash flows of the hedging instrument.

Held for trading financial asset or financial liability
One that is acquired or incurred principally for the purpose of selling or repurchasing it in the near term or as part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking or a derivative (except for a derivative that is a designated and effective hedging instrument).

Held-to-maturity investment
A non-derivative financial asset with fixed or determinable payments and fixed maturity where there is a positive intention and ability to hold it to maturity.

Immaterial
If individually or collectively it would not influence the economic decisions of the users of the annual financial statements.

Impairment loss
The amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount.

Impracticable
Applying a requirement is impracticable when the entity cannot apply it after making every reasonable effort to do so.

Income
Increase in economic benefits in the form of inflows or enhancements of assets or decreases in liabilities that result in increases in equity, other than those relating to contributions from equity participants.

Joint venture
A contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control.

Key management personnel
Those persons having authority and responsibility for planning, directing and controlling the activities of the entity. In terms of this definition, the members of the board of directors of CEF (Proprietary) Limited qualify as key management personnel of the group. In individual companies, the board of directors and executive management committees qualify.

Legal obligation
An obligation that derives from a contract, legislation or other operation of law.

Liability
A present obligation of the entity arising from a past event, the settlement of which is expected to result in an outflow from the entity of resources embodying economic benefits.

Loans and receivables
Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Minimum lease payments
Payments over the lease term that the lessee is or can be required to make, excluding contingent rent, costs for services and taxes to be paid by and reimbursed to the lessor including in the case of a lessee, any amounts guaranteed by the lessee or by a party related to the lessee or in the case of a lessor, any residual value guaranteed to the lessor by the lessee, a party related to the lessee or a third party unrelated to the lessor that is financially capable of discharging the obligations under the guarantee.

Net assets
Net operating assets plus cash and cash equivalents.

Operating lease
Any lease other than a finance lease.

Owner-occupied property
Property held by the owner or by the lessee under a finance lease for use in the production or supply of goods or services or for administrative purposes.

Past service cost
The increase or decrease in the present value of the defined benefit obligation for employee service in prior periods resulting from the introduction of, or changes to, post-employment benefits or other long-term employee benefits.

Post-employment benefits
Employee benefits (other than termination benefits) that are payable after the completion of employment.

Post-employment benefit plans
Formal or informal arrangements under which an entity provides post-employment benefits to employees. Defined contribution benefit plans are where there are no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Presentation currency
The currency in which the annual financial statements are presented.

Prior period error
An omission from or misstatement in the annual financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that was available when annual financial statements for those periods were authorised for issue and could reasonably be expected to have been obtained and taken into account in the preparation of those annual financial statements.

Prospective application
Applying a new accounting policy to transactions, other events and conditions occurring after the date the policy changed or recognising the effect of the change in an accounting estimate in the current and future periods.

Recoverable amount
The higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use.

Research
The original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding.

Residual value
The estimated amount which an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Restructuring
A programme that is planned and controlled by management, and materially changes either the scope of a business undertaken by an entity or the manner in which that business is conducted.

Retrospective application
Applying a new accounting policy to transactions, other events and conditions as if that policy had always been applied.

Retrospective restatement
Correcting the recognition, measurement and disclosure of amounts as if a prior period error had never occurred.

Tax base
The tax base of an asset is the amount that is deductible for tax purposes if the economic benefits from the asset are taxable or is the carrying amount of the asset if the economic benefits are not taxable. The tax base of a liability is the carrying amount of the liability less the amount deductible in respect of that liability in future periods. The tax base of revenue received in advance is the carrying amount less any amount of the revenue that will not be taxed in future periods.

Temporary differences
The differences between the carrying amount of an asset or liability and its tax base.

Transaction costs
Incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability, i.e. those that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Useful life
The period over which an asset is expected to be available for use or the number of production or similar units expected to be obtained from the asset.

Proved reserves

Oil
Means the amount of petroleum which geophysical, geological and engineering data indicate to be commercially recoverable to a high degree of certainty. For the purposes of this definition, there is a 90% chance that the actual quantity will be more than the amount estimated as proved and a 10% chance that it will be less.

Gas
Means the amount of gas which geophysical, geological and engineering data indicate to be commercially recoverable to a high degree of certainty. For the purposes of this definition, there is a 90% chance that the actual quantity will be more than the amount estimated as proved and a 10% chance that it will be less.

Proved and probable reserves

Oil
Means proved reserves plus the amount of petroleum which geophysical, geological and engineering data indicate to be commercially recoverable but with a greater element of risk than in the case of proved. For the purposes of this definition, there is a 50% chance that the actual quantity will be more than the amount estimated as proved and probable and a 50% chance that it will be less.

Gas
Means proved reserves plus the amount of gas which geophysical, geological and engineering data indicate to be commercially recoverable, but with a greater element of risk than in the case of proved. For the purposes of this definition, there is a 50% chance that the actual quantity will be more than the amount estimated as proved and probable and a 50% chance that it will be less.

Reserves under appraisal

Oil
Comprise quantities of petroleum, which are considered, on the basis of information currently available and current economic forecasts, to be commercially recoverable by present producing methods from fields that have been discovered but which require further appraisal prior to commerciality being established.

Gas
Comprise quantities of gas, which are considered, on the basis of information currently available and current economic forecasts, to be commercially recoverable by present producing methods from fields that have been discovered, but which require further appraisal prior to commerciality being established.

KEY TO ABBREVIATIONS

BBL
barrel (equals 159 litres)

BEE
Black Economic Empowerment

CDM
Clean Development Mechanism

CEF
CEF (Proprietary) Limited

CEF Act
Central Energy Fund Act (Act No 38 of 1977) as amended

CIGS
Cooper-Indium Gallium Diselenide

DME
Department of Minerals and Energy

DST
Department of Science and Technology

EDC
Energy Development Corporation (a division of CEF (Proprietary) Limited)

EEA
Energy Efficiency Agency

GAAP
Generally Accepted Accounting Practice

GEF
Global Environment Facility

GTL
Gas to Liquid

IDC
Industrial Development Corporation

iGas
The South African Gas Development Company (Proprietary) Limited

IP
Illuminating Paraffin

IPE
International Petroleum Exchange

LNG
Liquefied Natural Gas

LSF
Low Smoke Fuels

MPRDA
Mineral and Petroleum Resources Development Act, 2002 (Act 28 0f 2002)

NPA
National Ports Authority

Nymex
New York Mercantile Exchange

OPC
Oil Pollution Control South Africa (Association incorporated under Section 21)

PASA
South African Agency for Promotion of Petroleum Exploration and Exploitation (Proprietary) Limited

PetroSA
The Petroleum Oil and Gas Corporation of South Africa (Proprietary) Limited

PFMA
Public Finance Management Act (Act No 1 of 1999) as amended

PPE
Property, plant and equipment

PV
Photovoltaic

Rompco
Republic of Mozambique Investment Company (Proprietary) Limited

SAMSA
South African Maritime Safety Authority

SANERI
South African National Energy Research Institute (Proprietary) Limited

SAPIA
South African Petroleum Industry Association

SARS
South African Revenue Services

SASDA
South African Supplier Development Agency

SFF
SFF Association (Association incorporated under Section21) (Strategic Fuel Fund)

Simex
Singapore Monetary Exchange

SWH
Solar Water Heaters

TFST
Thin Film Solar Technology

UNDP
United Nations Development Programme

UTT
Upstream Training Trust

VAT
Value Added Tax

VLCC
Very Large Crude Carriers

CEF (Pty) Ltd

Postal Address
PO Box 786141
Sandton
2146

Physical Address
1st floor
158 Jan Smuts Avenue
9 Walters Avenue (entrances)
Rosebank
Johannesburg
South Africa

Tel: 011 280 0300
Fax: 011 880 9803
E-mail: info@cef.org.za
www.cef.org.za

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