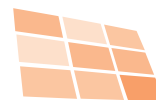




Annual Report 2010/2011



CEP (Proprietary) Limited
(Registration number 1976/001441/07)
Annual Report
for the year ended 31 March 2011



General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	The financing and promotion of the acquisition of, research into and exploitation of energy related products and technology.
Directors	Ms B Mabuza Mr M Damane Adv L Makatini Ms T Ramuedzisi (alternate) Mr Y Tenza Mr T Maqubela Mr O Aphone
Registered office	Block C, Upper Grayston Office Park 152 Ann Crescent Strathavon Sandton 2199
Business address	Block C, Upper Grayston Office Park 152 Ann Crescent Strathavon Sandton 2199
Postal address	P O Box 786141 Sandton 2146
Bankers	ABSA Bank Ltd Sandton Branch
Auditors	Auditor-General of South Africa
Company Secretary	Mr A Haffejee
Company registration number	1976/001441/07



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

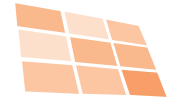
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List of Key Abbreviations

AEMFC	African Exploration Mining and Finance Corporation (Proprietary) Limited
BBBEE	Broad Based Black Economic Empowerment
BBL	Barrel (equal 159 litres)
BEE	Black Economic Empowerment
CCE	Cape Cleaner Energy Solutions (Proprietary) Limited
CCS	Carbon Capture and Storage
CDC	Coega Development Corporation
CDM	Clean Development Mechanism
CEF	CEF (Proprietary) Limited
CEF ACT	Central Energy Fund (Act no 38 of 1977) as amended
CER	Carbon Emission Reduction
CFL	Compact Fluorescent Lighting
CIGS	Copper-indium (gallium) - Deselenide
DEAT	Department of Environmental Affairs and Tourism
DST	Department of Science and Technology
DWP	Darling Wind Power
DoE	Department of Energy
EDC	Energy Development Corporation (a division of CEF (Proprietary) Limited)
EIA	Environmental Impact Assessment
EUETS	European Emission Trading Scheme
GAAP	Generally Accepted Accounting Practice
GEF	Global Environment Facility
GTL	Gas to Liquid
IDZ	Industrial Development Zone
IFRS	International Financial Reporting Standards
IP	Illuminating Paraffin
IPE	International Petroleum Exchange
IRP	Integrated Resource Plan
JST	Johanna Solar Technology
LNG	Liquefied Natural Gas
LSF	Low Smoke Fuels
MPRDA	Mineral and Petroleum Resources Development Act, 2002 (Act 28 of 2002)
MW	Mega Watt
NEEA	National Energy Efficiency Agency
NERSA	National Energy Regulator of South Africa

List of Key Abbreviations

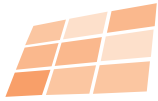


NMBM	Nelson Mandela Bay Metro
NPA	National Ports Authority
Nymex	New York Mercantile Exchange
OPC	Oil Pollution Control South Africa (Association incorporated under Section 21)
PASA	South African Agency for Promotion of Petroleum Exploration and Exploitation (Proprietary) Limited
PAT	Project Appraisal Team
PDD	Project Design Document
PFMA	Public Finance Management Act (Act No 1 of 1999) as amended
PPE	Property, plant and equipment
PV	Photovoltaic
PetroSA	The Petroleum Oil and Gas Corporation of South Africa (Proprietary) Limited
REEP	Renewable Energy and Energy Efficiency Partnerships
RENAC	Renewables Energy Academy
Rompco	Republic of Mozambique Investment Company (Proprietary) Limited
SDA	Swiss Development Agency
SAMSA	South African Maritime Safety Authority
SANEDI	South African National Energy Development Institution
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 Section 21)
SWH	Solar Water Heaters
Simex	Singapore Monetary Exchange
SOS	SOS Children Village
TFST	Thin Film Solar Technology
TNPA	Transnet National Ports Authority
UNDP	United Nations Development Programme
UTT	Upstream Training Trust
VAT	Value Added Tax
VLCC	Very Large Crude Carrier
iGAS	The South African Gas Development Company (Proprietary) Limited



Executive Summary





Chairperson's Overview



Ms B Mabuza (Chairperson)

I hereby present the Minister of Energy with the CEF Group Annual report for the year ended 31 March 2011.

Overview

The CEF Group continued to operate within another challenging year and closed the 2011 financial year with a notable performance.

Despite a challenging operating environment with South Africa showing a slow economic recovery from the worst recession since 1930, the CEF Group revenue showed a 29% growth (2011: R11 068 million and 2010: R8 559 million) largely contributed by the subsidiaries SFF and PetroSA.

Economy

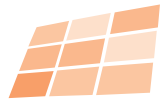
The domestic economy continued to recover steadily during the 2010/11 financial year backed by a strong rand and low interest rates. Despite the modest recovery, the South African economy has not recovered completely from the ground lost during the recession. With over 1.1 million jobs lost in 2009/10 it is refreshing to note that proactive steps have been taken by President Zuma and Minister of Economic Development Ebrahim Patel's "new growth path" strategy, announced on the 26 October 2010, and which aims to create 5 million new jobs within 10 years through productivity pacts between labour, business and government.

The global economy has moved from recession to a slow recovery. If the high oil prices evident during the first quarter of the 2011 calendar year, which are fuelled mainly by the weak dollar, political instability in North Africa and an increase in demand, persists then this will impede the global economic recovery and have a ripple effect by increasing basic commodity prices.

Ethics and Governance

Good corporate governance is the key to any business success and the CEF Group prides itself in complying with the laws and regulations governing the business.

Management has endeavoured to adopt and comply with King III Code of Corporate Governance where appropriate. The enactment of the new Companies Act was on 1 May 2011. The Board and management have taken measures to ensure early compliance where possible.



The CEF Group has an Ethics policy which is regularly reviewed and updated to ensure standards of highest compliance.

Forward looking

We are confident the South African economy will continue to recover and the CEF Group with its unleveraged and strong Statement of Financial Position stands in good shape to take advantage of the upturn in the economy.

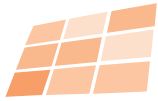
Acknowledgements

I would like to extend my deepest appreciation and thanks to:

- the Minister of Energy for her ongoing support and confidence in the CEF Group;
- the directors and board audit committee members of CEF (Pty) Ltd and its subsidiaries;
- management and their staff for their commitment and excellent work in a difficult environment.

Ms B Mabuza (Chairperson)

28 July 2011



Chief Executive Officer's Report



Mr M Damane (Chief Executive Officer)

This report should be read in conjunction with the annual financial statements presented on pages 35 to 137. The purpose of this review is to provide additional insight into the financial performance of CEF (Proprietary) Limited and the Group in the context of the environment in which we operate.

Overview

As the global economy made progress in recovering from the worst recession in living memory, the CEF Group focused on improving its operational efficiency, while keeping cost increases to a minimum. As a result the CEF Group is in a strong financial position supported by robust cash generation from its operating activities.

Revenue of R11 068 million increased by 29% compared with the previous financial year. Revenue was positively impacted by higher average crude oil prices (\$116.25 in 2011 compared with \$78.96 in 2010) and increased demand for storage space. However, a 7% stronger average rand/US dollar exchange rate (R6.78/US\$ in 2011 compared with R7.32/US\$ in 2010) partially offset the benefits of the higher average crude oil prices.

The swing to a net profit of R1 256 million from the loss incurred in the previous financial year of R74 million is a result of a combination of factors including: higher revenue driven by higher average crude oil prices, cost reduction initiatives and the costs associated with the drilling campaign incurred in the previous financial year in Egypt which was not repeated in the current financial year.

The increase in cash and cash equivalents, combined with minimum debt levels, resulted in a net cash position of R17 532 million.

Operational Overview

CEF and its operating subsidiaries

CEF

CEF recorded a pre tax loss of R8,6 million (2010: R69,6 million profit) for continuing operations. The company performance for the 2011 financial year was negatively impacted by the write off of the loans to subsidiaries of R156 million and the impairment of EDC projects of R28 million. The CEF Statement of Financial Position remains strong with total assets of R7 420 million (2010: R7 605 million). A cash balance of R3 477 million (2010: R3 497 million) reflects the strong net position.



PetroSA

The PetroSA Group achieved a profit of R831 million (2010: R356 million loss) for the year under review. Sales revenues were particularly high at R10 565 million (2010: R8 090 million) and cost of sales of R8 855 million (2010: R7 580 million) increased by 17% as a result of the increase in abandonment costs following a revised study.

Overall the operating costs (R1 904 million) decreased by 20% on the previous year (2010: R2 380 million). This was mainly due to :

- the prior financial year operating costs included the 4 well drilling campaign in PetroSA Egypt which was unsuccessful;
- A decrease in expenditure in PetroSA Equatorial Guinea; and
- A moratorium on recruitment as well as a cost saving drive.

The PetroSA Group recorded a pre tax profit of R501 million (2010: R762 million loss) for continuing operations. Brass Exploration Unlimited and PetroSA Nigeria have been classified as discontinued operation and reflects a loss of R19 million (2010: R57 million profit) net of taxation.

The PetroSA Group Statement of Financial Position remains strong with total assets of R25 006 million (2010: R21 991 million). A cash balance of R11 852 million (2010: R10 027 million) reflects the group's strong net cash position. The PetroSA Group will explore various options during the 2012 financial year to optimise the low gearing.

The South African Gas Development Company (Proprietary) Limited (iGas)

iGas continues to fulfil its mandate as per the Ministerial Directive. The 25% shareholding in the Republic of Mozambique Pipeline Investment Company (Proprietary) Limited is the company's largest asset. There has been continued progress on other hydrocarbon gas infrastructure projects and iGas has worked with an international power plant developer to further the case for a substantial combined cycle gas power plant.

The company's profit for the year amounted to R47.7 million (2010: R53.7 million). Dividends of R82.5 million (2010: R90 million) were declared by Rompco in favour of iGas.

Petroleum Agency SA (PASA)

PASA continued to focus on its regulatory, promotional and data management functions.

There has been significant interest onshore in the shale gas of the Karoo basin. PASA has continued to up skill their staff to appropriately manage the promotion and regulation of this resource and to better understand the relevant technologies required for the extraction of the unconventional resource from shale.

During the year PASA continued to actively engage with the Department of Energy and National Treasury in respect of the funding constraints within PASA as a result of the royalties that no longer accrue to PASA but is required to be paid directly to National Treasury in terms of the MPRDA.

PASA reported a profit of R7.3 million (2010: R7.4 million) as a result of an increase in revenue of R17 million which was offset by a provision for doubtful debts of R13 million, a reduction of interest earned on cash reserves, due to lower interest rates and a reduction in reserves which were utilised to fund the operations of R4 million and operating cost however remained consistent for the year. PASA did significantly better than expected as a result of the income received of R70 million on transitional provision in the MPRRA.



Chief Executive Officer's Report

SFF Association

During the 2011 financial year the SFF Association business was operationalised internally. This has resulted in a more effective and efficient management of the operations and contributed to large savings on management fees.

SFF's performance for the year under review was exceptional as the company achieved a profit of R452 million (2010: R209 million). The performance of the company can be largely attributed to:

- The 2010 profit is stated after a R121 million provision for bad debts and during the 2011 financial year SFF Association recovered R83 million of the bad debts;
- Revenue increased by R27 million due to an increase in demand for storage space;
- The 2010 profit is stated after a provision of R23 million for taxation and R10.5 million interest and penalty which is being disputed with South African Revenue Services. In April 2011 a letter was received from the Minister of Energy declaring that SFF is an Agent of the State and in terms of the tax act an Agent of the State is exempt from tax.
- The maintenance that was scheduled for the 2011 financial year was delayed due to operational reasons and will be commissioned in the 2012 financial year.

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

AEMFC is set to achieve a number of strategic initiatives with the aim of achieving long term sustainability as well as responding to the shareholders aspiration of building a state owned mining company. In December 2010 the Cabinet took a decision to restructure the CEF Group and it is envisaged that AEMFC will be a stand alone entity reporting directly to the Department of Mineral Resources. The restructuring will be effected once all legal and due processes have been followed.

During the financial year the Vlakfontein mine was operationalised and revenue will be generated from the operations in the 2012 financial year. African Exploration recorded a loss of R23.0 million (2010: R13.8 million)

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 net profit for the year amounted to R10,8 million (2010: R7.6 million). The increase in the net profit is as a result of the increased number of pollution services rendered during the year

SANERI

The 2010/11 financial year has been a very challenging year for SANERI. The budget for SANERI was reduced drastically from R39m in the previous year to a meagre R23m in this year. The Energy Act of 2008 makes provision for the establishment of SANEDI, a new entity which will include SANERI and NEEA. The Government Gazette dated 31 December 2010 indicated that SANEDI was listed as a Schedule 3 (a) entity with effect from 1 April 2010. The business case for SANEDI was approved by the Minister for Energy. Once more clarity is received regarding the funding of SANEDI, the organisational structure and systems will be implemented.



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

1. The Working for Energy Programme
2. Centre for Energy Systems and Research
3. The Hub of Energy Efficiency and Demand Side Management
4. Wind Atlas of South Africa
5. The Green Transport Programme
6. Centre for Energy Systems and Research
6. Carbon Capture and Storage

The company reported a loss for the year of R12.1 million (2010: R3 million). This is mainly due to a provision for VAT. A letter has been sent to South African Revenue Services to deregister SANERI as a VAT vendor during March 2011, as the company has been gazette as a Schedule 3 entity, which is exempt for VAT.

Carbon companies

CEF Carbon SA (Proprietary) Limited acts as an agent in delivering and marketing carbon credits from CDM projects undertaken by other CEF subsidiaries as well as third parties. The operations of CEF Carbon SA (Proprietary) Limited has been compromised due to a number of projects not being progressed within EDC and certain subsidiaries as a result of the change in regulations that prevent state owned entities from obtaining a generation licence and qualifying for REFIT.

Carbon Stream Africa has been created to be a specialist entity focused on the development of Project Design Documents (PPDs), which are prescriptive documents required as part of the formal UN approval processes for CDM projects.

The principal purpose of Carbon SA is to support both sellers and buyers of carbon credits in Southern Africa through the delivery of a full range of project development and transaction services, including equity investment and financing via CEF (Proprietary) Limited in exchange for a share of the resulting carbon credits. In April 2011, NORAD cancelled the agreement to provide donor funds, listing a number of factors including the change in regulations that prevented CEF from progressing with projects where it held a controlling interest.

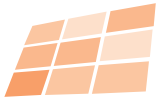
CEF Carbon SA (Proprietary) Limited reported a loss for the year of R5.4 million (2010: R6.7 million) and Carbon Stream Africa (Proprietary) Limited made a loss of R1.3 million (2010: R0.3 million).

ETA

The nature of business is to invest in renewable energy projects and conduct business in the renewable energy sector and related sectors of the economy and to successfully implement the projects contracted in NMBM.

The solar water heater project aims to provide an affordable offering to the middle and higher income residents so that they may replace their electric geysers with solar geysers. ETA has allocated R10 million in testing the rollout of the 500 geysers in Port Elizabeth and Tshwane. The progress on the roll out has been slow due to a number of customers not qualifying in terms of the National Credit Act.

The Landfill Gas, Wind Energy and Energy Efficiency project was discontinued during the financial year as a result of the lack of support from Nelson Mandela Bay Municipality in progressing the project. Further the change in regulations prevent a state owned entity from qualifying for REFIT and a generation licence.



Chief Executive Officer's Report

The company reported a profit of R7.6 million (2010: R7.2 million loss).

Cape Cleaner Energy Solutions (CCE)

CCE was involved in the construction, erection and implementation of a Greenfield Biomass to Energy 8 MW power generation plant, which was to be based in George. During the financial year a number of factors indicated that this project was no longer viable and as a result there is a potential challenge that the company will be discontinued. Factors that contributed to the non viability of the project include:

- The Environmental Impact Assessment was approved by the Regional Office in George during the financial year and CCE was subsequently informed that the application has to be approved at the National DEAT's office. This was a serious set back as this will contribute to an 18 month delay in the implementation of the project .
- The option to purchase the SONAE property expired in May 2011, which seriously compromised the project as the EIA application and plant design was completed on the property.
- CCE secured commitment from the suppliers for only 60% of the feedstock as suppliers were averse to the penalties on non supply of the volumes required. This contributed to the project not being bankable.
- Due to the above challenges and delays the supplier of the equipment cancelled the contract after more than 80% of the contract had been progressed.
- A further challenge in the implementation of the project was the inability to obtain a generation license due to the change in regulations.

The company reported a R90 million loss (2010: R3.8 million), which was primarily driven by the assets being written off.

South African Supplier Development Agency (SASDA)

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.

SASDA has made significant progress in establishing the Verification unit which became operational in March 2011 and will continue to grow the unit during the next financial year.

SASDA reported a net loss for the financial year of R12 million (2010: R10.1 million).

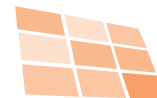
Energy Development Corporation (EDC)

EDC is a division within CEF whose mandate is to focus on renewable and cleaner energy sources. It is now in its seventh year of operation.

A number of equity investments have been made to date. This includes the CEF Carbon, the Greenstream Joint Venture, the Phillips Manufacturing. Joint Venture for compact florescent lamps, the biomass clean energy project, the Thin Film Solar Technology, JST German investment plant and the Nelson Mandela Bay renewable energy projects.

The change in regulations relating to the IPP definition prohibits state owned entities that have a controlling interest from participating in electricity generation projects. This has had a negative impact on a number of the projects within the Energy Development Corporation.

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:



1.1 Landfill Gas to Power projects

We have a number of landfill gas sites under development and these projects have a high value carbon asset given that we are using methane for power generation. Progress on the landfill gas portfolio was limited due to the change in regulations that affected the project negatively as most projects are 100% owned by EDC.

EDC could not progress the landfill gas projects for the City of Cape Town as a result of the change in regulations and was therefore forced to cancel the contract with the municipality. EDC has a minority interest in the City of Johannesburg project and the project implementation has been delayed in order to secure the Renewable Energy Feed in Tariff, which is yet to be implemented by NERSA.

1.2. Darling Wind Farm

The wind farm was commissioned in 2008 and we have continued to record a number of lessons on wind production challenges in South Africa. It should be highlighted that the small scale wind farms are not financially sustainable without a tariff above the Eskom rate and the benefit of economies of scale.

It is hoped that the demonstration status of the project will encourage other private sector developments in the wind sector.

1.3. 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 approximately 1% of the refinery needs.

The challenge is in securing adequate feedstock which has posed a threat to the going concern of Methcap.

1.4. Johanna Solar and Thin Film Solar Technology

CEF made a strategic investment into this sector by acquiring a 3% shareholding in the German plant and remains the senior investor, with 45% shareholding, for the South African operations. Unfortunately, the commercial scale of the German plant is taking longer than anticipated. The South African plant is currently being reviewed with the intention of implementing the project within the next 24 months.

1.5. Basa Njengo Magogo

The Minister of Energy has directed that the Governments' Basa Njengo Magogo program be adopted by EDC to enhance the clean coal use and management initiatives. Over 130 000 demonstrations have been done to date within the main townships around the greater Johannesburg area.

1.6 Cradock Sugarbeet project

The project is a development of a 90 million litre per annum fuel grade bio ethanol production plant in Cradock in the Eastern Cape. The feedstock for the plant will be a combination of sugar beet and grain sorghum. The target use for the bio ethanol is blending into the liquid transport fuel by oil companies. Animal feed will be an economic value by product of the process and it will be sold to local stock farmers in the area as well as animal feed manufacturers.

Plant construction is expected to commence as soon as the regulatory framework for the blending of bio fuel is finalised.

Further participation of EDC in the Cradock Sugarbeet project requires the support from the Department of Energy.

1.7 Philips Lighting Maseru

We have invested in Compact Fluorescent Lamps (CFL) factory, which is based in Lesotho, in order to



Chief Executive Officer's Report

assist the SA government in reaching the target for energy efficiency. The factory is in the second year of operation, and it has produced 3.9 million lamps in the current financial year.

The volumes produced is lower than the forecast and appropriate steps have been taken to improve production including resourcing the appropriate skills.

1.8 Solar Park

An investor conference was held in Upington which was a huge success and attracted international interest. CEF was tasked with the development of the feasibility studies for the 5000 MW Upington Solar Park Project.

The feasibility study will be completed in the 2011/12 financial year.

Conclusion

The continued market volatility and the decrease in investor confidence especially in the European markets are indicators that the 2012 year will be another challenging year for the CEF Group. We will continue to focus on delivering on our mandate, improving on operational performance and working towards cost containment.

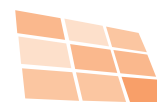
Acknowledgement

My thanks are extended to the Minister, Board Members and Directors of subsidiaries for their valuable contributions to the running of the CEF Group. I would also like to thank management and staff for their continued dedication.

Mr M Damane (Chief Executive Officer)

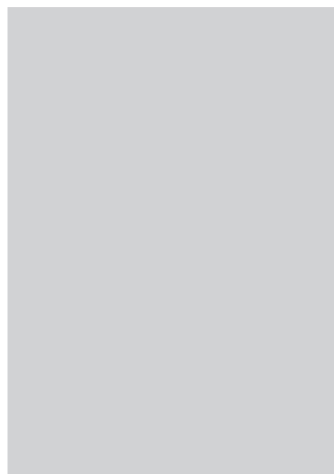
28 July 2011

Board of Directors



Ms B Mabuza

Chairperson



Adv L Makatini

Non-executive Director



Ms T Ramuedzisi

Non-executive Director



Mr M Damane

Chief Executive Officer



Mr Y Tenza

Non-executive Director



Mr O Aphane

Non-executive Director



Mr T Maqubela

Non-executive Director



Directors' Responsibilities and Approval

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 annual financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice and the Companies Act of South Africa, 1973 as amended. These annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments 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.

The directors acknowledge their responsibilities as stated above and have established internal controls and risk management systems that maintain a strong control environment. These systems are designed to provide reasonable, but not absolute, assurance against material misstatements and losses. Based on information and explanations received from management, and the internal auditors on the maintenance of the internal controls, the directors are of the opinion that proper accounting records have been maintained and that reliance can be placed on the financial information used for these annual financial statements.

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 going concern basis has been adopted in preparing the annual financial statements. The directors have no reason to believe that the group will not be a going concern in the foreseeable future, based on forecasts and available cash resources. The viability of the group is supported by the annual financial statements.

The annual financial statements have been audited by the Auditor-General of South Africa who was given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the board of directors, committees of the board, and management. The directors believe that all representations made to the independent auditors during their audit were valid and appropriate. The Auditor-General of South Africa's audit report is attached.

In the opinion of the directors based on information available to date, the annual financial statements fairly present the financial position of CEF (Proprietary) Limited at 31 March 2011, and the results of its operations and cash flow information for the year under review.

The annual financial statements set out on pages 35 to 137, for the year ended 31 March 2011, which have been prepared on the going concern basis, were approved by the board of directors in terms of Section 51(1) (f) of the Public Finance Management Act on 28 July 2011 and were signed on its behalf by:

Ms B Mabuza (Chairperson)
Sandton
28 July 2011

Mr M Damane (Executive Director)

Statement on Corporate Governance





Statement on Corporate Governance

1. Introduction

The Central Energy Fund (Proprietary) Limited ensures that its processes and practices are reviewed on an ongoing basis in order to ensure adherence to good corporate governance practices, which are continually benchmarked against best market practices.

2. 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 (King III) 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.

3. Governing bodies

Board of directors

CEF (Proprietary) Limited has a unitary board structure made up of five non-executive and one executive director, appointed by the shareholder.

The board of directors (the board) meets at least once every quarter, and executive managers attend by invitation. The board charges executive management with regard to the day to day running of the business, with the board addressing a range of key issues to ensure that it retains the strategic direction of, and proper control over the entity. The offices of the Chairperson and Chief Executive Officer are separated.

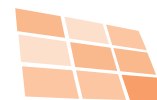
In accordance with the Public Finance Management Act (Act No 1 of 1999) the board is the accounting authority of the entity. In keeping with the recommendations of the King Report, the board adopted a board charter which sets out the role of the board as follows:

The Board's primary responsibilities include the appointment of the Chief Executive Officer, determining the entity's objectives and values and giving strategic direction to the entity, taking effective and appropriate steps to ensure that key risk areas and key performance indicators of the entity's business are identified, monitoring the performance of the entity against agreed objectives, advising on significant financial matters and reviewing the performance of executive management against defined objectives and applicable industry standards, as well as:

- Approving key policies, investments, risk management and relevant transactions that exceed managements' levels of authority;
- Reviewing and approving the company's strategy, objectives, and plans;
- Considering and approving annual financial statements and submissions to the shareholder;
- Ensuring adherence to good corporate governance and ethics;
- Monitoring and directing line performance; and
- Reviewing effectiveness of controls.

Company Secretary

The Company Secretary provides the board of directors with guidance and advice on matters of business ethics and good governance, as well as on the nature and extent of their duties and responsibilities and how such duties and responsibilities should be properly discharged.



Each of the directors has unrestricted access to the advice and services of the Company Secretary, company information, and is entitled to seek independent professional advice, at the company's expense in pursuance of their duties as director.

Board audit and risk committee

The Board audit and risk committee consist of non executive members appointed by the board of directors. This committee meets at least twice per year and is chaired by an external independent non executive member who is not the Chairperson of the board. The Auditor General of South Africa, and Chief Audit Executive have unrestricted access to the committee and attend Board audit and risk committee meetings. Appropriate executive managers, including those responsible for finance and internal audit attend these meetings by invitation.

The Board audit and risk committee reviews the adequacy and effectiveness of internal controls of the company with special reference to the findings of both internal and external auditors. Other areas covered include the review of important accounting and control issues, material pending litigation, specific disclosures in the annual financial statements, and a review of the performance of the Internal Audit department.

4. 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.

5. Directors' responsibility for the annual financial statements

The directors of the company are responsible for the group annual financial statements and other information presented in the annual report. The Auditor-General of South Africa is responsible for performing an independent audit of the annual financial statements.

The annual financial statements and notes thereto are prepared in accordance with South African Statements of Generally Accepted Accounting Practice (SA Statements of GAAP). Accounting policies are consistently applied except where otherwise stated, in which case full disclosure of changes is made.

The directors believe that the company and group will continue as a going concern in the year ahead.

6. Internal audit

CEF (Proprietary) Limited has internal audit function that has the support and cooperation of both the board and management.

The internal audit charter defines the purposes, 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, the work plan is based on the risk framework of the company. The Chief Audit Executive has full access to the chairperson of the board of directors and the chairperson of the board audit and risk committee.

The key responsibilities are to the board, and its committees, in discharging its governance responsibilities and to perform the following functions:

- Evaluating the company's governance processes including ethics;
- Performing an objective assessment of the effectiveness of risk management and internal control framework;
- Systematically analysing and evaluating business processes and associated controls; and
- Providing a source of information, as appropriate, regarding instances of fraud, corruption, unethical behaviour and irregularities.



Statement on Corporate Governance

The internal audit function adheres to the Institute of Internal Auditors' standards for Professional Practice of Internal Auditing and Code of Ethics. The Chief Audit Executive developed and maintained a quality assurance and improvement program. The internal audit function is subjected to an external quality review at least every 5 years. The last review was conducted during 2007 and the evaluation result was "general conformance", which is the highest level of conformance.

7. 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 committee and the board of directors respectively for review.

There are comprehensive management reporting disciplines in place, which include the preparation of annual budgets by all divisions and reporting thereon on a quarterly basis. The budget and capital expenditure are reviewed and approved by the board. Quarterly performance results and the financial status of the company and group are reported against approved targets. Profit projections and forecasted cash flows are updated quarterly, while working capital and borrowing levels are monitored on an ongoing basis.

Executive management meets on a regular basis to consider day to day issues pertaining to the business of the group.

8. Code of 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.

Directors and employees are required to maintain the highest ethical standards, ensuring that business practices are conducted in a manner which, in all reasonable circumstances, are beyond reproach. The Code of Ethics also articulates conduct with respect to conflicts of interest, confidentiality, fair dealing etc.

CEF has contracted the services of an independent hotline service providing for the confidential reporting of fraud and other inappropriate behaviour. Employee breaches are dealt with in accordance with the disciplinary policy. In addition directors are required to annually declare their interests in contracts as well as directorships in other companies in accordance with the Companies Act.

9. Non financial information

Black economic empowerment (BEE)

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 respective boards of directors and management.

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.

Report of the Independent Auditors





Report of the Independent Auditors

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON CEF (PROPRIETARY) LIMITED

REPORT ON THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

Introduction

I have audited the accompanying consolidated and separate financial statements of CEF (Proprietary) Limited, which comprise the consolidated and separate statement of financial position as at 31 March 2011, and the consolidated and separate statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and the directors' report, as set out on pages 35 to 137.

Accounting authority's responsibility for the financial statements

The accounting authority is responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with South African Statements of Generally Accepted Accounting Practice (SA Statements of GAAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and Companies Act of South Africa, 1973 (Act No. 61 of 1973), and for such internal control as management determines necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

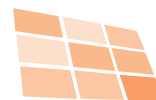
As required by section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) and section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on these consolidated and separate financial statements based on my audit.

I conducted my audit in accordance with International Standards on Auditing and General Notice 1111 of 2010 issued in Government Gazette 33872 of 15 December 2010. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

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

Opinion

In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the CEF (Proprietary) Limited as at 31 March 2011, and its financial performance and cash flows for the year then ended in accordance with the South African Statements of Generally Accepted Accounting Practice (SA Statements of GAAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and Companies Act of South Africa, 1973 (Act No. 61 of 1973).



Emphasis of matters

I draw attention to the matters below. My opinion is not modified in respect of these matters:

Material Impairments

As disclosed in note 8 to the financial statements, material impairments incurred on investments in associate companies amounted to R42.5 million. Further impairments as disclosed in note 46 to the financial statements comprise of:

- Impairments totalling R77 million, on the investment in a subsidiary company.
- Impairments to the amount of R945 million incurred on an intercompany loan account, the recoverability of which is considered doubtful. Another inter-company loan to the amount of R270 million was written-off on the same basis.

Restatement of corresponding figures

As disclosed in note 43 to the financial statements, the corresponding figures for 31 March 2010 and 31 March 2009 have been restated as a result of an error discovered during 31 March 2011 in the consolidated and separate financial statements of CEF (Proprietary) Limited and its subsidiaries at, and for the years ended, 31 March 2010 and 31 March 2009.

Additional Matter

I draw attention to the matter below. My opinion is not modified in respect of this matter:

Unaudited supplementary schedules

The “Fields in Production and Under Development” schedule and the “Definition of Financial Terms” list, set out on pages 139 to 153 does not form part of the financial statements and are presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the PAA and in terms of General Notice 1111 of 2010, issued in Government Gazette 33872 of 15 December 2010, I include below my findings on the annual performance report as set out on pages 20 to 22 and material non-compliance with laws and regulations applicable to the public entity.

Predetermined objectives

There were no material findings on the annual performance report concerning the presentation, usefulness and reliability of the information.

Compliance with laws and regulations

Expenditure management

The accounting authority did not take effective and appropriate steps to prevent irregular and fruitless and wasteful as per the requirements of section 51(1)(b) of the PFMA. As disclosed in note 44 to the consolidated financial statements the group incurred fruitless and wasteful expenditure amounting to R3.4 million and irregular expenditure of R4.8 million.

Annual financial statements

The financial statements submitted for audit did not comply with section 55(1)(c) of the PFMA. Material misstatements were identified during the audit these were corrected by management.



Report of the Independent Auditors

INTERNAL CONTROL

In accordance with the PAA and in terms of General Notice 1111 of 2010, issued in Government Gazette 33872 of 15 December 2010, I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the significant deficiencies that resulted in the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

Leadership

- There was a lack of appropriate oversight responsibility over the compliance with laws and regulations as material adjustments were effected to the financial statements subsequent to these being provided for audit and irregular and fruitless and wasteful expenditure was not prevented by the group's systems of internal control.

OTHER REPORTS

Investigations

Investigations completed during the year

An investigation was conducted by an independent consulting firm on the request of the entity. The investigation was initiated based on the allegations of irregular appointments at the Energy Development Corporation unit within the company. The governance structures within the company have addressed the recommendations stemming from the report of the consulting firm.

Pretoria

31 July 2011



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Report of Board Audit and Risk Committee





Report of Board Audit and Risk Committee

We are pleased to present our report for the financial year ended 31 March 2011.

1. Charter

The board audit and risk committee (the Committee) is guided by a detailed charter that is reviewed and approved by the board on an annual basis. The Committee has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

2. Purpose

The committee's purpose and responsibilities arise from the Public Finance Management Act of 1999; Section 76 (4)(d) and Treasury Regulations 27.1. In performing its responsibilities the Committee has reviewed the following.

- the effectiveness of the internal control systems;
- the effectiveness of the internal audit function;
- the risk areas of 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;
- compliance with applicable legal and regulatory provisions;
- the activities of the internal audit function, including its annual work program, coordination with the external auditors, the reports of significant investigations and the responses of management to specific recommendations; and
- the independence and objectivity of the external auditors.

3. Membership

The Committee members were appointed by the board of directors and comprises of at least two non-executive members. The Committee consists of the members listed hereunder and should meet at least twice per annum as per the approved Charter. During the financial year 5 meetings were held.

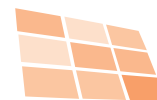
Name of members	Number of meetings attended
Mr Y Tenza (Chairperson)	5
Mr R Boqo	5

4. External audit

The Committee, in consultation with executive management, agreed to the engagement letter, terms, nature and scope of the external audit plan as presented by the Auditor-General of South Africa. We have reviewed the Auditor-General of South Africa Strategic Audit Plan for the 2011 financial year and have recommended approval of their budget to the board of directors. The Committee has satisfied itself that the Auditor-General of South Africa exercised their duties in an independent and objective manner.

5. Internal Audit

The Committee considered and recommended the internal audit charter for approval to the board and approved the annual work plan for the internal audit function. The internal audit function is responsible for reviewing and providing assurance on the adequacy of the internal control environment across operations. The Chief Audit Executive is responsible for reporting the findings of the internal audit work against the agreed audit plan to the Committee on a quarterly basis.



The Chief Audit Executive has direct access to the Committee, primarily through its chairman. The Committee is also responsible for the assessment of the performance of the internal audit function. In 2007, an external effectiveness review was performed by the Institute of Internal Auditors (IIA), reporting positive results and rating the internal audit function as “generally conformance” with the IIA Standards.

The internal audit function is independent and has the necessary resources, budget, standing and authority within the organisation to enable it to discharge its functions. The Chief Audit Executive reports functionally to the committee and the committee must concur with the appointment and dismissal of the Chief Audit Executive.

We are satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the company in its audits. We believe Internal Audit has contributed to the improvement of internal controls within the company.

6. Corporate governance

We are of the opinion that the company continues to strive towards complying with sound principles of corporate governance. As per our discussions with management, management confirms that the content and quality of monthly and quarterly reports prepared and issued by the Chief Executive Officer during the year under review were properly formulated and have complied with the PFMA in this regard. The Committee is in the process of reviewing its corporate governance practices with a view to complying with the requirements of the 2008 Companies Act and King III recommendations.

7. Risk management

The Board assigned the oversight of the risk management function to the Committee. The company implemented a risk management strategy which includes the fraud prevention plan and combined assurance plan. A formal risk assessment was undertaken for the year ending 31 March 2011 with quarterly reviews, updates and reports. Consequently, internal audit used this assessment to prepare the 3 year rolling strategic plan and the annual operating audit plan. The Committee monitored the significant risks faced by the company through reviewing risk reporting and participation in the risk assessment workshop. We are satisfied that significant risks were managed to an acceptable level. A new risk committee will be established in the 2011/12 financial year.

8. Annual Financial Statements

We have:

- Reviewed the Auditor-General of South Africa management letter and management’s response thereto;
- Reviewed changes in accounting policies
- Review significant adjustments resulting from the Auditor-General of South Africa audit

The Committee concurs and accepts the Auditor-General of South Africa conclusions on the annual financial statements, and is of the opinion that the audited financial statements be accepted and read together with the report of the Auditor-General of South Africa.

9. Appreciation

The Committee expresses its sincere appreciation to the Chief Executive Officer, Management, Internal Audit and the Auditor-General of South Africa.

Mr Y Tenza

Chairperson

25 July 2011



Statement from Company Secretary



Mr A Haffejee

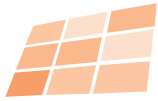
In my capacity as company secretary, I hereby confirm, except where otherwise mentioned in the annual financial statements, that for the year ended 31 March 2011 the company has lodged with the Registrar of Companies all such returns as are required of a company in terms of this act and that all such returns are to the best of my knowledge and belief, correct and up to date.

Mr A Haffejee

28 July 2011

Performance Against Objectives





Performance Against Objectives

A summary of CEF's business performance against objectives is contained in the table below:

	Objectives	Activity	Indicators	Target	Weight	Score
1	CEF will strategically coordinate the long term future of the group	Develop a long term financial sustainability plan	Financial sustainability plan	The business plan must address long term financial sustainability. Included in the plan submitted to the Minister by 28 February 2011 as per PFMA.	2	1
2	CEF will strategically coordinate the long term future of the group	Develop a coordinated strategic direction for the group	Coordinated strategic direction for the Group included in the Business plan	The business plan (submitted by 28 February 2011 to the Minister) to include a coordinated strategic direction for the Group as determined at a Group strategic workshop that is held by 30 September 2010	3	1
3	Develop human capacity	Ensure that staff skills are developed to ensure business continuity	Skills development and succession plans	Skills development and succession plans are in place for relevant departments, are active , with a quarterly report to the CEO by the HR Manager	5	3
4	Develop and invest in renewable and alternate energy sources and in energy efficiency	Operate completed and commercialised projects	Financial returns from operations to be within approved economic plan	Financial returns on completed and commercialised projects show no more than a 10% deviation from the approved plan. Reported on a quarterly basis to PAT, Exco and Board	5	1
5	Develop and invest in renewable and alternate energy sources and in energy efficiency	Identify and evaluate potential projects	Potential projects are identified and evaluated by EDC	EDC managers identify and conduct pre-feasibility studies on potential projects. A quarterly report is provided to the board on project studies	5	2.67
6	Develop and invest in renewable and alternate energy sources and in energy efficiency	Implement approved projects	Approved project plan deviation	Approved projects are completed with no more than a 10% deviation from the approved plan. Reported on a quarterly basis to PAT, Exco and Board.	15	1
7	Develop and invest in renewable and alternate energy sources and in energy efficiency	Identify and implement developmental and efficiency projects	Developmental and efficiency projects are identified, developed and implemented within an approved plan	Identified developmental and efficiency projects are implemented according to an approved plan with no more than a 10% deviation from the approved plan. Reported on a quarterly basis to PAT, Exco and Board	10	3.08
8	Develop and invest in renewable and alternate energy sources and in energy efficiency	Conduct feasibility studies on selected and approved projects	Feasibility study plan deviation	Approved feasibility studies for EDC projects are completed with no more than a 10% deviation from the approved plan. Reported on a quarterly basis to PAT, Exco and Board	15	2.97
9	Effectively and efficiently manage the business	Reviewed and approve SLA'S	Percentage of SLA's in place	Minimum of 90% of SLA's and performance contracts are reviewed or approved by 30 June 2010	2	3

Performance Against Objectives



Objectives	Activity	Indicators	Target	Weight	Score
10 Effectively and efficiently manage the business	Deliver services are per SLA	Client satisfaction with services delivered as defined in the SLA	All clients are 90% satisfied with the service, defined in the SLA, they get from departments as from a service survey conducted by the Corporate Planner during Q2 and Q4	15	3.49
11 Effectively and efficiently manage the business	Invest surplus funds	Return on surplus funds invested	Cumulative average return for the full financial year on surplus funds not less than Jibar-0.25%	7	5
12 Effectively and efficiently manage the business	Manage investments in associate companies	Percentage return on investment from associated companies	Returns from associated companies are no less than 90% of the approved returns by 31 March 2011	7	2.96
13 Effectively and efficiently manage the business	Risk management	A risk action plan is developed	Develop a risk action plan based on risk audit recommendations by 30 September 2010	2	5
14 Effectively and efficiently manage the business	Corporate governance	Number of deviations in the AG corporate governance report	No deviations noted in AG audit. King III guidelines applied or explained	2	3
15 Mitigate against environmental impacts	Complete project environmental impact assessments	Number of EDC projects implemented with completed Record of Decision (RoD)	No EDC project is implemented or operated without a RoD and compliance with it. Reported on a quarterly basis to PAT, Exco and Board	1	3
16 Mitigate against environmental impacts	Ensure that there are no environmental incidents	Number of environmental incidents incurring penalties due to breaches of environmental legislation	No environmental incidents from CEF (Pty) Ltd and EDC operations resulting in penalties due to breaches of environmental legislation. Reported on a quarterly basis to Exco and Board	3	3
17 Mitigate against environmental impacts	Manage an energy efficient building	Electricity consumption at CEF House	Electricity consumption target is a maximum of 180kWh/m2 on an annualised basis. Reported for each month to Exco and on a quarterly basis to the CEF Board	1	4
Total				100	2.75

Scoring:

- 1 = Not met
- 2 = Below target
- 3 = Achieved
- 4 = Above target
- 5 = Excellent (stretch target)



Performance Against Objectives

The following explanation is valid for the activities not meeting the target:

1. The plan was not submitted on time to the Minister due to the late completion of the PetroSA plan. The plan does include activities to evaluate a streamlined future strategy for the Group.
2. While the CEF plan was compiled on time the Group plan was not submitted to the Minister on time due to delays from PetroSA in approving their plan. The plan includes a new direction for CEF to evaluate. There is however lack of complete clarity on the role.
3. No projects were completed where commercial operations started. It was expected that some landfill gas projects would begin flaring during the year. No projects were progressed to the stage of beginning commercial operations.
4. No projects were advanced from feasibility to implementation phase. The plan was to procure and start installing flaring equipment at a number of landfill gas sites. Delays in finalising the regulatory environment meant that no projects progressed from feasibility to implementation.

The following explanation for excellent achievement on the following targets:

1. Refer to no. 11 - Returns were above the benchmark.
2. Refer to no. 13 - The target was achieved ahead of time.
3. Refer to no. 17 - Electricity consumption was below the new building standard.

Directors' Report





Directors' Report

The directors present their annual report that forms part of the audited annual financial statements for the group for the year ended 31 March 2011.

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

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

1. Directors

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

Name		Appointed	Re-appointed	Resigned / Term ended
Ms B Mabuza	Independent, Non-executive, Chairperson	15 December 2003	29 January 2007	
Mr M Damane	Executive	01 February 2007		
Ms N Magubane	Non-executive	01 February 2009		01 June 2010
Adv L Makatini	Non-executive	09 September 2009		
Dr P Molefe	Non-executive	28 July 2004	20 July 2007	20 August 2010
Ms T Ramuedzisi (alternate to Ms N Magubane and Mr T Maqubela)	Non-executive	01 July 2009		
Mr J Rocha	Non-executive	01 July 2009		01 June 2010
Dr Z Rustomjee	Non-executive	01 July 2004	01 July 2007	20 August 2010
Mr Y Tenza	Non-executive	01 July 2007		
Mr T Maqubela		01 June 2010		
Mr O Aphane		01 June 2010		

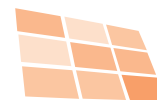
	05/05/2010	27/05/2010	28/07/2010	29/07/2010	20/08/2010	29/09/2010	30/11/2010	24/02/2011
Ms B Mabuza	Y	Y	Y	Y	Y	Y	Y	Y
Mr M Damane	Y	Y	Y	Y	Y	Y	Y	Y
Ms N Magubane	N	N	N/A	N/A	N/A	N/A	N/A	N/A
Adv L Makatini	N	Y	N	Y	Y	Y	N	Y
Dr P Molefe	N	N	Y	Y	N/A	N/A	N/A	N/A
Mr T Maqubela	N/A	N/A	Y	Y	Y	N	Y	Y
Ms T Ramuedzisi (alternate to Ms N Magubane and Mr T Maqubela)	N	N	N	N	N	N	N	N
Mr J Rocha	N	N	N/A	N/A	N/A	N/A	N/A	N/A
Dr Z Rustomjee	Y	Y	Y	Y	N/A	N/A	N/A	N/A
Mr Y Tenza	Y	Y	Y	Y	Y	Y	Y	Y
Mr O Aphane	N/A	N/A	N	Y	Y	Y	Y	Y

Y = Attended meeting

N = Apology received

N/A = Not a member at the date of meeting

A = Alternate attended meeting



Board Audit and Risk committee

The committee consists of the following members:

Name		Appointed	Re-appointed
Mr Y Tenza	Non-executive Chairperson	01 August 2007	16 February 2011
Mr R Boqo	Non-executive	01 June 2006	01 June 2009
Mr D Hlatshwayo	Non-executive	01 March 2011	

Attendance at meetings:

	20/05/2010	22/07/2010	27/07/2010	25/11/2010	17/02/2011
Mr Y Tenza	Y	Y	Y	Y	Y
Mr R Boqo	Y	Y	Y	Y	Y
Mr D Hlatshwayo	N/A	N/A	N/A	N/A	N/A

- Y = Attended meeting
 N = Apology received
 N/A = Not a member at date of meeting

The Board audit and risk committee meets on a minimum of two occasions per annum. The Chief Audit Executive of the Internal Audit Function, the external auditors and such members of management as are deemed necessary also attend these meetings. The Board audit and risk 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 committee which forms part of these annual financial statements.

Board Human Resources committee

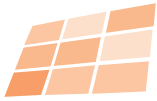
The board human resource committee consists of the following members:

Name		Appointed	Resigned
Ms B Mabuza	Non-executive Chairperson	01 February 2007	
Mr Y Tenza	Non-executive	25 February 2009	
Dr P Molefe	Non-executive	01 January 2008	20 August 2010

Attendance at meetings:

	12/05/2010	23/07/2010	03/11/2010
Ms B Mabuza	Y	Y	Y
Mr Y Tenza	Y	Y	Y
Dr P Molefe	N	Y	N/A

- Y = Attended meeting
 N = Apology received
 N/A = Not a member at date of meeting



Directors' Report

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 board human resources committee.

2. Secretary

The secretary of the company is Mr A Haffejee and the business and postal addresses are as follows:

Business address

Block C, Upper Grayston Office Park
152 Ann Crescent
Strathavon
Sandton
2199

Postal address

P O Box 786141
Sandton
2146

3. 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.

4. Nature of business

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 Act 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; and
- 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.

5. Review of financial position

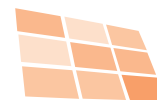
The group realised a net profit of R1 256 million (2010: R74 million loss) for the year under review. Sales revenues were particularly high at R11,068 million (2010: R8,559 million) and are attributed to the high oil prices which averaged USD116.25 per barrel versus the previous year's USD78.96.

The group recorded a pre-tax profit R1 050 million, which reflects an increase on the prior year loss of R423 million. Brass Exploration Unlimited, PetroSA Nigeria and CCE solutions (Proprietary) Limited have been classified as a discontinued operation and reflects a loss of R68 million (2010: R57 million profit) net of taxation.

The group balance sheet remains strong with total assets of R33 594 million (2010: R32 797 million).

6. Authorised and issued share capital

There were no changes in the authorised nor issued share capital of the group during the year under review.



Details of the share capital of the company are set out in note 17 to the annual financial statements.

7. Going concern

The directors believe that the group will continue as a going concern in the year ahead.

8. 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.

Revenue	Group				Company			
	% Change	2011 R'000	2010 R'000 Restated	2009 R'000 Restated	% Change	2011 R'000	2010 R'000 Restated	2009 R'000 Restated
Crude oil sales and fuel production	35%	10,022,857	7,439,736	11,014,312	-%	-	-	-
Tank rentals	6%	418,466	394,683	156,566	-%	-	-	-
Rental Income	66%	3,558	2,138	2,172	-%	-	-	-
Rendering of services	(14)%	622,749	722,486	1,164,623	-%	-	-	-
Gross Revenue	29%	11,067,630	8,559,043	12,337,673	-%	-	-	-

The increase in revenue is due to the higher average international oil prices. The average crude oil price for the year was USD 116.25/bbl against an average of USD 78.96/bbl in the previous year.

Due to volatile crude oil prices, demand for crude oil storage was high.

Profit for the year from continuing operations

	Group			Company				
	% Change	2011 R'000	2010 R'000 Restated	2009 R'000 Restated	% Change	2011 R'000	2010 R'000 Restated	2009 R'000 Restated
Profit before taxation	(348)%	1,049,586	(422,906)	1,906,847	(112)%	(8,581)	69,643	816,199
Taxation	(6)%	274,980	291,667	(29,241)	(8)%	(33,539)	(32,829)	(28,702)
	(1,100)%	1,324,566	(131,239)	1,877,606	(214)%	(42,120)	36,814	787,497

The Group reports a profit after taxation from continuing operations of R1 325 million (2010: R131 million loss). The turnaround in the Group's performance was largely driven by the higher average crude oil prices and the demand for storage space.

The company reports a net loss of R42 million (2010: R37 million profit) which resulted from the write off of a number of projects which were negatively impacted by the change in the IPP regulations and the impairment of loans to subsidiaries.

9. Transfer to the State

No transfer to the State was made in respect of the year ended 31 March 2011 (2010: RNil).

10. Materiality and significance framework

A materiality and significance framework has been developed for reporting losses through criminal conduct and irregular, fruitless and wasteful expenditure, as well as for significant transactions envisaged per section 54(2) of the PFMA that requires ministerial approval. The framework was finalised after



consultation with the external auditors and has been formally approved by the board.

11. Subsequent events

PetroSA

PetroSA a 37.5% interest in the associate company GTL.F1 AG, a Swiss incorporated technology company which holds the licenses of the GTL technology. The group results include the performance of GTL.F1 AG for the year ended 31 December 2010. One of joint venture partners have indicated their intent to withdraw from GTL.F1 in the forthcoming year. This will result in PetroSA's share increasing from 37.5% to 50%.

CCE

A provision for contract termination of R8,4 million has been provided for in respect of a supplier Energy as at 31 March 2011, the amount is yet to be negotiated. The supplier has submitted a claim for cancellation of the contract as there has been delays in the implementation of the project. The delay in the project implementation was a result of the inability in the company being able to secure adequate feedstock to make the project bankable.

ETA Energy

Fifty percent of the deposits received from the Ministry of Foreign Affairs of Finland; Nordic Carbon Fund; Carbon Opportunity Fund and Fine Carbon Fund was be paid back by the end of June 2011.

SANERI

The National Energy Act of 2008 makes provision for the establishment of SANEDI (South African National Energy Development Institute), a new entity which includes SANERI and NEEA. The Government Gazette dated 31 December 2010 indicated that SANEDI was listed as a Schedule 3 (A) entity with effect from 1 April 2010. On 18 March 2011, the State President assented to the Chapter 4 of the Energy Act which in essence stipulates that SANEDI is to be operational with effect from 1 April 2011. SANERI, which is a Schedule 2 (A) company is in the process of being wound up and the new company and SANEDI needs to be incorporated. It is Government's vision though that SANEDI will be an independent entity outside of the CEF Group of Companies. It is possible that whilst in this transition, proper and due cognition to applicable policies, procedures and processes may have been flaunted because SANEDI is currently situated in CEF and has been using CEF policies, procedures and processes which are applicable to a Schedule 2(A).

A letter has been sent to South African Revenue Services to deregister SANERI as a VAT vendor during March 2011. South African Revenue Services has confirmed that the VAT account has been suspended.

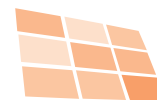
Africa Earth Events owed SANERI R203k as at year end. The Board of Governance for the South African Carbon Capture and Storage Centre appointed Africa Earth Events to host a workshop. The transfer of funds were approved by the Board of Governance and paid over to the company. The workshop did not take place and several invoices were sent to claim the funds back only to discover that the company went into liquidation. SANERI is currently liaising with the company's attorneys to recover the amount that was paid to them.

CEF Carbon

The contract between CEF Carbon and the Norwegian Agency for Development Cooperation was terminated subsequent to the financial year end. Carbon Stream will become a wholly owned subsidiary of CEF Carbon as Greenstream issued an exit notice on its 40% shareholding in Carbon Stream.

Carbon Stream Africa

Greenstream, which is a 40% shareholder, has issued an exit notice after the reporting date. CEF Carbon SA (Proprietary) Ltd will therefore be the sole shareholder once the process is completed.



The directors are not aware of any other matters or circumstances arising since the end of the financial year, not otherwise dealt with in the annual financial statements which significantly affect the financial position of the company or the results of the operations.

12. Other activities administered by CEF

Equalisation Fund

The statutory fund is regulated by Ministerial Directives issued by the Minister of 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.

Mine Health and Safety Council

CEF manages some of the cash resources of the Council.

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 functions of the Fund. This program was completed during the financial year and the surplus funds was transferred to National Treasury.

13. Shareholder

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

14. Investigations

Petroleum Agency SA

An investigation into a whistle blower report on operational management at the Petroleum Agency SA was conducted by an external company on the request of the Board. The investigation was not completed by the financial year end.

PetroSA

An investigation into irregularities in its Corporate Social Investment programme was conducted. Appropriate disciplinary action has been taken, and governance processes are being tightened to prevent the recurrence, as well as to maximise the benefits from such investments.

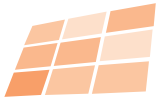
CEF (Proprietary) Limited

An investigation into a whistle blower report on operational management at the CEF (Proprietary) Limited was conducted by an external company on the request of the Board. The Board has taken action where appropriate, based on the findings.

15. CEF Group Challenges

The CEF Group challenges experienced in the financial year and the years ahead include:

- The role of CEF needs to be redefined by the shareholder with respect to renewable energy activities.
- The CEF Group portfolios have increased over the years which have put financial constraints on cash reserves and the Group will seek to secure external funding.
- With the increase in the portfolios the Group will require additional specialist skills.



- A number of new projects within PetroSA to improve feedstock reserves will need to be successfully completed given the declining gas reserves at Mossel Bay.

16. Litigations

CEF

CEF has a potential litigation arising from contractual disputes with former employees.

PetroSA

A joint venture partner, is contesting the disposal of the BEU and have approached the Nigerian High Court to obtain relief on the matter. PetroSA is defending its case and is confident of success in this regard.

SFF

Property rentals

Legal action has been taken by SFF against a client for breach of a contract for non-payment of their property rent. The client has absconded and no longer occupies the premises. A provision amounting to R156k has been made in respect of bad debts. However, SFF will continue to seek legal restitution in this matter.

Property development

PetroSA / SFF had instituted an application to the high court for the review and an order setting aside the decision made by the City of Cape Town Municipality in approving certain sub divisions as well as an interdict against the developer for the development of the proposed estate. The reason for the application is to prevent the developer from developing the portion of the land which falls in the "separation distance" directly adjacent to the tank farm.

African Exploration Mining and Finance Corporation (Proprietary) Limited

Royalty Dispute

The dispute relates to an exchange agreement concluded between a mining company and SFF Association (a subsidiary of CEF) prior to the existence of the MPRD Act and Royalty Act. AEMFC as a mining subsidiary company of CEF is responsible for the lodging of the Declaratory Order with the High Court.

Prospecting Right Dispute

A mining company lodged an application with the High Court seeking to nullify the converted old order prospecting right that was granted to AEMFC on the grounds that they also have a valid prospecting right on the same area as well as mining rights on some of the farm portions on the same area under dispute.

The annual report set out on pages 35 to 137, which have been prepared on the going concern basis, were approved by the board of directors on 28 July 2011 and were signed on its behalf by:

Ms B Mabuza (Chairperson)

Sandton

28 July 2011

Mr M Damane (Executive Director)

Materiality and Significance Framework





Materiality and Significance Framework

Disclosure in AFS

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

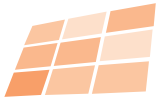
- Section 50(1) - Material facts to be disclosed to the Minister of Energy are considered to be facts that may influence the decisions or actions of the Stakeholders of the Public Entity or the Group of companies.
- Section 55(2) - Disclosure of material losses in the annual financial statements will 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. The significant rand level was determined as being 2% of Total Assets as follows:

APPROVAL LEVELS IN TERMS OF SECTION 54

	CEF (Pty) Ltd Group	PetroSA	iGas	PASA	SFF	OPCSA	SANERI	AE	CCE	Carbon SA	CSA	Carbon UK	ETA	SASDA
Public Entity's board approval levels	<R640 million	<R474 million	<R26 million	<R5.8 million	<R75 million	<R397 000	< R 502 000	< R 679 000	< R 624 000	R 0	< R 24 000	R0	< R 14 000	< R 36 000
CEF Board to approve	<R640 million	>R 474 million and < R 640 million	> R 26 million and < R 640 million	> R 5.8 million and < R 640 million	< R 75 million and < R 640 million	> R 397 000 and < R 640 million	> R 502 000 and < R 640 million	> R 679 000 and < R 640 million	> R 679 000 and < R 640 million	> R 0 and < R 640 million	> R 24 000 and < R 640 million	> R 0 and < R 640 million	> R 14 000 and < R 640 million	> R 36 000 and < R 640 million
Obtain DOE approval and inform National Treasury via the top-most holding company														> R 640 million

Financial Statements

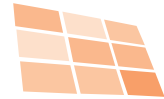




Statement of Financial Position

	Note(s)	Group			Company		
		2011 R '000	2010 R '000 Restated	2009 R '000 Restated	2011 R '000	2010 R '000 Restated	2009 R '000 Restated
Assets							
Non-Current Assets							
Property, plant and equipment	2	7,335,296	6,812,905	6,169,895	89,486	94,613	21,342
Intangible assets	3	97,873	103,844	105,748	2,057	4,020	6,231
Assets pending determination	4	45,091	55,575	88,582	-	14,016	6,345
Goodwill	5	-	8,556	8,556	-	-	-
Deferred tax	6	5,559	1,011,752	1,061,563	5,559	20,653	865
Investments in subsidiaries	7	-	-	-	3,378,651	3,528,556	3,453,135
Investments in associates	8	740,226	665,854	716,828	53,379	49,827	47,378
Loans to group companies	9	-	-	57	-	-	-
Other financial assets	10	427,781	463,345	161,034	310,806	327,943	27,106
Strategic inventory	12	2,058,890	2,061,107	2,061,398	-	-	-
Finance lease receivables	11	226	-	-	-	-	-
		10,710,942	11,182,938	10,373,661	3,839,938	4,039,628	3,562,402
Current Assets							
Inventories	13	1,578,572	1,419,031	1,505,829	-	-	-
Other financial assets	10	-	-	-	58,500	17,991	101,008
Current tax receivable	30	418,602	287,145	14,341	5,220	-	13,350
Finance lease receivables	11	45	-	-	-	-	-
Trade and other receivables	14	2,185,333	3,616,457	2,287,430	39,513	50,108	450,419
Deferred tax	6	-	286	-	-	-	-
Cash and cash equivalents	15	17,531,732	15,303,085	16,143,359	3,477,185	3,497,062	3,395,004
		21,714,284	20,626,004	19,950,959	3,580,418	3,565,161	3,959,781
Assets of disposal groups	16	1,168,838	988,186	2,052,302	-	-	-
Total Assets		33,594,064	32,797,128	32,376,922	7,420,356	7,604,789	7,522,183
Equity and Liabilities							
Equity							
Equity Attributable to Equity Holders of Parent							
Share capital	17	-	-	-	-	-	-
Reserves		(46,963)	(80,804)	116,915	-	-	-
Retained income		24,532,857	23,285,804	23,359,070	6,157,716	6,199,836	6,163,022
		24,485,894	23,205,000	23,475,985	6,157,716	6,199,836	6,163,022
Non-controlling interest		13,769	4,568	1,272	-	-	-
		24,499,663	23,209,568	23,477,257	6,157,716	6,199,836	6,163,022
Liabilities							
Non-Current Liabilities							
Owing to subsidiaries	9	-	-	-	940,867	970,361	879,849
Other financial liabilities	18	204,774	294,075	318,275	204,774	294,075	318,275
Deferred tax	6	1,965	929,983	986,117	1,965	11,362	6,584
Provisions	19	5,991,566	4,258,896	4,119,073	3,186	58,121	193
		6,198,305	5,482,954	5,423,465	1,150,792	1,333,919	1,204,901

Statement of Financial Position



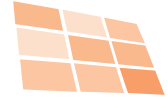
	Note(s)	Group			Company		
		2011 R '000	2010 R '000 Restated	2009 R '000 Restated	2011 R '000	2010 R '000 Restated	2009 R '000 Restated
Current Liabilities							
Other financial liabilities	18	58,500	17,991	101,009	58,500	17,991	101,009
Current tax payable	30	26,303	30,969	82,147	-	7,488	-
Trade and other payables	22	1,545,576	3,218,328	1,985,519	40,183	32,337	40,350
Deferred income	23	3,476	48,821	5,904	335	1,110	703
Provisions	19	417,436	128,728	139,521	12,830	12,108	12,198
Third party funds	21	34,725	12,471	16,472	-	-	-
Bank overdraft	15	-	119,428	-	-	-	-
		2,086,016	3,576,736	2,330,572	111,848	71,034	154,260
Liabilities of disposal groups	16	810,080	527,870	1,145,628	-	-	-
Total Liabilities		9,094,401	9,587,560	8,899,665	1,262,640	1,404,953	1,359,161
Total Equity and Liabilities		33,594,064	32,797,128	32,376,922	7,420,356	7,604,789	7,522,183



Statement of Comprehensive Income

	Note(s)	Group			Company		
		2011 R '000	2010 R '000 Restated	2009 R '000 Restated	2011 R '000	2010 R '000	2009 R '000
Continuing operations							
Revenue	24	11,067,630	8,559,043	12,337,673	-	-	-
Cost of sales	25	(8,810,814)	(7,538,852)	(9,476,672)	-	-	-
Gross profit		2,256,816	1,020,191	2,861,001	-	-	-
Other income		295,370	565,614	225,471	23,935	24,034	25,229
Operating expenses		(2,352,515)	(3,007,252)	(2,998,273)	(230,087)	(177,451)	(201,567)
Operating Loss	26	199,671	(1,421,447)	88,199	(206,152)	(153,417)	(176,338)
Investment income	28	1,221,927	1,349,551	2,018,609	278,116	318,503	1,130,383
Income from equity accounted investments		87,343	87,578	94,461	-	-	-
Finance costs	29	(459,355)	(438,588)	(294,404)	(80,545)	(95,443)	(137,846)
Profit / (Loss) before taxation		1,049,586	(422,906)	1,906,865	(8,581)	69,643	816,199
Taxation	30	274,980	291,667	(29,241)	(33,539)	(32,829)	(28,702)
Profit / (Loss) from continuing operations		1,324,566	(131,239)	1,877,624	(42,120)	36,814	787,497
Discontinued operations							
Profit for the year from discontinued operations	16	(68,312)	57,120	436,843	-	-	-
Profit / (Loss) for the year		1,256,254	(74,119)	2,314,467	(42,120)	36,814	787,497
Other comprehensive income:							
Exchange differences on translating foreign operations		33,841	(197,719)	59,234	-	-	-
Total comprehensive Income / (Loss)		1,290,095	(271,838)	2,373,701	(42,120)	36,814	787,497
Profit attributable to:							
Owners of the parent:							
Profit for the year from continuing operations		1,315,365	(130,386)	1,877,962	(42,120)	36,814	787,497
Profit for the year from discontinued operations	16	(68,312)	57,120	436,843	-	-	-
Profit / (Loss) for the year attributable to owners of the parent		1,247,053	(73,266)	2,314,805	(42,120)	36,814	787,497
Non-controlling interest:							
Profit / (Loss) for the year from continuing operations		9,201	(853)	(338)	-	-	-
Total comprehensive Income / (Loss) attributable to:							
Owners of the parent		1,247,053	(73,266)	2,314,805	(42,120)	36,814	787,497
Non-controlling interest		9,201	(853)	(338)	-	-	-
		1,256,254	(74,119)	2,314,467	(42,120)	36,814	787,497

Statement of Changes in Equity



	Share capital	Foreign currency translation reserve	Fair value adjustment assets-available-for-sale reserve	Total reserves	Retained income	Total attributable to equity holders of the group / company	Non-controlling interest	Total equity
	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000
Group								
Opening balance as previously reported	-	116,960	(45)	116,915	23,359,053	23,475,968	1,272	23,477,240
Adjustments	-	-	-	-	18	18	-	18
Prior year adjustments	-	116,960	(45)	116,915	23,359,070	23,475,985	1,272	23,477,257
Balance at 01 April 2009 as restated								
Changes in equity	-	(197,719)	-	(197,719)	(81,029)	(278,748)	(853)	(279,601)
Total comprehensive loss for the year	-	-	-	-	7,763	7,763	-	7,763
Prior year adjustments	-	-	-	-	-	-	4,149	4,149
Minority interest	-	-	-	-	-	-	-	-
Total changes	-	(197,719)	-	(197,719)	(73,266)	(270,985)	3,296	(267,689)
Balance at 01 April 2010 as restated								
Changes in equity	-	(80,759)	(45)	(80,804)	23,285,804	23,205,000	4,568	23,209,568
Total comprehensive income for the year	-	33,841	-	33,841	1,247,053	1,280,894	-	1,280,894
Minority interest	-	-	-	-	-	-	9,201	9,201
Total changes	-	33,841	-	33,841	1,247,053	1,280,894	9,201	1,290,095
Balance at 31 March 2011								
	-	(46,918)	(45)	(46,963)	24,532,857	24,485,894	13,769	24,499,663

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Note(s)



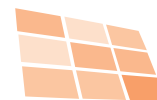
Statement of Changes in Equity

	Share capital	Foreign currency translation reserve	Fair value adjustment assets-available-for-sale reserve	Total reserves	Retained income	Total attributable to equity holders of the group / company	Minority interest	Total equity
	R '000	R '000	R '000	R '000	R '000	R '000	R '000	R '000
Company								
Balance at 01 April 2009	-	-	-	-	6,163,022	6,163,022	-	6,163,022
Changes in equity	-	-	-	-	36,814	36,814	-	36,814
Total comprehensive income for the year	-	-	-	-	36,814	36,814	-	36,814
Balance at 01 April 2010	-	-	-	-	6,199,836	6,199,836	-	6,199,836
Changes in equity	-	-	-	-	(42,120)	(42,120)	-	(42,120)
Total comprehensive loss for the year	-	-	-	-	(42,120)	(42,120)	-	(42,120)
Balance at 31 March 2011	-	-	-	-	6,157,716	6,157,716	-	6,157,716

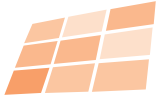
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Note(s)

Cash Flow



	Note(s)	Group			Company		
		2011 R '000	2010 R '000 Restated	2009 R '000 Restated	2011 R '000	2010 R '000 Restated	2009 R '000 Restated
Cash flows from operating activities							
Cash receipts from customers	31	12,812,937	7,940,031	13,162,381	34,623	424,349	(157,258)
Cash paid to suppliers and employees	32	(11,234,869)	(8,233,617)	(11,592,133)	(82,776)	(100,464)	(148,857)
Cash generated from (used in) operations	33	1,578,068	(293,586)	1,570,248	(48,153)	323,885	(306,115)
Interest income	28	1,221,926	1,349,551	2,018,609	278,116	318,503	405,383
Dividends received	28	1	-	-	-	-	725,000
Finance costs	29	(459,355)	(438,588)	(294,404)	(80,545)	(95,443)	(137,846)
Tax received / (paid)	35	217,318	(38,924)	(715,374)	(40,550)	(27,001)	(44,423)
Net cash from operating activities		2,557,958	578,453	2,579,079	108,868	519,944	641,999
Cash flows from investing activities							
Purchase of property, plant and equipment	2	(235,712)	(1,441,566)	(1,986,675)	(1,496)	(79,546)	(19,297)
Sale of property, plant & equipment	2	78,160	1,628	30,305	-	-	-
Purchase of other intangible assets	3	(3,246)	(4,056)	(5,326)	(1,007)	(858)	(654)
Sale of other intangible assets	3	1,484	13	-	-	-	-
Investment in associates	8	(74,372)	50,974	(56,683)	(3,551)	(2,449)	(40,828)
Investment in subsidiaries	34	-	-	-	(64,212)	(2,321)	138,781
Movement of financial assets	10	7,318	(302,311)	34,026	(9,012)	(300,837)	39,530
Assets pending determination	4	(4,114)	(22,015)	(17,309)	(582)	(7,671)	(6,363)
Movement in disposal of groups	16	101,558	446,358	(466,593)	-	-	-
Net cash from investing activities		(128,924)	(1,270,975)	(2,468,255)	(79,860)	(393,682)	111,169
Cash flows from financing activities							
Repayment of other financial liabilities		(48,792)	(107,218)	(98,183)	(48,792)	(107,218)	(98,183)
Movement in third party funds		22,256	(4,001)	16,472	-	-	-
Loans to group companies repaid		-	57	89,204	-	83,018	(10,874)
Net cash from financing activities		(26,536)	(111,162)	7,493	(48,792)	(24,200)	(109,057)
Total cash movement for the year		2,402,498	(803,684)	118,317	(19,784)	102,062	644,111
Cash at the beginning of the year		15,183,657	16,143,359	15,987,900	3,497,062	3,395,004	2,751,916
Effect of exchange rate movement on cash balances		(54,423)	(156,018)	37,142	(93)	(4)	(1,023)
Total cash at end of the year	15	17,531,732	15,183,657	16,143,359	3,477,185	3,497,062	3,395,004



Accounting Policies

1. Presentation of annual financial statements

The following are the principal accounting policies of the group which are, in all material respects, consistent with those of the previous year, except as otherwise indicated:

1.1 Basis of preparation

The annual financial statements are prepared under the historical cost basis, except where otherwise specified.

The group annual financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice, the Companies Act of South Africa and the Corporate Laws Amendment Act.

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

Assets and liabilities or income and expenditure will not be offset, unless it is required or permitted by a standard.

1.2 Basis of consolidation

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.

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

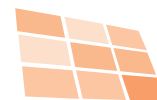
Where necessary, adjustments are made to the annual financial statements of subsidiaries to bring the accounting policies used in line with the group accounting policies.

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.

Company financial statements

Investments in subsidiaries, associates and joint ventures in the financial statements presented by the company are recognised at cost, except where there is a permanent decline in the value in which case they are written down to fair value.



Consolidated financial statements

Business combinations

Subsidiaries are entities controlled by the holding company. 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.

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition related costs are expensed as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 (AC 140): Business Combinations are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 (AC 142): Non-current Assets Held for Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

Goodwill is calculated as the excess of the sum of

- a) fair value of consideration transferred,
- b) the recognised amount of any non-controlling interest in the acquiree and
- c) acquisition-date fair value of any existing equity interests in the acquiree over the acquisition-date fair values of net identifiable assets.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognised immediately in profit or loss.

The group treats transactions with non-controlling interests as transactions with equity owners of the group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the group ceases to have control or significant influence, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Interest in associates

An associate is an enterprise in which the group has significant influence, through participation in the financial and operating policy decisions of the investee, but not control.

The results and assets and liabilities of associates are incorporated in the financial statements by using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 (AC 142): Non-current assets held for Sale and Discontinued Operations. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.



Accounting Policies

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Interest in joint ventures

A joint venture is a contractual agreement between two or more parties to undertake an economic activity, which is under joint control that is when the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control.

Where a group entity undertakes its activities under joint venture arrangements directly, the Group's share of jointly controlled assets and any liabilities incurred jointly with other ventures are recognised in the financial statements of the relevant entity and classified according to their nature. Liabilities and expenses incurred directly in respect of interests in jointly controlled assets are accounted for on an accrual basis. Income from the sale or use of the Group's share of the output of jointly controlled assets, and its share of joint venture expenses, are recognised when it is probable that the economic benefits associated with the transactions will flow to/from the Group and their amount can be measured reliably.

Joint venture arrangements that involve the establishment of a separate entity in which each venture has an interest are referred to as jointly controlled entities. The Group reports its interests in jointly controlled entities using proportionate consolidation, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 (AC 142): Non-current Assets held for Sale and Discontinued Operations. The Group's share of the assets, liabilities, income and expenses of jointly controlled entities are combined with the equivalent items in the consolidated financial statements on a line-by-line basis.

Any goodwill arising on the acquisition of the Group's interest in a jointly controlled entity is accounted for in accordance with the Group's accounting policy for goodwill arising on the acquisition of a subsidiary.

All significant inter-company transactions and balances between group entities are eliminated on proportionate consolidation to the extent of the group's interest in the joint venture.

1.3 Translation of foreign currencies

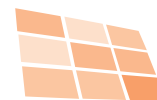
Transactions

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.

Statement of financial position

At each reporting date:

- foreign currency monetary items are measured using the 11H00 rate;
- 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
- 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.



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.

Foreign entities

In translating the financial statements of a foreign entity for incorporation in the group financial statements, the following is applied:

- (a) The assets and liabilities, both monetary and non monetary, of the foreign entity are translated at the closing exchange rate at the financial year end date.
- (b) Income and expense items of the foreign entity are translated at the weighted average rates of exchange for the year.
- (c) All resulting exchange differences are taken directly to the foreign currency translation reserve which is classified as a non distributable reserve. On disposal the related amount in this reserve will be recognised in profit or loss.

1.4 Subsequent events

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

1.5 Comparative figures

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

1.6 Property, plant and equipment

Property, plant and equipment represent 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.

Carrying amounts

All property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Cost

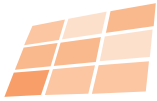
Includes all costs directly attributable to bringing the assets to the working condition for their intended use. Improvements are capitalised. Maintenance, repairs and renewals which neither materially add to the value of assets nor appreciably prolong their useful lives are charged against income. Finance 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 is utilised.

Derecognition.

The carrying amount of an item of property, plant and equipment is derecognised on disposal.

Gains or losses on disposal of property, plant and equipment are determined by reference to their carrying amount. On disposal of revalued assets, amounts in the revaluation reserve relating to that asset are transferred to retained earnings.

The gain or losses arising from derecognition of an item of property, plant and equipment is included in profit or loss. Gains on disposal will not be classified as revenue. 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 or other acceptable method



Accounting Policies

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 following methods and rates are used during the year to depreciate property, plant and equipment to estimated residual values:

Item	Average useful life
Land	Not depreciated
Buildings	5 - 40 years
Production assets	Units of production
Plant, equipment and exploration	3 - 8 years
Furniture, fittings and communication equipment	2 - 10 years
Motor vehicles	4 - 5 years
Computer equipment	3 - 6 years
Mainframe software	3 - 14 years
Oil pollution equipment	5 - 20 years

An exception is made for Production assets and Restoration costs where the units of production method is used to calculate depreciation. Reference to the supplementary reserves disclosure can be made for more information on the reserves used.

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

The methods of depreciation, useful lives and residual values are reviewed annually.

Production assets (oil and gas fields)

Oil and gas production assets are the aggregated exploration and evaluation tangible assets, and development expenditure associated with the production of proven reserves.

Subsequent expenditure which enhances or extends the performance of oil and gas production assets beyond their original specifications is recognised as capital expenditure and added to the original cost of the asset.

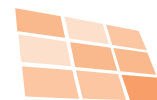
Production assets are depreciated over their expected useful lives. This applies from the date production commences, on a unit of production basis, which is the ratio of oil and gas production in the period to the estimated quantities of proven and probable reserves at the end of the period plus the production in the period, on a field-by-field basis. Units of production rates are based on the proven and probable developed reserves, which are oil, gas and other mineral reserves estimated to be recoverable from existing facilities using current operating methods.

Where there has been a change in economic conditions that indicates a possible impairment in a discovery field, the recoverability of the net book value relating to that field is assessed by comparison with the estimated discounted future cash flows based on management's expectations of future oil and gas prices and future costs. Where there is evidence of economic interdependency between fields, such as common infrastructure, the fields are grouped as a single cash generating unit for impairment purposes.

Any impairment identified is charged to the Statement of Comprehensive Income as additional depreciation. Where conditions giving rise to impairment subsequently reverse, the effect of the impairment charge is also reversed as a credit to the Statement of Comprehensive Income, net of any depreciation that would have been charged since the impairment.

Restoration costs

Cost of property, plant and equipment also includes the estimated costs of dismantling and removing the assets and site rehabilitation costs.



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 an 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.

The amount recognised is the estimated cost of restoration, discounted to its net present value, and is reassessed each year in accordance with local conditions and requirements. Changes in the estimated timing of decommissioning or decommissioning cost estimates are dealt with prospectively by recording an adjustment to the provision, and a corresponding adjustment to property, plant and equipment. The unwinding of the discount on the restoration provision is included as a finance cost.

1.7 Assets pending determination

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

Pre-licensing cost

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.

Exploration and evaluation costs

All costs relating to the acquisition of licenses, exploration and evaluation of a well, field or exploration area are initially capitalised. Directly attributable administration costs and interest payable are capitalised insofar as they relate to specific development activities.

These costs are then written off as exploration costs in the Statement of Comprehensive Income unless commercial reserves have been established or the determination process has not been completed and there are no indications of impairment.

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 approved. These wells may remain capitalised for three years. If no such plan or development exists or information is obtained that raises doubt about the economic or operating viability then these costs will be recognised in the profit or loss of that year. If a plan or intention to further develop these wells or fields exists, the costs are transferred to development costs.

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 proved reserves.

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.



Accounting Policies

1.8 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 if they result in an asset that can be identified. It is probable that the asset will generate future economic benefits and the development cost can be reliably measured, otherwise it is recognised in profit or loss.

Item	Average useful life
Computer software	2-10 years

1.9 Impairment of non - financial assets

At each balance sheet date, the group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount for an individual asset, the recoverable amount is determined for the cash generating unit to which the asset belongs. Value in use is estimated taking into account future cash flows, forecast market conditions and the expected lives of the assets.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, its carrying amount is reduced to the higher of its recoverable amount or residual value. Impairment losses are recognised in profit or loss. Subsequent to the recognition of the impairment loss, the depreciation or amortisation charge for the asset is adjusted to allocate its remaining carrying value, less any residual value, over its remaining useful life.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount but limited to the carrying amount that would have been determined had an impairment loss not been recognised in prior years. A reversal of an impairment loss is recognised in profit or loss.

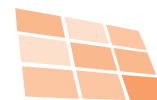
1.10 Leases

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

Rentals payable under operating leases are recognised in profit or loss on a straight line basis over the term of the relevant lease where significant or another basis if more representative of the time pattern of the user's benefit.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

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



1.11 Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Trading inventory

Finished and intermediate inventory is measured 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 is taken of the value of raw materials and work in progress prior to it reaching intermediate storage tanks. Provision is made for obsolete, slow moving and defective inventories.

Spares, catalysts and chemical

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

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.

1.12 Financial instruments

Recognition

Financial assets and financial liabilities are recognised on the group and company's statement of financial position when the group and company 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.

Financial instruments recognised on the statement of financial position include cash and cash equivalents, trade receivables, investments, trade payables and borrowings.

Measurement

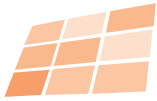
Financial assets and liabilities are initially measured at fair value, plus transaction costs. However transaction costs of financial assets and liabilities classified as fair value through profit or loss are expensed. Subsequent measurement will depend on the classification of the financial instrument as detailed below.

Financial assets

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

The following categories of investments are measured at subsequent reporting dates at amortised cost by using the effective interest rate method:

- (a) Loans and receivables originated by the group with fixed maturities;
- (b) Held-to-maturity investments;
- (c) An investment that does not have a quoted market price in an active market and whose fair value cannot be measured reliably using an appropriate valuation model.



Accounting Policies

Loans and receivables with no fixed maturity period and other investments not covered above are classified as fair value through profit and loss on initial recognition. Fair value for this purpose, is market value if listed or a value derived by using an appropriate valuation model, if unlisted.

Trade and other receivables

Trade and other receivables are classified as loans and receivables and are subsequently measured at amortised cost, less an allowance for any uncollectable amounts. An estimate for impairment is made when objective evidence is available that indicates the collection of any amount outstanding is no longer probable. Bad debts are written off when identified.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and instruments which are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value.

Financial liabilities

The group's principal financial liabilities are interest bearing borrowings, accounts payable and bank overdraft.

All financial liabilities are measured at amortised cost, comprising original debt less principal payments and amortisations, except for financial liabilities held for trading; borrowings with no fixed maturity period and are classified as fair value through profit and loss on initial recognition and derivative liabilities, which are subsequently measured at fair value. A change in fair value is recognised in profit or loss.

Derivative financial instruments

Derivative financial instruments, principally interest rate swap contracts and forward foreign exchange contracts, are used by the

company in its management of financial risks.

Derivative financial instruments are initially measured at fair value on the contract date, and are re-measured to fair value at subsequent reporting dates.

Payments and receipts under interest rate swap contracts are recognised in the statement of comprehensive income on a basis consistent with the corresponding fluctuations in the interest payment on floating rate financial liabilities.

The carrying amounts of interest rate swaps, which comprise net interest receivables and payables accrued are included in assets and liabilities respectively.

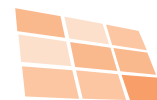
Gains and losses on subsequent measurement

All gains and losses arising from a change in fair value of or on disposal of held for trading financial assets are recognised in profit or loss.

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 gain or loss is included in the profit or loss for the period.

Gains and losses arising from cash flow hedges are recognised in profit or loss.

In relation to fair value hedges, which meet the conditions for hedge accounting, the portion of the gain or loss on a hedging instrument that is determined to be an effective hedge is recognised directly in equity and the ineffective portion is recognised in profit and loss.



If a hedged firm commitment or forecasted transaction results in the recognition of an asset or a liability, then the associated gains or losses recognised in equity are adjusted against the initial measurement of the asset or liability. For all other cash flow hedges, amounts recognised in equity are included in profit or loss in the same period during which the commitment or forecasted transaction affects profit or loss.

Derecognition

A financial asset or part thereof is derecognised when the group realises the contractual rights to the benefits specified in the contract, the rights expire, the group surrenders those rights or otherwise loses control of the contractual rights that comprise the financial asset. On derecognition, the difference between the carrying amount of the financial asset and the sum of the proceeds receivable and any prior adjustment to reflect the fair value of the asset that had been reported in equity is included in net profit or loss for the period.

A financial liability or a part thereof is derecognised when the obligation specified in the contract is discharged, cancelled, or expires. 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.

Fair value considerations

The fair values at which financial instruments are carried at the reporting date have been determined using available market prices. Where market prices 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, but are not necessarily indicative of the amounts that the group could realise in the normal course of business. 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.

Offsetting

Financial assets and financial liabilities are offset if there is an intention to either net the asset and liability or to realise the asset and settle the liability simultaneously and a legally enforceable right to set off exists.

1.13 Post-employment benefit costs

Defined contribution costs

Contributions to a defined contribution plan in respect of service in a particular period are recognised as an expense in that period.

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 or 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 enterprise).

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.



Accounting Policies

Actuarial gains and losses are recognised as income or expense in profit or loss immediately.

The group operates both defined contribution and defined benefit plans, the assets of which are held in separate trustee administered funds. The plans are funded by payments from the group and employees, taking account of the recommendations of independent qualified actuaries. For defined benefit plans the defined benefit obligation, the related current service cost, and where applicable, the past service costs are determined by using the projected unit credit method.

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.

Other post-employment obligations

Post-employment health care benefits are provided to retirees. The entitlement to post retirement health care benefits is based on the employees remaining in service up to retirement age. The expected costs of these benefits are accrued over the period of employment, using an accounting methodology similar to that for defined benefit pension plans. Valuations of these obligations are carried out annually by independent qualified actuaries.

1.14 Provisions

Provisions represent liabilities of uncertain timing or amounts.

Provisions are recognised when a present legal or constructive obligation exists, 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.

Provision for the cost of environmental and other remedial work such as reclamation costs, close down and restoration costs is made when such expenditure is probable and the cost can be estimated with a reasonable range of possible outcomes.

1.15 Revenue recognition

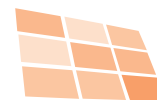
Revenue is recognised when it is probable that future economic benefits will flow to the enterprise and these benefits can be measured reliably. The measurement is at the fair value received or receivable net of VAT, cash discounts, rebates and settlement discounts.

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.

1.16 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.



1.17 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.

1.18 Taxation

Current tax assets and liabilities

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 reporting date.

Certain income earned from the State is exempt from tax.

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 reporting date.

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.

1.19 Finance costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until the assets are substantially ready for their intended use or sale. Qualifying assets are assets that necessarily take a substantial period to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the cost of those assets.

Other borrowing costs are recognised as an expense in the period in which they are incurred.

1.20 Government grants

When the conditions attaching to government grants have been met and have been received, they are recognised in profit or loss on a systematic basis over the periods necessary to match them with the related costs.

When they are for expenses or losses already incurred, they are recognised in profit or loss immediately. The unrecognised portion at the reporting date is presented as deferred income (as a deduction from the asset to which it relates). No value is recognised for government assistance.

1.21 Discontinued operations

The results of discontinued operations are presented separately in the statement of comprehensive income and the assets associated with these operations are included with non-current assets held for sale in the statement of financial position.



Accounting Policies

They are stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use.

1.22 Irregular and fruitless and wasteful expenditure

Irregular expenditure means expenditure incurred in contravention of, or that is 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.

When an accounting authority determines the appropriateness of disciplinary steps against an official, the accounting authority must take into account:

- The circumstances of the transgression;
- The extent of the expenditure involved; and
- The nature and seriousness of the transgression.

All unauthorized, irregular or fruitless and wasteful expenditure are disclosed as a note to the annual financial statements of the company.

1.23 Generally Accepted Accounting Practice

The Group has adopted the following new and amended IFRS as of 1 January 2010:

1. IFRS 3 (revised), 'Business combinations' (effective from 1 July 2009)

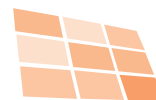
The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The company will apply IFRS 3 (revised) prospectively to all business combinations from 1 April 2010.

2. IFRS 5 (amendment), 'Non-current assets held for sale and discontinued operations' (effective 1 January 2010)

The amendment clarifies that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply, in particular paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1.

3. IFRS 7 (amendment) 'Financial instruments – Disclosures' (effective 1 January 2009)

The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosure, there is no impact on earnings per share.



4. IAS 1 (revised), 'Presentation of financial statements' (effective 1 January 2011)

The amendments to IAS 1 clarify that an entity may choose to present the required analysis of items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. The company will present the required analysis of other comprehensive income in the statement of changes in equity. The amendments have been applied retrospectively. As the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share. The company has applied the amendment in advance to their effective date.

5. IAS 7 'Statement of Cash Flow' (effective date 1 January 2010)

The amendments (part of Improvements to IFRS (2009)) specify that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flow. Consequently, cash flows in respect of development costs that do not meet the criteria in IAS 28 Intangible Assets for capitalisation as part of an internally generated intangible asset (and, therefore, are recognised in profit or loss as incurred) have been reclassified from investing activities to operating activities in the statement of cash flow. Prior year amounts have been restated for consistent presentation.

6. IAS 21 (amended), 'The effects of Changes in Foreign Exchange Rates' (effective 1 July 2010)

Consequential amendments were made to IAS 21 due to the changes to IAS 27 'Consolidated and Separate Financial Statements'. The amendment clarifies the transition rules in respect of the disposal or partial disposal of an interest in a foreign operation.

7. IAS 24 (revised) 'Related party disclosures'

The first amendment to IAS 24 modifies the definition of a related party and removes inconsistencies.

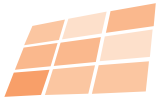
The second amendment to IAS 24 simplifies disclosures for government-related entities. Until now, if a government controlled, or significantly influenced, an entity, the entity was required to disclose information about all transactions with other entities controlled, or significantly influenced by the same government. The revised standard still requires disclosures that are important to users of financial statements but eliminates requirements to disclose information that is costly to gather and of less value to users. It achieves this balance by requiring disclosure about these transactions only if they are individually or collectively significant.

8. IAS 27 (revised), 'Consolidated and separate financial statements', (effective from 1 July 2010)

The revised standard has affected the company's accounting policies regarding changes in ownership interests in its subsidiaries that do not result in loss of control. In prior years, in the absence of specific requirements in IFRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised, when appropriate; for decreases in interests in existing subsidiaries that did not involve a loss of control, the difference between the consideration received and the adjustment to the non-controlling interests was recognised in profit or loss. Under IAS 27(2008), all such increases or decreases are dealt with in equity, with no impact on goodwill or profit or loss. The company will apply IAS 27 (revised) prospectively to transactions with non-controlling interests from 1 January 2010.

9. IAS 38 (amendment), 'Intangible Assets'

The amendment is part of the IASB's annual improvements project published in April 2009 and the company will apply IAS 38 (amendment) from the date IFRS 3 (revised) is adopted. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it



Accounting Policies

permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. The amendment will not result in a material impact on the company's financial statements.

The following standards and amendments to existing standards have been published and are not yet effective and the company has not adopted them earlier.

1. IFRS 3 (amended), 'Business combinations', (effective from 1 July 2010)

When IFRS 3(2008) was issued, it was unclear as to whether the new requirement for contingent consideration should be applied to contingent consideration arising from business combinations that took place before the application of IFRS 3. Consequently, the IASB amended IFRS 3 as part of Improvements to IFRSs issued in 2010 to clarify that the new requirements for contingent consideration set out in IFRS 3 should not be applied to business combinations whose acquisition date preceded the application of IFRS 3. The amendments are effective for annual periods beginning on or after 1 July 2010, with earlier application permitted. At the date of the application of IFRS 3, where entities have outstanding contingent consideration arrangements arising from business combinations whose acquisition dates preceded the application of IFRS 3, they should consider early application of the amendments.

As part of Improvements to IFRSs issued in 2010, IFRS 3 was amended to clarify that the measurement choice regarding non-controlling interests at the date of acquisition (see above) is only available in respect of non-controlling interests that are present ownership interests and that entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other types of non-controlling interests are measured at their acquisition-date fair value, unless another measurement basis is required by other Standards.

In addition, as part of Improvements to IFRSs issued in 2010, IFRS 3 was amended to give more guidance regarding the accounting for share-based payment awards held by the acquiree's employees. Specifically, the amendments specify that share-based payment transactions of the acquiree that are not replaced should be measured in accordance with IFRS 2 Share-based Payment at the acquisition date ('market-based measure').

2. IFRS 7, (amended) 'Financial Instruments – Disclosures' (effective from 1 January 2011)

The first amendment to IFRS 7 clarifies the required level of disclosures about credit risk and collateral held and provide relief from disclosures previously required regarding renegotiated loans. The amendments have been applied retrospectively. As the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

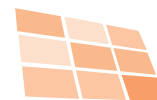
The second amendment to this standard require additional disclosure on transfer transactions of financial assets, including the possible effects of any residual risks that the transferring entity retains. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

3. IFRS 9, 'Financial instruments', issued in November 2009 (effective 1 January 2013)

This standard is the first step in the process to replace IAS39, 'Financial Instruments: Recognition and measurement'. IFRS 9 introduces new requirements for classifying and measuring financial assets and is likely to affect the company's accounting for its financial assets. The standard is not applicable until 1 January 2013.

4. IAS 12, 'Income Taxes' (effective 1 January 2012)

IAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or



through sale when the asset is measured using the fair value model in IAS 40 Investment Property. The amendment to provide a practical solution to the problem by introducing a presumption that recovery of the carrying amount will, normally, be through sale.

As a result of the amendments, SIC-21 Income Taxes—Recovery of Revalued Non-Depreciable Assets would no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC-21, which is accordingly withdrawn.

5. IAS 28 (revised), ‘Investments in Associates’ (effective 1 July 2010)

IAS 28(2008) has been amended to clarify that the amendments to IAS 28 regarding transactions where the investor loses significant influence over an associate should be applied prospectively. The company will apply IAS 28 (revised) prospectively for annual periods beginning on or after 1 July 2010.

1.24 Key assumptions made by management in applying accounting policies

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

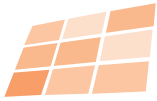
For other provisions, estimates are made of legal or constructive obligations resulting in the raising of provisions, and the expected date of probable outflow of economic benefits to assess whether the provision should be discounted.

Impairments and impairment reversal testing

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.



Accounting Policies

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 judgements

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 judgements 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.

1.25 Related parties

The services received or rendered from or to related parties arise mainly from service transactions, including management fees for services performed on behalf of the company.

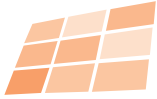
The receivables from related parties arise mainly from service transactions and are due one month after the date of services. The receivables are unsecured in nature and bear no interest. There are no provisions held against receivables from related parties.

The payables to related parties arise mainly from service transactions, including management fees and are due one month after the date of purchase. The payables bear no interest.

The loans to or from related parties arise from loan agreements entered into for the year under review.

Notes to the Annual Financial Statements



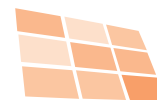


Notes to the Annual Financial Statements

Figures in Rand thousand

2. Property, plant and equipment

Group	2011			2010			2009		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Land	9,930	-	9,930	-	-	-	-	-	-
Buildings	118,014	(13,038)	104,976	117,452	(8,137)	109,315	41,195	(4,131)	37,064
Plant and machinery	19,807,958	(16,239,435)	3,568,523	18,813,173	(15,569,722)	3,243,451	18,476,224	(15,100,184)	3,376,040
Furniture and fixtures	601,730	(439,135)	162,595	597,883	(362,738)	235,145	551,432	(287,877)	263,555
Motor vehicles	8,499	(5,487)	3,012	9,090	(3,931)	5,159	5,397	(3,802)	1,595
Computer equipment	13,214	(9,572)	3,642	12,097	(8,850)	3,247	9,911	(7,204)	2,707
Computer software	1,859	(1,624)	235	1,859	(1,505)	354	1,859	(1,360)	499
Shutdown costs	461,705	(307,804)	153,901	461,705	(153,902)	307,803	365,486	(365,486)	-
Assets under development	2,021,251	-	2,021,251	2,889,525	-	2,889,525	2,408,997	-	2,408,997
Restoration expenditure	1,889,355	(582,124)	1,307,231	601,029	(582,123)	18,906	637,122	(557,684)	79,438
Total	24,933,515	(17,598,219)	7,335,296	23,503,813	(16,690,908)	6,812,905	22,497,623	(16,327,728)	6,169,895
Company	2011			2010			2009		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Buildings	93,743	(8,654)	85,089	93,181	(3,882)	89,299	16,962	-	16,962
Furniture and fixtures	7,386	(4,424)	2,962	7,176	(3,381)	3,795	5,231	(2,181)	3,050
Motor vehicles	1,207	(720)	487	873	(519)	354	873	(333)	540
Computer equipment	4,477	(3,529)	948	4,119	(2,954)	1,165	3,612	(2,822)	790
Total	106,813	(17,327)	89,486	105,349	(10,736)	94,613	26,678	(5,336)	21,342

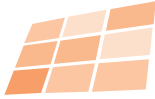


Figures in Rand thousand

2. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2011

	Opening Balance	Additions	Disposals	Written back during year	Transfers	Foreign exchange movements	Change in estimate	Depreciation	Impairment loss	Total
Land	-	9,930	-	-	-	-	-	-	-	9,930
Buildings	109,315	562	-	-	-	-	-	(4,901)	-	104,976
Plant and machinery	3,243,451	9,726	(1,302)	-	988,858	-	-	(672,176)	(34)	3,568,523
Furniture and fixtures	235,145	14,271	(278)	-	7	(1)	2	(86,551)	-	162,595
Motor vehicles	5,159	1,964	(40)	-	-	-	-	(4,071)	-	3,012
Computer equipment	3,247	2,097	(11)	-	-	-	30	(1,721)	-	3,642
Computer software	354	-	-	-	-	-	-	(119)	-	235
Shutdown costs	307,803	-	-	-	-	-	-	(153,902)	-	153,901
Assets under development	2,889,525	197,162	(76,578)	-	(988,858)	-	-	-	-	2,021,251
Restoration expenditure	18,906	-	-	107,292	-	-	1,518,956	(337,923)	-	1,307,231
	6,812,905	235,712	(78,209)	107,292	7	(1)	1,518,988	(1,261,364)	(34)	7,335,296



Notes to the Annual Financial Statements

Figures in Rand thousand

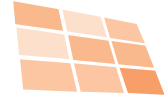
2. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Group - 2010

	Opening Balance	Additions	Disposals	Transfers	Written back during the year	Change in estimate	Depreciation	Impairment loss	Total
Buildings	37,064	76,494	-	(275)	-	-	(3,968)	-	109,315
Plant and machinery	3,376,040	33,308	-	304,477	-	-	(473,061)	2,687	3,243,451
Furniture and fixtures	263,555	54,800	(1,100)	-	-	-	(82,097)	(13)	235,145
Motor vehicles	1,595	823	(56)	-	-	-	2,626	171	5,159
Computer equipment	2,707	2,511	(177)	-	-	-	(1,794)	-	3,247
Computer software	499	-	-	-	-	-	(145)	-	354
Shutdown costs	-	22	-	461,705	-	-	(153,924)	-	307,803
Assets under development	2,408,997	1,245,353	-	(764,825)	-	-	-	-	2,889,525
Restoration expenditure	79,438	28,255	-	-	314,235	(357,256)	(45,766)	-	18,906
	6,169,895	1,441,566	(1,333)	1,082	314,235	(357,256)	(758,129)	2,845	6,812,905

Reconciliation of property, plant and equipment - Group - 2009

	Opening balance	Additions	Disposals	Transfers	Revaluations	Other changes, movements	Depreciation	Total
Buildings	15,664	21,524	-	-	-	-	(124)	37,064
Plant and machinery	3,331,154	7,037	(24,030)	254,430	-	-	(192,551)	3,376,040
Furniture and fixtures	240,115	104,436	(403)	(338)	-	-	(80,255)	263,555
Motor vehicles	1,257	1,048	(217)	-	-	-	(493)	1,595
Computer equipment	3,317	1,442	(29)	-	-	-	(2,023)	2,707
Computer software	648	-	-	-	-	-	(149)	499
Shutdown costs	131,589	-	(5,732)	-	-	-	(125,857)	-
Assets under development	812,239	1,851,188	-	(254,430)	-	-	-	2,408,997
Restoration expenditure	312,628	-	-	(254,430)	33,672	(232,246)	(34,616)	79,438
	4,848,611	1,986,675	(30,411)	(338)	33,672	(232,246)	(436,068)	6,169,895



Figures in Rand thousand

2. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Company - 2011

	Opening Balance	Additions	Depreciation	Total
Buildings	89,299	562	(4,772)	85,089
Furniture and fixtures	3,795	211	(1,044)	2,962
Motor vehicles	354	334	(201)	487
Computer equipment	1,165	389	(606)	948
	94,613	1,496	(6,623)	89,486

Reconciliation of property, plant and equipment - Company - 2010

	Opening Balance	Additions	Disposals	Transfers	Depreciation	Total
Buildings	16,962	76,493	-	(274)	(3,882)	89,299
Furniture and fixtures	3,050	2,142	(50)	-	(1,347)	3,795
Motor vehicles	540	-	-	-	(186)	354
Computer equipment	790	911	-	-	(536)	1,165
	21,342	79,546	(50)	(274)	(5,951)	94,613

Reconciliation of property, plant and equipment - Company - 2009

	Opening balance	Additions	Depreciation	Total
Buildings	-	16,962	-	16,962
Furniture and fixtures	2,641	1,718	(1,309)	3,050
Motor vehicles	498	197	(155)	540
Computer equipment	999	420	(629)	790
	4,138	19,297	(2,093)	21,342

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.

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.



Notes to the Annual Financial Statements

Figures in Rand thousand

2. Property, plant and equipment (continued)

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.

PetroSA entered into an agreement with the Mossel Bay Municipality to jointly construct a desalination plant in Mossel Bay. PetroSA's portion has been included as an asset under construction. Total spend at 31 March 2011 amounts to R53 million (excluding VAT)

The units-of-production method is used in calculating depreciation on production assets. Due to the nature of the business the gas and oil reserves at the end of each financial year differs from the previous year. This necessitates a change in the estimated remaining useful lives of these producing assets at the end of each financial year. The effect on the current year is an increase in profit of R232 million and the effect in future years is 2012: R148 million - 2013 R41 million - 2014 R17 million - 2015 to 2020 loss R420 million.

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 25 year lease.

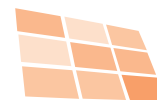
SFF Association

The production assets at Saldanha has an engineering life of 40 years of which 10 years is remaining. Milnerton has an engineering life of 26 years and Ogies tanks are fully impaired.

The directors of the company evaluated the estimated useful life of the fixed assets as at 31 March 2011 to ensure that the fixed assets were fairly stated at year end.

3. Intangible assets

Group	2011			2010			2009		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Patents	50,490	(49,618)	872	50,490	(47,263)	3,227	50,490	(44,883)	5,607
Computer software	18,454	(13,610)	4,844	17,071	(12,056)	5,015	13,963	(7,844)	6,119
Exploration licensing fee	79,162	-	79,162	79,162	-	79,162	79,162	-	79,162
Development cost	13,357	(362)	12,995	16,440	-	16,440	14,860	-	14,860
Total	161,463	(63,590)	97,873	163,163	(59,319)	103,844	158,475	(52,727)	105,748



Figures in Rand thousand

3. Intangible assets (continued)

Company	2011			2010			2009		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Patents	50,490	(49,618)	872	50,490	(47,263)	3,227	50,490	(44,883)	5,607
Computer software	6,133	(4,948)	1,185	5,126	(4,333)	793	4,268	(3,944)	624
Total	56,623	(54,566)	2,057	55,616	(51,596)	4,020	54,758	(48,527)	6,231

Reconciliation of intangible assets - Group - 2011

	Opening Balance	Additions	Disposals	Amortisation	Impairment loss	Total
Patents	3,227	-	-	(2,355)	-	872
Computer software	5,015	3,033	(52)	(3,152)	-	4,844
Exploration licensing fee	79,162	-	-	-	-	79,162
Development cost	16,440	213	(1,432)	-	(2,226)	12,995
	103,844	3,246	(1,484)	(5,507)	(2,226)	97,873

Reconciliation of intangible assets - Group - 2010

	Opening Balance	Additions	Disposals	Transfers	Amortisation	Total
Patents, trademarks and other rights	5,607	-	-	-	(2,380)	3,227
Computer software	6,119	2,476	(9)	296	(3,867)	5,015
Exploration licensing fee	79,162	-	-	-	-	79,162
Development costs	14,860	1,580	-	-	-	16,440
	105,748	4,056	(9)	296	(6,247)	103,844



Notes to the Annual Financial Statements

Figures in Rand thousand

3. Intangible assets (continued)

Reconciliation of intangible assets - Group - 2009

	Opening balance	Additions	Transfers	Amortisation	Total
Patents	8,003	-	-	(2,396)	5,607
Computer software	3,277	5,174	366	(2,698)	6,119
Exploration licensing fee	79,162	-	-	-	79,162
Mineral & servitude rights	134	-	-	(134)	-
Development costs	14,708	152	-	-	14,860
	105,284	5,326	366	(5,228)	105,748

Reconciliation of intangible assets - Company - 2011

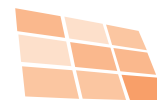
	Opening Balance	Additions	Amortisation	Total
Patents	3,227	-	(2,355)	872
Computer software	793	1,007	(615)	1,185
	4,020	1,007	(2,970)	2,057

Reconciliation of intangible assets - Company - 2010

	Opening Balance	Additions	Amortisation	Total
Patents	5,607	-	(2,380)	3,227
Computer software	624	858	(689)	793
	6,231	858	(3,069)	4,020

Reconciliation of intangible assets - Company - 2009

	Opening balance	Additions	Amortisation	Total
Patents	8,003	-	(2,396)	5,607
Computer software	1,219	654	(1,249)	624
	9,222	654	(3,645)	6,231



Figures in Rand thousand

4. Assets pending determination

Group	2011			2010			2009		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Exploration expenditure	45,091	-	45,091	41,559	-	41,559	82,237	-	82,237
Energy Renewal Projects	-	-	-	14,016	-	14,016	6,345	-	6,345
Total	45,091	-	45,091	55,575	-	55,575	88,582	-	88,582
Company									
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Energy Renewal Projects	-	-	-	14,016	-	14,016	6,345	-	6,345

Reconciliation of assets pending determination - Group - 2011

	Opening Balance	Additions	Other changes, movements	Impairment loss	Total
Exploration expenditure	41,559	3,532	-	-	45,091
Energy Renewal Projects	14,016	582	(6,129)	(8,469)	-
	55,575	4,114	(6,129)	(8,469)	45,091

Reconciliation of assets pending determination - Group - 2010

	Opening Balance	Additions	Disposals	Transfers	Total
Exploration expenditure	82,237	14,344	(4)	(55,018)	41,559
Energy Renewal Projects	6,345	7,671	-	-	14,016
	88,582	22,015	(4)	(55,018)	55,575



Notes to the Annual Financial Statements

Figures in Rand thousand

4. Assets pending determination (continued)

Reconciliation of assets pending determination - Group - 2009

	Opening balance	Additions	Total
Exploration expenditure	71,291	10,946	82,237
Energy Renewal Projects	(18)	6,363	6,345
	71,273	17,309	88,582

Reconciliation of assets pending determination - Company - 2011

	Opening Balance	Additions	Other changes, impairment loss movements	Total
Energy Renewal Projects	14,016	582	(6,129)	(8,469)
				-

Reconciliation of assets pending determination - Company - 2010

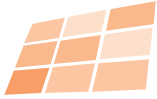
	Opening Balance	Additions	Total
Energy Renewal Projects	6,345	7,671	14,016

Reconciliation of assets pending determination - Company - 2009

	Opening balance	Additions	Total
Energy Renewal Projects	(18)	6,363	6,345

Assets pending determination at 31 March 2011, consist of expenditure in respect of exploration activities, which have been capitalised pending the determination of the economic reserves. The accounting policy (refer to Note 1.7) recommends that intangible assets of this nature should be recognised as production assets after a period of 3 years or expended. Assets pending the determination consists of the well A-X1, which is within Block 2A. A development plan was submitted to the Petroleum Agency of South Africa for approval.

Energy Renewal Projects relates to cost capitalised in respect of expenditure incurred in completing bankability.



Notes to the Annual Financial Statements

	Group			Company		
	2011 R '000	2010 R '000	2009 R '000	2011 R '000	2010 R '000	2009 R '000
6. Deferred tax						
Deferred tax asset / (liability)						
Loans	(1,139)	1,139	(45,039)	-	-	-
Tax losses available for set off against future taxable income	(124,671)	183,822	378,641	(1,965)	(11,362)	(6,584)
Recognised in other comprehensive income	-	-	201	-	-	-
Provisions	(789,217)	815,429	676,137	5,559	20,653	865
Capital allowances	918,621	(918,621)	(934,494)	-	-	-
Current deferred tax	-	286	-	-	-	-
	3,594	82,055	75,446	3,594	9,291	(5,719)
Reconciliation of deferred tax asset						
Current						
At beginning of the year	1,012,038	1,061,563	630,126	20,653	865	624
Current provision	-	286	-	-	-	-
Charged to profit and loss	(93,417)	95,516	442	(20,653)	3,333	241
Provisions	924,180	(148,718)	430,995	5,559	13,064	-
Other	-	3,391	-	-	3,391	-
Balance at end of year	5,559	1,012,038	1,061,563	5,559	20,653	865
Reconciliation of deferred tax liability						
At beginning of the year	(929,983)	(986,117)	(976,223)	(11,362)	(6,584)	(14,882)
Charged to profit and loss	11,362	50,793	-	11,362	-	-
Capital allowance	918,621	-	-	-	-	-
Temporary difference	(1,965)	5,341	(9,894)	(1,965)	(4,778)	8,298
Balance at end of year	(1,965)	(929,983)	(986,117)	(1,965)	(11,362)	(6,584)
Deferred tax - Current portion	-	286	-	-	-	-
Deferred tax - Non - current portion	3,594	81,769	75,446	3,594	9,291	(5,719)
	3,594	82,055	75,446	3,594	9,291	(5,719)

Recognition of deferred tax asset

In the current year, the deferred tax asset for PetroSA was written back as it is not expected to be utilised against taxable profits in the foreseeable future. The current portion of deferred tax relates to PetroSA Europe BV.

7. Investments in subsidiaries

The carrying amounts of subsidiaries are shown net of impairment losses.

African Exploration Mining and Finance Corporation

Loans:

Carrying amount of loan	-	-	-	138,324	64,440	37,815
Less: Impairment provision	-	-	-	(138,324)	(64,440)	(37,815)
Balance at the end of the year	-	-	-	-	-	-

Shares:

Balance at the beginning of the year	-	-	-	4	4	4
Shares	-	-	-	4	4	4

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



	Group			Company		
	2011 R '000	2010 R '000	2009 R '000	2011 R '000	2010 R '000	2009 R '000
7. Investments in subsidiaries (continued)						
PetroSA						
Loans:						
Balance at the beginning of the year	-	-	-	7	(23,793)	(195,752)
Advances/ (repayments) during the year	-	-	-	2,314	5,802	118,537
Less: Proportion repayable in less than 1 year transferred to current assets	-	-	-	(2,321)	17,991	101,008
Interest	-	-	-	-	7	-
Balance at the end of the year	-	-	-	-	7	23,793
Shares:						
Balance at the beginning of the year	-	-	-	2	2	2
Share premium:						
Balance at the beginning of the year	-	-	-	2,755,935	2,755,935	2,755,935
Loans	-	-	-	-	7	23,793
Shares	-	-	-	2	2	2
Share premium	-	-	-	2,755,935	2,755,935	2,755,935
Carrying amount of investment	-	-	-	2,755,937	2,755,944	2,779,730
Included in these loans are amounts reflected under note 8, which reflect amounts borrowed by CEF on behalf of PetroSA.						
Cotec Patrade						
Loans:						
Carrying amount of loan	-	-	-	3,731	3,731	3,744
Less: Impairment provision	-	-	-	(3,731)	(3,731)	(3,744)
Balance at the end of the year	-	-	-	-	-	-
iGas						
Loans:						
Balance at the beginning of the year	-	-	-	658,664	647,520	637,460
Advances/ (repayments) during the year	-	-	-	(85,275)	11,144	10,060
Balance at the end of the year	-	-	-	573,389	658,664	647,520
Loans	-	-	-	573,389	658,664	647,520
OPCSA						
Loans:						
Carrying amount of loan	-	-	-	16,373	12,594	21,870
Advances/ (repayments) during the year	-	-	-	(10,245)	3,779	(1,587)
Less: Impairment provision	-	-	-	-	-	(12,594)
Balance at the end of the year	-	-	-	6,128	16,373	7,689
Loans	-	-	-	6,128	16,373	7,689



Notes to the Annual Financial Statements

	Group			Company		
	2011 R '000	2010 R '000	2009 R '000	2011 R '000	2010 R '000	2009 R '000
7. Investments in subsidiaries (continued)						
SFF						
Loans:						
Advances/ (repayments) during the year	-	-	-	-	-	8
Shares:						
Balance at the beginning of the year	-	-	-	1	1	1
Loans	-	-	-	-	-	8
Shares	-	-	-	1	1	1
Carrying amount of investment	-	-	-	1	1	9
CCE						
Loans:						
Balance at the beginning of the year	-	-	-	38,099	-	-
Advances during the year	-	-	-	38,962	38,099	-
Less: Impairment provision	-	-	-	(77,061)	-	-
Balance at the end of the year	-	-	-	-	38,099	-
CCE						
Equity contributions:						
Balance at the beginning of the year	-	-	-	34,000	14,183	-
Equity contributions	-	-	-	-	19,817	14,183
Less: Impairment provision	-	-	-	(34,000)	-	-
Balance at the end of the year	-	-	-	-	34,000	14,183
Loans	-	-	-	-	38,099	-
Equity contributions	-	-	-	-	34,000	14,183
Carrying amount of investment	-	-	-	-	72,099	14,183
CEF Carbon SA						
Loans:						
Balance at the beginning of the year	-	-	-	5,864	-	-
Advances during the year	-	-	-	6,099	5,864	-
Balance at the end of the year	-	-	-	11,963	5,864	-
Loans	-	-	-	11,963	5,864	-

CEF has issued a subordination agreement in favour of the creditors of CEF Carbon SA.



	Group			Company		
	2011 R '000	2010 R '000	2009 R '000	2011 R '000	2010 R '000	2009 R '000
7. Investments in subsidiaries (continued)						
ETA						
Loans:						
Advances during the year	-	-	-	20,596	15,164	11,775
Less: Impairment provision	-	-	-	(20,596)	(15,164)	(11,775)
Balance at the end of the year	-	-	-	-	-	-
Share premium:						
Balance at the beginning of the year	-	-	-	4,000	4,000	4,000
Share premium	-	-	-	4,000	4,000	4,000
CEF has issued a subordination agreement in favour of the creditors of ETA.						
SASDA						
Loans:						
Balance at the beginning of the year	-	-	-	15,215	-	-
Advances/ (repayments) during the year	-	-	-	11,135	15,215	-
Balance at the end of the year	-	-	-	26,350	15,215	-
Loans	-	-	-	26,350	15,215	-
CEF has issued a subordination agreement in favour of the creditors of SASDA.						
Carbon Stream						
Loans:						
Advances/ (repayments) during the year	-	-	-	491	-	-
Equity	-	-	-	-	389	-
Balance at the end of the year	-	-	-	491	389	-
Carbon Stream						
Shares:						
Balance at the beginning of the year	-	-	-	1	-	-
Additional shares issued	-	-	-	-	1	-
Balance at the end of the year	-	-	-	1	1	-
Share premium:						
Balance at the beginning of the year	-	-	-	389	-	-
Loans	-	-	-	491	389	-
Shares	-	-	-	1	1	-
Share premium	-	-	-	389	-	-
Carrying amount of investment	-	-	-	881	390	-
CEF has issued a subordination agreement in favour of the creditors of Carbon Stream.						
Carrying amount						
Loans and equity contributions	-	-	-	618,708	768,613	693,193
Shares	-	-	-	8	8	7
Share premium	-	-	-	2,759,935	2,759,935	2,759,935
Carrying amount of investment	-	-	-	3,378,651	3,528,556	3,453,135



Notes to the Annual Financial Statements

7. Investments in subsidiaries (continued)

Details of Subsidiary Companies

Name and nature of business	Issued capital R '000	% held			Voting power %			Profit / (loss) for the year		
		2011	2010	2009	2011	2010	2009	2011 R '000	2010 R '000	2009 R '000
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	100	100	(12,121)	(3,094)	(7,844)
SASDA The empowerment of historical disadvantaged SA suppliers in the petroleum industry.	-	100	100	-	100	100	-	(12,082)	(10,100)	(6,448)
OPCSA Containing and countering oil pollution.	-	100	100	100	100	100	100	10,795	7,577	119
Cotec Development Dormant	-	100	100	100	100	100	100	-	-	-
Cotec Patrade Dormant	-	100	100	100	100	100	100	-	-	-
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	100	100	7,264	7,385	63,146
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	100	100	47,689	53,740	26,189
SFF Management of strategic stocks of crude oil in accordance with ministerial directives.	1	100	100	100	100	100	100	451,557	208,864	162,287
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	100	100	831,355	(356,451)	1,948,664
African Exploration Mining and Finance Corporation To acquire, hold and develop all exploration and mineral rights.	4	100	100	100	100	100	100	(23,001)	(13,839)	(9,778)
Klippoortje Koolmyne Dormant	1,300	100	100	100	100	100	100	-	-	-
Mahnes Areas Dormant	-	100	100	100	100	100	100	-	-	-
PetroSA Europe BV Management of PetroSA product stock sales in Europe.	3,131	100	100	100	100	100	100	8,443	(1,330)	570
PetroSA Brass	-	100	100	100	100	100	100	1	-	-



7. Investments in subsidiaries (continued)

Details of Subsidiary Companies

Name and nature of business	Issued capital R '000	% held			Voting power %			Profit (loss) for the year		
		2011	2010	2009	2011	2010	2009	2011 R '000	2010 R '000	2009 R '000
Management of investments in Nigeria.										
PetroSA Gryphon Marin Permit	-	100	100	100	100	100	100	-	229,780	(137,280)
Management of PetroSA hydrocarbon interest.										
PetroSA Iris	-	100	100	100	100	100	100	-	-	-
Management of PetroSA hydrocarbon interests.										
PetroSA Nigeria Limited	1,235	100	100	100	100	100	100	394,843	(471)	(693)
Investment holdings in companies having interests in petroleum prospecting, explorations and production.										
PetroSA Themis	-	100	100	100	100	100	100	-	-	-
Management of PetroSA hydrocarbon interests.										
PetroSA Synfuel International	501	100	100	100	100	100	100	-	-	-
Management of Gas-to-liquids project										
PetroSA Equatorial Guinea	-	100	100	100	100	100	100	(464,425)	(493,804)	(116,428)
Management of PetroSA hydrocarbon interests.										
PetroSA Sudan	-	100	100	100	100	100	100	(14)	14	10,636
The company holds PetroSA's interest in the exploration, appraisal, development and production of hydrocarbon reserves in Sudan.										
Petroleum Oil & Gas Corporation of South Africa (Namibia)	-	100	100	100	100	100	100	-	-	-
The company holds PetroSA's interest in the exploration, appraisal, development and production of hydrocarbon reserves in Namibia.										
PetroSA North America	-	100	100	100	100	100	100	1,183	(187)	-
To operate as a sales and marketing arm of PetroSA to promote its products in USA.										
PetroSA Egypt	-	100	100	100	100	100	100	(3,037)	539,211	(385,669)
The company holds PetroSA's interest in the exploration, appraisal, development and production of hydrocarbon reserves in Egypt.										
ETA Energy	100	100	100	67	100	100	67	7,576	(7,207)	(7,129)
To generate and trade of low carbon energy resources.										
Carbon Stream Africa	990	60	60	-	60	100	-	(1,294)	(353)	-
An advisory company delivering solutions and services for carbon emission reduction projects in Africa.										
CCE Energy Solutions	200	89	89	-	89	89	-	(89,993)	(3,848)	(1,225)
The generate 8.8 MW electricity from biomass.										



Notes to the Annual Financial Statements

7. Investments in subsidiaries (continued)

Details of Subsidiary Companies

Name and nature of business	Issued capital R '000	% held			Voting power %			Profit (loss) for the year		
		2011	2010	2009	2011	2010	2009	2011 R '000	2010 R '000	2009 R '000
Carbon UK	-	-	-	-	-	-	-	-	-	-
Dormant	-	-	-	-	-	-	-	-	-	-
CEF Carbon	-	100	100	-	100	100	-	(5,433)	(6,704)	-
The company provides advisory services as well as financial and operating support to CDM projects developers and purchasers of CER credits.										
								1,149,306	149,183	1,539,117

8. Investments in associates

Group

Name of company	% holding 2011	% holding 2010	% holding 2009	Carrying amount 2011	Carrying amount 2010	Carrying amount 2009
Darling Wind Power (Proprietary) Limited	49.00 %	49.00 %	49.00 %	17,000	17,000	16,397
Baniettor Mining (Proprietary) Limited	49.00 %	49.00 %	49.00 %	24,031	24,031	24,031
PAMDC	33.33 %	33.33 %	33.33 %	2,756	4,294	5,000
Rompco	25.00 %	25.00 %	25.00 %	688,860	616,634	665,053
MethCap SPV	19.00 %	19.00 %	19.00 %	1,242	1,242	1,475
Thin Film Solar Technology	45.00 %	45.00 %	45.00 %	38,735	38,365	39,543
Philips Lighting Maseru (Proprietary) Limited	30.00 %	30.00 %	30.00 %	5,770	5,183	6,224
Ener-G Systems (Proprietary) Limited	29.00 %	29.00 %	29.00 %	4,338	136	136
				782,732	706,885	757,859
Impairment of investments in associates				(42,506)	(41,031)	(41,031)
				740,226	665,854	716,828

Company

Name of company	% holding 2011	% holding 2010	% holding 2009	Carrying amount 2011	Carrying amount 2010	Carrying amount 2009
Darling wind Power (Proprietary) Limited	49.00 %	49.00 %	49.00 %	17,000	17,000	17,000
Baniettor Mining (Proprietary) Limited	49.00 %	49.00 %	49.00 %	24,031	24,031	24,031
MethCap SPV	19.00 %	19.00 %	19.00 %	1,475	1,475	1,475
Thin Film Solar Technology	45.00 %	45.00 %	45.00 %	39,545	39,543	39,543
Philips Lighting Maseru (Proprietary) Limited	30.00 %	30.00 %	30.00 %	9,410	8,673	6,224
Ener-G Systems (Proprietary) Limited	29.00 %	29.00 %	29.00 %	4,424	136	136
				95,885	90,858	88,409
Impairment of investments in associates				(42,506)	(41,031)	(41,031)
				53,379	49,827	47,378

The carrying amounts of associates are shown net of impairment losses.



	Group			Company		
	2011 R '000	2010 R '000	2009 R '000	2011 R '000	2010 R '000	2009 R '000
8. Investments in associates (continued)						
Darling Wind Power (Proprietary) Limited						
Assets						
Non-current	62,764	65,644	73,072	-	-	-
Current	491	532	2,922	-	-	-
	63,255	66,176	75,994	-	-	-
Equity and liabilities						
Equity and reserves	(27,192)	(14,033)	(4,036)	-	-	-
Non-current liabilities	81,401	70,448	70,839	-	-	-
Current liabilities	9,046	9,761	9,192	-	-	-
	63,255	66,176	75,995	-	-	-
Revenue	2,919	2,181	2,250	-	-	-
Loss	(3,196)	(7,383)	(6,475)	-	-	-
The company's year end is 31 March.						
Baniettor Mining (Proprietary) Limited						
Assets						
Non-current	2,207	2,206	2,200	-	-	-
Current	2,718	2,724	156	-	-	-
	4,925	4,930	2,356	-	-	-
Equity and liabilities						
Equity and reserves	(44,438)	(44,691)	(44,959)	-	-	-
Current liabilities	49,363	49,622	47,315	-	-	-
	4,925	4,931	2,356	-	-	-
Revenue	167	130	137	-	-	-
Profit	253	268	252	-	-	-
The company's year end is 30 June.						
PAMDC						
Assets						
Non-current	425	127	-	-	-	-
Current	7,358	14,340	15,000	-	-	-
	7,783	14,467	15,000	-	-	-
Equity and liabilities						
Equity and reserves	6,573	12,776	15,000	-	-	-
Current liabilities	1,210	1,741	-	-	-	-
	7,783	14,517	15,000	-	-	-
Loss	(6,153)	(2,274)	-	-	-	-
The company's year end is 31 March.						



Notes to the Annual Financial Statements

	Group			Company		
	2011 R '000	2010 R '000	2009 R '000	2011 R '000	2010 R '000	2009 R '000
8. Investments in associates (continued)						
Darling Wind Power (Proprietary) Limited						
Assets						
Non-current	62,764	65,644	73,072	-	-	-
Current	491	532	2,922	-	-	-
	63,255	66,176	75,994	-	-	-
Equity and liabilities						
Equity and reserves	(27,192)	(14,033)	(4,036)	-	-	-
Non-current liabilities	81,401	70,448	70,839	-	-	-
Current liabilities	9,046	9,761	9,192	-	-	-
	63,255	66,176	75,995	-	-	-
Revenue	2,919	2,181	2,250	-	-	-
Loss	(3,196)	(7,383)	(6,475)	-	-	-
The company's year end is 31 March.						
Baniettor Mining (Proprietary) Limited						
Assets						
Non-current	2,207	2,206	2,200	-	-	-
Current	2,718	2,724	156	-	-	-
	4,925	4,930	2,356	-	-	-
Equity and liabilities						
Equity and reserves	(44,438)	(44,691)	(44,959)	-	-	-
Current liabilities	49,363	49,622	47,315	-	-	-
	4,925	4,931	2,356	-	-	-
Revenue	167	130	137	-	-	-
Profit	253	268	252	-	-	-
The company's year end is 30 June.						
PAMDC						
Assets						
Non-current	425	127	-	-	-	-
Current	7,358	14,340	15,000	-	-	-
	7,783	14,467	15,000	-	-	-
Equity and liabilities						
Equity and reserves	6,573	12,776	15,000	-	-	-
Current liabilities	1,210	1,741	-	-	-	-
	7,783	14,517	15,000	-	-	-
Loss	(6,153)	(2,274)	-	-	-	-
The company's year end is 31 March.						



	Group			Company		
	2011 R '000	2010 R '000	2009 R '000	2011 R '000	2010 R '000	2009 R '000
8. Investments in associates (continued)						
Rompco						
Assets						
Non-current	3,710,843	3,619,228	3,173,637	-	-	-
Current	279,618	194,270	481,659	-	-	-
	3,990,461	3,813,498	3,655,296	-	-	-
Equity and liabilities						
Equity and reserves	358,174	314,573	304,744	-	-	-
Non-current liabilities	3,334,981	3,128,433	3,051,586	-	-	-
Current liabilities	297,306	370,492	298,966	-	-	-
	3,990,461	3,813,498	3,655,296	-	-	-
Revenue	944,522	937,396	798,000	-	-	-
Profit	413,087	353,307	282,000	-	-	-

The company's year end is 30 June.

MethCap SPV

Assets						
Non current	-	22,183	25,235	-	-	-
Current	-	5,952	4,054	-	-	-
	-	28,135	29,289	-	-	-
Equity and liabilities						
Equity and reserves	-	3,023	4,251	-	-	-
Non-current liabilities	-	11,200	12,800	-	-	-
Current liabilities	-	13,912	12,237	-	-	-
	-	28,135	29,288	-	-	-
Revenue	-	9,738	6,204	-	-	-
(Loss) / profit	-	(1,229)	71,437	-	-	-

The company's year end is 31 March

Thin Film Solar Technology

Assets						
Non-current	34,527	35,668	35,628	-	-	-
Current	44,106	44,857	45,334	-	-	-
	78,633	80,525	80,962	-	-	-
Equity and liabilities						
Equity and reserves	74,396	74,606	77,223	-	-	-
Current liabilities	4,237	5,919	3,739	-	-	-
	78,633	80,525	80,962	-	-	-
Net profit / (loss)	817	(3,701)	(7,136)	-	-	-

The company year end is 31 March.



Notes to the Annual Financial Statements

	Group			Company		
	2011 R '000	2010 R '000	2009 R '000	2011 R '000	2010 R '000	2009 R '000
8. Investments in associates (continued)						
Philips Lighting Maseru (Proprietary) Limited						
Assets						
Non current	26,102	30,336	-	-	-	-
Current	48,389	23,841	-	-	-	-
	74,491	54,177	-	-	-	-
Equity and liabilities						
Equity and reserves	10,002	14,165	-	-	-	-
Current liabilities	64,489	40,012	-	-	-	-
	74,491	54,177	-	-	-	-
Revenue	17,001	15,368	-	-	-	-
Loss	(499)	(11,633)	-	-	-	-
The company's year end is 31 December.						
Ener-G Joburg (Proprietary) Limited						
Assets						
Non current	11,112	-	-	-	-	-
Current	676	-	-	-	-	-
	11,788	-	-	-	-	-
Equity and liabilities						
Equity and reserves	(933)	-	-	-	-	-
Current liabilities	(10,855)	-	-	-	-	-
	(11,788)	-	-	-	-	-
Loss	299	-	-	-	-	-
The company year end is 31 March.						
9. Loans to (from) group companies						
Owing to Subsidiaries						
SASDA	-	-	-	(567)	(533)	-
ETA energy	-	-	-	(47,718)	(45,003)	-
Petroleum Agency SA	-	-	-	(250,741)	(262,589)	(273,981)
PetroSA	-	-	-	(489,021)	(537,648)	(537,648)
Carbon Stream Africa	-	-	57	-	(581)	(1,317)
SANERI	-	-	-	(29,556)	(21,302)	(29,952)
iGas	-	-	-	(123,264)	(102,705)	(36,951)
	-	-	57	(940,867)	(970,361)	(879,849)
Non-current assets	-	-	57	-	-	-
Non-current liabilities	-	-	-	(940,867)	(970,361)	(879,849)
	-	-	57	(940,867)	(970,361)	(879,849)



	Group			Company		
	2011 R '000	2010 R '000	2009 R '000	2011 R '000	2010 R '000	2009 R '000
10. Other financial assets						
Available-for-sale						
NVE Projects	-	16,250	11,958	-	16,250	11,958
Johanna Solar Project	10,806	10,806	10,806	10,806	10,806	10,806
	10,806	27,056	22,764	10,806	27,056	22,764
Held to maturity						
Rompco	300,000	300,000	-	300,000	300,000	-
Johanna Solar Tech Loan	-	887	4,342	-	887	4,342
	300,000	300,887	4,342	300,000	300,887	4,342
Loans and receivables						
PetroSA Back-to-back loan (EIB40) Final payment 15 September 2010.	-	-	-	-	17,991	101,008
GTL.F1	30,367	31,031	34,171	-	-	-
This loan is interest free and has no fixed repayment terms.						
Lurgi	86,608	104,371	99,757	-	-	-
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.						
Short term portion on loans and receivables	-	-	-	58,500	-	-
	116,975	135,402	133,928	58,500	17,991	101,008
Total other financial assets	427,781	463,345	161,034	369,306	345,934	128,114
During the year, a decision was taken to write off PetroSA's loan to PetroSA Gryphon Marin due to recoverability. PetroSA has impaired its loans to PetroSA Egypt of R945 million (2010: R 990 million and 2010: PetroSA Gryphon Marin for the value of R261 million, 2009: PetroSA Sudan for the value of R253 million and PetroSA Gryphon Marine for R1.6 million), due to their recoverability being doubtful.						
PetroSA has subordinated the loans to various subsidiaries in favour of other creditors of the above mentioned companies until such time as the assets fairly valued exceed the liabilities.						
Non-current assets						
Available-for-sale	10,806	27,056	22,764	10,806	27,056	22,764
Held to maturity	300,000	300,887	4,342	300,000	300,887	4,342
Loans and receivables	116,975	135,402	133,928	-	-	-
	427,781	463,345	161,034	310,806	327,943	27,106
Current assets						
Loans and receivables	-	-	-	58,500	17,991	101,008
Total	427,781	463,345	161,034	369,306	345,934	128,114

For debt securities classified as at fair value through profit or loss, the maximum exposure to credit risk at the reporting date is the carrying amount.



Notes to the Annual Financial Statements

	Group			Company		
	2011 R '000	2010 R '000	2009 R '000	2011 R '000	2010 R '000	2009 R '000
11. Finance lease receivables						
Gross investment in the lease due						
- within one year	45	-	-	-	-	-
- inclusive in second to fifth year	181	-	-	-	-	-
- later than five years	45	-	-	-	-	-
	271	-	-	-	-	-
less: Unearned finance income	(68)	-	-	-	-	-
	203	-	-	-	-	-
Non-current assets	226	-	-	-	-	-
Current assets	45	-	-	-	-	-
	271	-	-	-	-	-

The group entered into finance leasing arrangements for certain of its solar water heating installations with customers in the Nelson Mandela Bay Metropolitan.

The average lease terms are 72 months and the average effective lending rate was 10% (2010: -%).

12. Strategic inventory

Crude oil at cost	2,078,004	2,078,004	2,078,004	-	-	-
Prior year provision for unpumpable inventory	(15,134)	(15,134)	(15,134)	-	-	-
Current year stock adjustment for losses	(3,980)	(1,763)	(1,472)	-	-	-
	2,058,890	2,061,107	2,061,398	-	-	-

Strategic crude oil on hand is 10.3 million barrels (2010: 10.3 million barrels), excluding unpumpable stock. The fair value of strategic stock as at 31 March 2011 is R8 730 million (2010: R6 082 million).

13. Inventories

The amounts attributable to the different categories are as follows:

Raw materials	923,146	733,128	633,811	-	-	-
Work in progress	84,276	82,226	262,512	-	-	-
Finished goods	221	140	184	-	-	-
Production supplies	570,929	603,537	609,322	-	-	-
	1,578,572	1,419,031	1,505,829	-	-	-

14. Trade and other receivables

Trade receivables	1,566,095	1,709,024	1,232,541	4,748	11,558	5,776
Prepayments	328,318	100,209	173,622	734	396	405
Deposits	552	911	6,478	-	249	6,249
VAT	24,591	76,229	74,511	2,992	7,758	6,461
Dividends	-	-	-	-	-	375,000
Provision for doubtful debts	(102,269)	(171,959)	(48,076)	(1,023)	-	-
Sundry receivables	368,046	1,902,043	848,354	32,062	30,147	56,528
	2,185,333	3,616,457	2,287,430	39,513	50,108	450,419

The provision for doubtful debt consist of a number of customer accounts balances and the balance is aged as R101 million (2010: R170.7 million) at over 120 days and R1 million (2010: R1.3 million) is between 90-120 days.



	Group			Company		
	2011 R '000	2010 R '000	2009 R '000	2011 R '000	2010 R '000	2009 R '000

14. Trade and other receivables (continued)

Reconciliation of provision in bad debts in trade and other receivables

Balance at beginning of year	171,959	48,076	25,562	-	-	-
Impairment losses recognised on receivables	26,883	124,889	22,514	(1,023)	-	-
Amounts recovered during the year	(2,282)	(1,006)	-	-	-	-
Amounts reversed	(82,882)	-	-	-	-	-
Written off	(11,409)	-	-	-	-	-
	102,269	171,959	48,076	(1,023)	-	-

15. Cash and cash equivalents

Cash and cash equivalents included in the balance sheet comprise the following:

Short-term investments in money market	17,436,120	15,197,363	16,020,963	3,467,049	3,480,906	3,390,256
Bank balances	70,075	81,384	98,934	10,136	16,156	4,748
Short-term deposits	25,537	24,338	21,575	-	-	-
USD dollar account	-	-	1,887	-	-	-
Bank overdraft	-	(119,428)	-	-	-	-
	17,531,732	15,183,657	16,143,359	3,477,185	3,497,062	3,395,004
Current assets	17,531,732	15,303,085	16,143,359	3,477,185	3,497,062	3,395,004
Current liabilities	-	(119,428)	-	-	-	-
	17,531,732	15,183,657	16,143,359	3,477,185	3,497,062	3,395,004

Included in the company cash is funds invested on behalf of group companies and third parties.

A term deposit of R26 million (2010: R24 million) is held in the company Energy Africa Rehabilitation (Association incorporated under s21), and is committed solely for the abandonment expenditure for the Oribi field.

Refer to note 36 on guarantees issued.

16. Discontinued operations or disposal groups or non-current assets held for sale

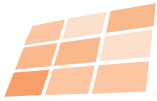
The group has decided to discontinue its operations in Brass Exploration Unlimited, CCE Solutions and PetroSA Nigeria. The assets and liabilities of the disposal group are set out below. During the year a strategic decision was taken by the respective board's to disinvest in the company. It is anticipated that the sale of the company will be concluded in the next financial year.

Profit and loss

Revenue	594,770	576,319	1,457,141	-	-	-
Expenses	(434,121)	(378,005)	(821,956)	-	-	-
Net profit before tax	160,649	198,314	635,185	-	-	-
Tax	(228,961)	(141,194)	(198,342)	-	-	-
	(68,312)	57,120	436,843	-	-	-

Assets of disposal groups

Property, plant and equipment	80,499	154,577	280,512	-	-	-
Inventories	6,604	8,574	18,954	-	-	-
Trade and other receivables	145,522	111,957	78,995	-	-	-
Cash and cash equivalents	936,213	713,078	1,673,841	-	-	-
	1,168,838	988,186	2,052,302	-	-	-



Notes to the Annual Financial Statements

	Group			Company		
	2011 R '000	2010 R '000	2009 R '000	2011 R '000	2010 R '000	2009 R '000
16. Discontinued operations or disposal groups or non-current assets held for sale (continued)						
Liabilities of disposal groups						
Other financial liabilities	268,076	110,604	150,705	-	-	-
Other payables	542,004	417,266	994,923	-	-	-
	810,080	527,870	1,145,628	-	-	-
Cashflow movement	101,558	446,358	(466,593)	-	-	-
17. Share capital						
Authorised						
100 Ordinary par value shares of R1 each	-	-	-	-	-	-
Issued						
1 Ordinary par value shares of R1 each	-	-	-	-	-	-
18. Other financial liabilities						
All the US dollar loans below are secured by a guarantee from the State.						
NVE Projects	24	1,575	2,152	24	1,575	2,152
EIB40 Final installment September 2010	-	-	53,762	-	-	53,762
ECGD231 Final instalment paid in August 2010	-	17,991	70,870	-	17,991	70,870
Credit Agricool Final instalment 27 July 2015 at an average interest rate of Jibar +0.9% (2010: Jibar +0.9%)	263,250	292,500	292,500	263,250	292,500	292,500
	263,274	312,066	419,284	263,274	312,066	419,284
Non-current liabilities						
At amortised cost	204,774	294,075	318,275	204,774	294,075	318,275
Current liabilities						
At amortised cost	58,500	17,991	101,009	58,500	17,991	101,009
	263,274	312,066	419,284	263,274	312,066	419,284



Figures in Rand thousand

19. Provisions

Reconciliation of provisions - Group - 2011

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Change in discount factor	Interest expense	Total
Abandonment/Environmental	3,822,473	49,914	-	-	1,518,956	419,969	5,811,312
Litigation	58,121	27,686	(325)	(57,796)	-	-	27,686
Rehabilitation	9,127	1,084	-	-	-	-	10,211
Post-retirement medical aid benefit	364,497	83,011	(280,625)	-	-	-	166,883
De-sludging	11,000	-	(5,752)	-	-	-	5,248
Bonus	122,406	405,266	(140,010)	-	-	-	387,662
	4,387,624	566,961	(426,712)	(57,796)	1,518,956	419,969	6,409,002

Reconciliation of provisions - Group - 2010

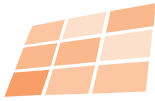
	Opening Balance	Additions	Utilised during the year	Change in discount factor	Interest expense	Total
Abandonment/Environmental	3,779,696	107,760	-	(357,256)	292,273	3,822,473
Litigation	8,371	58,000	(8,250)	-	-	58,121
Rehabilitation	9,127	-	-	-	-	9,127
Post-retirement medical aid benefits	321,976	48,264	(5,743)	-	-	364,497
De-sludging	11,000	-	-	-	-	11,000
Bonus	128,395	100,730	(106,719)	-	-	122,406
Audit fees	29	-	(29)	-	-	-
	4,258,594	314,754	(120,741)	(357,256)	292,273	4,387,624

Reconciliation of provisions - Group - 2009

	Opening balance	Additions	Utilised during the year	Reversed during the year	Change in discount factor	Interest expense	Total
Abandonment/Environmental	3,657,641	86,259	-	-	(232,245)	268,041	3,779,696
Litigation	4,146	4,225	-	-	-	-	8,371
Rehabilitation	1,544	7,583	-	-	-	-	9,127
Post-retirement Demurrage	226,095	161,887	(66,541)	(204)	739	-	321,976
De-sludging	12,888	-	(12,888)	-	-	-	-
De-sludging	11,000	-	-	-	-	-	11,000
Bonus	90,500	143,598	(105,703)	-	-	-	128,395
Audit fees	29	-	-	-	-	-	29
	4,003,843	403,552	(185,132)	(204)	(231,506)	268,041	4,258,594

Reconciliation of provisions - Company - 2011

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Litigation	58,121	3,186	(325)	(57,796)	3,186
Bonus	12,108	12,830	(12,108)	-	12,830
	70,229	16,016	(12,433)	(57,796)	16,016



Notes to the Annual Financial Statements

	Group			Company		
	2011 R '000	2010 R '000	2009 R '000	2011 R '000	2010 R '000	2009 R '000

19. Provisions (continued)

Reconciliation of provisions - Company - 2010

	Opening Balance	Additions	Utilised during the year	Total
Litigation	193	58,000	(72)	58,121
Bonus	12,198	12,108	(12,198)	12,108
	12,391	70,108	(12,270)	70,229

Reconciliation of provisions - Company - 2009

	Opening balance	Additions	Total
Litigation	-	193	193
Bonus	-	12,198	12,198
	-	12,391	12,391

Non-current liabilities	5,991,566	4,258,896	4,119,073	3,186	58,121	193
Current liabilities	417,436	128,728	139,521	12,830	12,108	12,198
	6,409,002	4,387,624	4,258,594	16,016	70,229	12,391

De-sludge provision

The provision relates to the de-sludging of the tanks at the Milnerton terminal.

Post-retirement medical aid benefits

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

Rehabilitation provision

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

Abandonment/Environmental

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

The R5 480 million provided for is based on the present value of the results of a new study conducted in 2010. The new study indicated that the base cost of the provision would increase from R 2 614 million to R 6 926 million, which resulted in a change in the provision estimate. The change to the abandonment provision will result in a decrease in profits of R 697 million in the current year (2012: R 456 million, 2013: R 421 million, 2014: R 394 million, 2015 - 2020: R 1 349 million). Other major assumptions include the risk-free rate decreasing from 9% to 8.3%, South African inflation and US inflation decreased from 6.5% to 5.5% and 3% to 1.5%, respectively.

A sensitivity analysis indicates that an increase of 1% in the inflation and risk-free rates will result in a movement in the interest charge and a change in estimate of the abandonment provision. The quantitative effect would be an increase of R51.9 million (2010: R32.2 million, 2009: R34.5 million) with respect to the inflation rate and a decrease of R400.9 million (2010: R 189.4 million, 2009: R1.8 million) for the risk-free rate.

The resulting provision could also be influenced by changing technologies and political, environmental, safety, business and statutory considerations.

The total cost of future restoration costs is estimated at R10 339 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:



	Group			Company		
	2011 R '000	2010 R '000	2009 R '000	2011 R '000	2010 R '000	2009 R '000

19. Provisions (continued)

Financial year	R'million
2012	455
2013	493
2014	1,168
2015-2034	8,223

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.

Litigation provision

The provision for litigation is in respect of the claim against the company by former employees and for litigation in respect of the case against property developers for encroachment around the terminal.

Bonus

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

20. Employee benefits

Pensions and Retirement Funds -Defined benefit pension plan

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 entity.

PetroSA

The Moss gas pension fund was closed to new entrants during 1996. With effect from 1 October 2007 all in-service members were transferred out of the fund to the PetroSA Retirement Fund, and future accrual of benefits under the Pension Fund ceased. Application was made to the Registrar to transfer the accrued benefits of in-service members to the PetroSA Retirement Fund, and to transfer the pensioner liabilities to individual annuity policies with Old Mutual. The Registrar's approval was granted and all liabilities have been fully transferred. The trustees have appointed a liquidator. The Registrar approved of this appointment and the fund has been placed into liquidation in October 2010.

The last actuarial valuation was performed as at 31 January 2010. The independent actuary was of the opinion that the fund was financially sound. As the fund has been placed into liquidation, the actuarial present value of promised retirement benefits as at 31 January 2010 was zero. The fair value of the plan assets had an actuarial value of R12.2 million and a market value of R12.2 million as at 31 January 2010, which also equates to the actuarial surplus. The Fund was valued using the "attained age method".

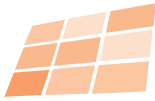
Defined benefit pension plan

SFF

Present value of the defined benefit obligation	-	-	-	-	-	-
Fair value of plan assets	-	2,912	2,227	-	-	-
Benefit asset - non current	-	2,912	2,227	-	-	-

Movements in the benefit asset during the year

Opening balance	2,912	2,227	17,875	-	-	-
Benefits expense	(2,912)	718	(13,006)	-	-	-
Other	-	(33)	(2,642)	-	-	-
	-	2,912	2,227	-	-	-



Notes to the Annual Financial Statements

	Group			Company		
	2011 R '000	2010 R '000	2009 R '000	2011 R '000	2010 R '000	2009 R '000
20. Employee benefits (continued)						
Net benefit expense						
Current service cost	-	-	249	-	-	-
Interest cost	-	-	246	-	-	-
Net actuarial (gains) and losses	-	4,350	(4,881)	-	-	-
Expected return on plan assets	-	553	1,713	-	-	-
Loss/(profit) on curtailment	-	-	(204)	-	-	-
Past service costs	-	-	1,247	-	-	-
Net benefit expense	-	4,903	(1,630)	-	-	-
At beginning of year						
At beginning of year	-	3,600	2,598	-	-	-
Interest cost	-	-	246	-	-	-
Current service costs	-	-	249	-	-	-
Benefits paid	-	-	1,043	-	-	-
Actuarial gain/loss	-	4,185	(536)	-	-	-
Change of funding vehicle/buy out of the fund	-	(7,785)	-	-	-	-
At end of year	-	-	3,600	-	-	-
Movements in fair value of plan assets						
At beginning of year	-	2,227	17,875	-	-	-
Expected return on assets	-	553	1,713	-	-	-
Actuarial gain/(loss)	-	165	(4,345)	-	-	-
Expenses paid	-	(33)	10	-	-	-
Tax paid	-	-	(20)	-	-	-
Settlements	-	-	(13,006)	-	-	-
At end of year	-	2,912	2,227	-	-	-

SFF Association (continued)

Assumptions used: .

Investment returns	- %	9.60 %	9.00 %	- %	- %	- %
Salary increase	- %	- %	- %	- %	- %	- %
Pension increases	- %	- %	- %	- %	- %	- %
Discount rate	- %	9.40 %	9.00 %	- %	- %	- %

Defined contribution pension plan

The group contributions for the year amounted to R85.8 million (2010: R89.8 million). The company contributions for the year amounted to R3.9 million (2010: R3.4 million).

PetroSA Retirement Fund

The company operates a defined contribution retirement plan for the benefit of employees who are not members of the Mossgas Pension Fund. All employees who commenced employment after 1 April 1996 qualify for membership of this fund. The amount recognised as an expense during the year under review was R81.9 million (2010: R78.1 million) for the retirement fund.

Petroleum Agency Retirement Fund

The company contributions for the year amounted to R4.3 million (2010: R3.9 million). The fair value of funds invested at 31 March 2011 was R52 million (2010: R38 million). The fair value of the funds invested is their market value at the end date.



	Group			Company		
	2011 R '000	2010 R '000	2009 R '000	2011 R '000	2010 R '000	2009 R '000
20. Employee benefits (continued)						
Net benefit expense						
Current service cost	-	-	249	-	-	-
Interest cost	-	-	246	-	-	-
Net actuarial (gains) and losses	-	4,350	(4,881)	-	-	-
Expected return on plan assets	-	553	1,713	-	-	-
Loss/(profit) on curtailment	-	-	(204)	-	-	-
Past service costs	-	-	1,247	-	-	-
Net benefit expense	-	4,903	(1,630)	-	-	-
At beginning of year						
At beginning of year	-	3,600	2,598	-	-	-
Interest cost	-	-	246	-	-	-
Current service costs	-	-	249	-	-	-
Benefits paid	-	-	1,043	-	-	-
Actuarial gain/loss	-	4,185	(536)	-	-	-
Change of funding vehicle/buy out of the fund	-	(7,785)	-	-	-	-
At end of year	-	-	3,600	-	-	-
Movements in fair value of plan assets						
At beginning of year	-	2,227	17,875	-	-	-
Expected return on assets	-	553	1,713	-	-	-
Actuarial gain/(loss)	-	165	(4,345)	-	-	-
Expenses paid	-	(33)	10	-	-	-
Tax paid	-	-	(20)	-	-	-
Settlements	-	-	(13,006)	-	-	-
At end of year	-	2,912	2,227	-	-	-

SFF Association (continued)

Assumptions used: .

Investment returns	- %	9.60 %	9.00 %	- %	- %	- %
Salary increase	- %	- %	- %	- %	- %	- %
Pension increases	- %	- %	- %	- %	- %	- %
Discount rate	- %	9.40 %	9.00 %	- %	- %	- %

Defined contribution pension plan

The group contributions for the year amounted to R85.8 million (2010: R89.8 million). The company contributions for the year amounted to R3.9 million (2010: R3.4 million).

PetroSA Retirement Fund

The company operates a defined contribution retirement plan for the benefit of employees who are not members of the Mossgas Pension Fund. All employees who commenced employment after 1 April 1996 qualify for membership of this fund. The amount recognised as an expense during the year under review was R81.9 million (2010: R78.1 million) for the retirement fund.

Petroleum Agency Retirement Fund

The company contributions for the year amounted to R4.3 million (2010: R3.9 million). The fair value of funds invested at 31 March 2011 was R52 million (2010: R38 million). The fair value of the funds invested is their market value at the end date.



Notes to the Annual Financial Statements

	Group			Company		
	2011 R '000	2010 R '000	2009 R '000	2011 R '000	2010 R '000	2009 R '000

20. Employee benefits (continued)

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.

PetroSA

The group has provided an amount of R143.6 million (2010: R343.3 million) towards the funding of post retirement medical scheme costs for all employees and pensioners. This commitment is actuarially valued annually, the most recent valuation performed as at 31 March 2011. During the year, PetroSA offered in-service employees the opportunity to have their post-retirement medical benefits transferred to the PetroSA retirement fund. The total liability transferred amounted to R 280.6 million.

The actuarial present value of promised retirement medical benefits at 31 March 2011 is R143.6 million. The obligation is unfunded and was valued using the projected unit method. A discount rate of 8.9% and medical aid inflation rate of 7.0% 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 8.0% and 6.0% medical aid inflation rate assumption would result in an accumulated obligation at 31 March 2011 of R163.8 million and R126.7 million respectively. The combined interest and service costs vary according to the medical aid inflation assumptions and are R15.8 million (7.0%); R18.2 million (8.0%) and R13.8 million (6.0%).

Petroleum Agency

The company contributes to a medical aid scheme for retired employees. The scheme was terminated this financial year (2010: R1.3 million).

SFF Association

The company contributes to a medical aid scheme for retired employees. The liability in respect of future contributions to the scheme in respect of retirees is actuarially valued annually, using the projected unit credit method. The plan is funded. The last actuarial valuation was carried out on 31 March 2011 and the process to be updated. The principal assumptions adopted are disclosed below.

	%	%	%			
Valuation interest rate:	9.30	10.00	9.00	-	-	-
Medical aid contribution increase rate:	8.10	8.00	8.00	-	-	-
Projected benefit obligation						
Projected benefit obligation as at the beginning of the year	21,152	18,175	18,175	-	-	-
Interest costs	1,966	1,584	-	-	-	-
Benefit paid (estimate)	(1,383)	(1,164)	-	-	-	-
Actuarial (gain) / loss due to assumption changes	1,649	(1,906)	-	-	-	-
	(89)	4,463	-	-	-	-
Net benefit (income) / expense	23,295	21,152	18,175	-	-	-



	Group			Company		
	2011 R '000	2010 R '000	2009 R '000	2011 R '000	2010 R '000	2009 R '000
21. Third Party funds						
South African Carbon Capture and Storage Centre	11,694	8,352	1,000	-	-	-
Carbon Storage Atlas	131	1,010	5,468	-	-	-
Biofuels	487	459	5,189	-	-	-
REEEP	-	-	93	-	-	-
SA Coal Roadmap	489	-	-	-	-	-
Wind Resource Mapping	23	792	1,719	-	-	-
Centre of Energy Systems Analysis and Research	-	1,245	3,001	-	-	-
National Energy Efficiency Agency	-	-	2	-	-	-
European Union Project - COCATE	497	237	-	-	-	-
Norway CCS Capacity Building	407	204	-	-	-	-
Seventh Framework Program	89	101	-	-	-	-
SOS Childrens Village	-	71	-	-	-	-
Working for Energy Programme	17,775	-	-	-	-	-
SDC EE Monitoring and Implementation Project	3,133	-	-	-	-	-
	34,725	12,471	16,472	-	-	-

The funds can only be used for the specific projects once the project have been commissioned.

22. Trade and other payables

Trade payables	611,265	2,479,043	731,281	5,974	3,068	3,263
VAT	11,761	10,653	7,597	-	-	-
Other payables	144,225	191,917	183,202	30,983	28,511	35,626
Accrued leave pay	69,190	67,851	56,130	-	-	-
Accrued expenses	519,541	421,361	950,678	3,226	758	1,461
Sundry creditors	189,594	47,503	56,631	-	-	-
	1,545,576	3,218,328	1,985,519	40,183	32,337	40,350

23. Deferred income

Deferred income	3,476	48,821	5,904	335	1,110	703
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South African National Energy Research Institute (Proprietary) Limited received grants from the Department of Science and Technology to fund specific projects.

CEF (Proprietary) Limited and Carbon Stream Africa (Proprietary) Limited received donor funds from the Norwegian government to fund related costs.

24. Rendering of services

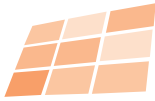
Major classes of revenue comprise:

Sale of goods	10,022,857	7,439,736	11,014,312	-	-	-
Rendering of services	622,749	722,486	1,164,623	-	-	-
Tank rentals	418,466	394,683	156,566	-	-	-
Rental Income	3,558	2,138	2,172	-	-	-
	11,067,630	8,559,043	12,337,673	-	-	-

25. Cost of sales

Sale of goods

Cost of goods sold	8,810,814	7,538,852	9,476,672	-	-	-
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Notes to the Annual Financial Statements

	Group			Company		
	2011 R '000	2010 R '000	2009 R '000	2011 R '000	2010 R '000	2009 R '000
21. Third Party funds						
South African Carbon Capture and Storage Centre	11,694	8,352	1,000	-	-	-
Carbon Storage Atlas	131	1,010	5,468	-	-	-
Biofuels	487	459	5,189	-	-	-
REEEP	-	-	93	-	-	-
SA Coal Roadmap	489	-	-	-	-	-
Wind Resource Mapping	23	792	1,719	-	-	-
Centre of Energy Systems	-	1,245	3,001	-	-	-
Analysis and Research						
National Energy Efficiency Agency	-	-	2	-	-	-
European Union Project - COCATE	497	237	-	-	-	-
Norway CCS Capacity Building	407	204	-	-	-	-
Seventh Framework Program	89	101	-	-	-	-
SOS Childrens Village	-	71	-	-	-	-
Working for Energy Programme	17,775	-	-	-	-	-
SDC EE Monitoring and Implementation Project	3,133	-	-	-	-	-
	34,725	12,471	16,472	-	-	-

The funds can only be used for the specific projects once the project have been commissioned.

22. Trade and other payables

Trade payables	611,265	2,479,043	731,281	5,974	3,068	3,263
VAT	11,761	10,653	7,597	-	-	-
Other payables	144,225	191,917	183,202	30,983	28,511	35,626
Accrued leave pay	69,190	67,851	56,130	-	-	-
Accrued expenses	519,541	421,361	950,678	3,226	758	1,461
Sundry creditors	189,594	47,503	56,631	-	-	-
	1,545,576	3,218,328	1,985,519	40,183	32,337	40,350

23. Deferred income

Deferred income	3,476	48,821	5,904	335	1,110	703
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CEF (Proprietary) Limited and Carbon Stream Africa (Proprietary) Limited received donor funds from the Norwegian government to fund related costs.

24. Rendering of services

Major classes of revenue comprise:

Sale of goods	10,022,857	7,439,736	11,014,312	-	-	-
Rendering of services	622,749	722,486	1,164,623	-	-	-
Tank rentals	418,466	394,683	156,566	-	-	-
Rental Income	3,558	2,138	2,172	-	-	-
	11,067,630	8,559,043	12,337,673	-	-	-

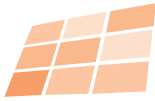
25. Cost of sales

Sale of goods

Cost of goods sold	8,810,814	7,538,852	9,476,672	-	-	-
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	Group			Company		
	2011 R '000	2010 R '000	2009 R '000	2011 R '000	2010 R '000	2009 R '000
26. Operating Loss						
Operating profit for the year is stated after accounting for the following:						
Operating lease charges						
Premises						
• Contractual amounts	15,701	11,700	10,999	111	2,105	2,818
• Recovered from sub-lease	-	7	-	-	-	-
Motor vehicles						
• Contractual amounts	16	9	217	-	-	-
Equipment						
• Contractual amounts	1,847	2,228	2,162	-	-	-
	17,564	13,944	13,378	111	2,105	2,818
Profit / (loss) on sale of property, plant and equipment	(49)	297	(106)	-	242	-
Impairment on property, plant and equipment	34	2,845	-	-	-	-
Impairment on intangible assets	2,226	6,247	5,228	-	-	-
Impairment on businesses (or subsidiaries, joint ventures and associates)	28,246	-	-	184,623	17,408	38,180
Loss / (profit) on exchange differences	(54,423)	(156,018)	37,142	93	4	1,023
Amortisation on intangible assets	5,507	6,247	5,228	2,970	3,069	3,645
Depreciation on property, plant and equipment	1,261,364	758,129	436,068	6,623	5,951	2,093
Employee costs	232,442	213,970	174,185	65,018	61,173	52,875
Research and development	44,210	16,265	75,846	30,975	2,577	45,495
27. Auditors' remuneration						
Fees	5,569	4,144	3,465	2,166	1,421	1,230
Consulting	118	14	-	-	-	-
Expenses	266	59	88	141	27	54
	5,953	4,217	3,553	2,307	1,448	1,284
28. Investment income						
Dividend income						
Subsidiaries - Local	-	-	-	-	-	725,000
Subsidiaries - PetroSA Brass	1	-	-	-	-	-
	1	-	-	-	-	725,000
Interest income						
Back-to-back loans	89	1,122	9,542	22,520	26,876	47,237
Loans	32,276	16,671	195	32,276	16,671	195
Interest on money market	1,113,034	1,314,815	1,979,618	221,478	272,288	355,672
Other interest	76,527	16,943	29,254	1,842	2,668	2,279
	1,221,926	1,349,551	2,018,609	278,116	318,503	405,383
Total	1,221,927	1,349,551	2,018,609	278,116	318,503	1,130,383
29. Finance costs						
Interest paid to subsidiaries	-	-	-	57,293	68,562	91,555
Non-current borrowings	21,862	26,928	52,276	21,773	25,806	44,476
Other interest	9,888	17,318	6,969	-	-	-
Late payment of tax	2,144	-	-	-	-	-
Notional interest	419,976	294,669	277,650	-	-	-
Revaluations of foreign loans	5,485	99,673	(42,491)	1,479	1,075	1,815
	459,355	438,588	294,404	80,545	95,443	137,846



Notes to the Annual Financial Statements

	Group			Company		
	2011 R '000	2010 R '000	2009 R '000	2011 R '000	2010 R '000	2009 R '000
26. Operating Loss						
Operating profit for the year is stated after accounting for the following:						
Operating lease charges						
Premises						
• Contractual amounts	15,701	11,700	10,999	111	2,105	2,818
• Recovered from sub-lease	-	7	-	-	-	-
Motor vehicles						
• Contractual amounts	16	9	217	-	-	-
Equipment						
• Contractual amounts	1,847	2,228	2,162	-	-	-
	17,564	13,944	13,378	111	2,105	2,818
Profit / (loss) on sale of property, plant and equipment	(49)	297	(106)	-	242	-
Impairment on property, plant and equipment	34	2,845	-	-	-	-
Impairment on intangible assets	2,226	6,247	5,228	-	-	-
Impairment on businesses (or subsidiaries, joint ventures and associates)	28,246	-	-	184,623	17,408	38,180
Loss / (profit) on exchange differences	(54,423)	(156,018)	37,142	93	4	1,023
Amortisation on intangible assets	5,507	6,247	5,228	2,970	3,069	3,645
Depreciation on property, plant and equipment	1,261,364	758,129	436,068	6,623	5,951	2,093
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Research and development	44,210	16,265	75,846	30,975	2,577	45,495
27. Auditors' remuneration						
Fees	5,569	4,144	3,465	2,166	1,421	1,230
Consulting	118	14	-	-	-	-
Expenses	266	59	88	141	27	54
	5,953	4,217	3,553	2,307	1,448	1,284
28. Investment income						
Dividend income						
Subsidiaries - Local	-	-	-	-	-	725,000
Subsidiaries - PetroSA Brass	1	-	-	-	-	-
	1	-	-	-	-	725,000
Interest income						
Back-to-back loans	89	1,122	9,542	22,520	26,876	47,237
Loans	32,276	16,671	195	32,276	16,671	195
Interest on money market	1,113,034	1,314,815	1,979,618	221,478	272,288	355,672
Other interest	76,527	16,943	29,254	1,842	2,668	2,279
	1,221,926	1,349,551	2,018,609	278,116	318,503	405,383
Total	1,221,927	1,349,551	2,018,609	278,116	318,503	1,130,383
29. Finance costs						
Interest paid to subsidiaries	-	-	-	57,293	68,562	91,555
Non-current borrowings	21,862	26,928	52,276	21,773	25,806	44,476
Other interest	9,888	17,318	6,969	-	-	-
Late payment of tax	2,144	-	-	-	-	-
Notional interest	419,976	294,669	277,650	-	-	-
Revaluations of foreign loans	5,485	99,673	(42,491)	1,479	1,075	1,815
	459,355	438,588	294,404	80,545	95,443	137,846



	Group			Company		
	2011 R '000	2010 R '000	2009 R '000	2011 R '000	2010 R '000	2009 R '000
30. Taxation						
Major components of the tax (income) / expense						
Current						
Local income tax - current period	29,206	63,367	430,854	27,842	39,117	45,043
Local income tax - recognised in current tax for prior periods	(386,526)	(357,554)	-	-	-	-
Tax adjustment	1,104	8,737	(7,579)	-	8,722	(7,802)
Tax adjustment prior period error	2,998	-	-	-	-	-
Foreign income tax or withholding tax - recognised in current tax for prior periods	62	427	2,730	-	-	-
	(353,156)	(285,023)	426,005	27,842	47,839	37,241
Deferred						
Originating and reversing temporary differences	-	201	(201)	-	-	-
Benefit of unrecognised tax loss / tax credit / temporary difference used to reduce deferred tax expense	-	(320)	-	-	-	-
Other deferred tax	78,176	(6,525)	(396,563)	5,697	(15,010)	(8,539)
	78,176	(6,644)	(396,764)	5,697	(15,010)	(8,539)
	(274,980)	(291,667)	29,241	33,539	32,829	28,702

Reconciliation of the tax expense

Reconciliation between applicable tax rate and average effective tax rate.

Applicable tax rate	28.00 %	28.00 %	28.00 %	28.00 %	28.00 %	28.00 %
Permanent difference	(0.84)%	(44.78)%	7.31 %	344.06 %	(65.15)%	- %
Assessed loss not recognised	6.34 %	- %	- %	- %	- %	- %
Foreign taxes	0.13 %	(0.11)%	0.14 %	- %	- %	(0.03)%
Timing difference	(7.22)%	(49.38)%	(2.42)%	18.79 %	(9.99)%	(31.49)%
Re-measurement of 10th schedule	- %	(2.46)%	(34.56)%	- %	- %	- %
	26.41 %	(68.73)%	(1.53)%	390.85 %	(47.14)%	(3.52)%

PetroSA

Tax Amendment Act promulgated in November 2010, retrospectively inserted a new paragraph into the Tenth Schedule which allows for the deduction of PetroSA's unredeemed capital expenditure balance, carried forward from the OP26 regime, a legislative predecessor to the Tenth Schedule. The effect of this amendment is a deduction of R10,8 billion in 2008. Upon reopening of PetroSA's 2008 Corporate Tax return it is expected that South African Revenue Services will refund R385 million (PetroSA's provisional tax payments in 2008) together with accumulated interest

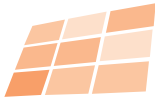
As a direct result of the unredeemed capital expenditure deduction claimed in 2008, PetroSA is in an assessed loss position for 2011 and it is envisaged that in the foreseeable future PetroSA will remain in this position.

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 however, an income tax assessment was received from South African Revenue Services in the 2010 financial year relating to the 2006 financial year which indicated that SFF had a tax liability. South African Revenue Services has not refunded the R17,5 million that was erroneously paid to them. The matter has been escalated to the DoE and the National Treasury.

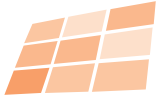


Notes to the Annual Financial Statements

	Group			Company		
	2011 R '000	2010 R '000	2009 R '000	2011 R '000	2010 R '000	2009 R '000
30. Taxation (continued)						
Taxation						
Opening balance	(256,176)	67,806	332,396	7,488	(13,350)	(6,168)
Income tax for the year	(274,980)	(291,667)	29,241	33,539	32,829	28,702
Deferred portion	(78,461)	6,609	421,543	(5,697)	15,010	8,539
Payment made	217,318	(38,924)	(715,374)	(40,550)	(27,001)	(44,423)
Net tax payable/ (receivable)	(392,299)	(256,176)	67,806	(5,220)	7,488	(13,350)
Taxation summary as per Statement of Financial Position						
Current tax payable	26,303	30,969	82,147	-	7,488	-
Current tax receivable	(418,602)	(287,145)	(14,341)	(5,220)	-	(13,350)
	(392,299)	(256,176)	67,806	(5,220)	7,488	(13,350)
31. Cash receipts from customers						
Sales	11,067,630	8,559,043	12,337,673	-	-	-
Other revenue	314,401	710,312	756,775	23,935	24,034	25,229
Profit and loss on sale of assets and liabilities	49	(297)	106	93	4	1,023
Movement in trade and other receivables	1,430,857	(1,329,027)	67,827	10,595	400,311	(183,510)
	12,812,937	7,940,031	13,162,381	34,623	424,349	(157,258)
32. Cash paid to suppliers and employees						
Cost of sales	8,810,814	7,538,852	9,476,672	-	-	-
Operating costs	2,352,515	3,007,252	2,998,273	230,087	177,451	201,567
Movement in inventory	157,324	(87,089)	(342,913)	-	-	-
Movement in trade and other payables	1,674,192	(1,234,276)	372,123	(7,846)	8,013	(1,380)
Non-cash items	(1,759,976)	(991,122)	(912,022)	(139,465)	(85,000)	(51,330)
	11,234,869	8,233,617	11,592,133	82,776	100,464	148,857
33. Cash generated from (used in) operations						
Profit / (loss) before taxation	1,049,586	(422,906)	1,906,865	(8,581)	69,643	816,199
Adjustments for:						
Depreciation and amortisation	1,266,871	764,376	441,296	9,593	9,020	5,738
Loss (profit) on sale of assets	49	(297)	106	-	-	-
Loss (profit) on sale of non-current assets and disposal groups	54,423	156,018	(37,142)	93	4	1,023
Amortisation of deferred expenditure	2,226	-	-	-	-	-
Deferred income	(45,345)	42,917	4,092	(775)	405	-
Dividends received	(1)	-	-	-	-	(725,000)
Interest received	(1,221,926)	(1,349,551)	(2,018,609)	(278,116)	(318,503)	(405,383)
Finance costs	459,355	438,588	294,404	80,545	95,443	137,846
Impairment loss (reversal)	36,715	(2,845)	-	184,623	17,408	38,180
Movements in provisions	2,021,378	129,030	253,010	(54,213)	57,838	12,391
Goodwill	8,556	-	(8,556)	-	-	-
Transfer and movement in assets	(1,620,129)	96,663	198,496	237	329	(4,979)
Profit from disposal operation	(68,312)	57,120	436,843	-	-	-
Foreign currency translation reserve	33,841	(197,719)	59,234	-	-	-
Minority interest	-	4,149	1,610	-	-	-
Changes in working capital:						
Inventories	(157,324)	87,089	342,913	-	-	-
Trade and other receivables	1,430,857	(1,329,027)	67,827	10,595	400,311	(183,510)
Trade and other payables	(1,672,752)	1,232,809	(372,141)	7,846	(8,013)	1,380
	1,578,068	(293,586)	1,570,248	(48,153)	323,885	(306,115)



	Group			Company		
	2011 R '000	2010 R '000	2009 R '000	2011 R '000	2010 R '000	2009 R '000
34. Increase in investment in subsidiaries and associates						
DWP						
Provision against investment	17,000	17,000	17,000	17,000	17,000	17,000
Provision against loan	(17,000)	(17,000)	(17,000)	(17,000)	(17,000)	(17,000)
	-	-	-	-	-	-
OPCSA						
Provision against investment	-	-	-	-	-	(12,594)
Provision against loan	-	-	-	-	-	(12,594)
Movement in investment	-	-	-	-	-	(25,188)
African Exploration						
Provision against investment	-	-	-	138,324	64,440	37,815
Provision against loan	-	-	-	(138,324)	(64,440)	(37,815)
Movement in investment	-	-	-	-	-	-
Cotec Patrade (Proprietary) Limited						
Provision against investment	-	-	-	-	3,731	3,744
Provision against loan	-	-	-	-	(3,744)	(3,744)
Movement in investment	-	-	-	-	(13)	-
ETA Energy (Proprietary) Limited						
Provision against investment & Share premium	-	-	-	20,596	15,164	15,775
Provision against loan	-	-	-	(20,596)	(15,164)	(11,775)
Movement in investment	-	-	-	-	-	4,000
CCE Solutions (Proprietary) Limited						
Provision against investment	-	-	-	77,061	-	-
Provision against loan	-	-	-	(77,061)	-	-
Movement in investment	-	-	-	-	-	-
Net movement on investment in subsidiaries and associates	-	-	-	-	(13)	(21,188)
Opening carrying amount of loans to group companies:						
Petroleum Agency SA	-	-	-	(262,589)	(273,981)	(189,565)
SFF	-	-	-	-	9	11
PetroSA	-	-	-	(537,640)	(513,847)	(432,031)
South African Gas Development	-	-	-	555,958	610,569	637,460
Sasda	-	-	-	14,682	-	-
SANERI	-	-	-	(21,302)	(29,952)	(21,561)
CCE	-	-	-	72,099	14,183	-
ETA	-	-	-	(45,003)	-	-
OPC	-	-	-	16,373	7,689	-
Carbon Stream	-	-	-	(189)	(1,317)	-
CEF Carbon SA	-	-	-	5,864	-	-
	-	-	-	(201,747)	(186,647)	(5,686)

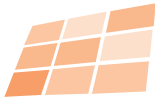


Notes to the Annual Financial Statements

	Group			Company		
	2011 R '000	2010 R '000	2009 R '000	2011 R '000	2010 R '000	2009 R '000
34. Increase in investment in subsidiaries and associates (continued)						
Closing carrying amount of loans to group companies:						
Petroleum Agency SA	-	-	-	(250,741)	(262,589)	(273,981)
SFF	-	-	-	-	-	9
PetroSA	-	-	-	(489,021)	(537,640)	(513,847)
South African Gas Development	-	-	-	450,125	555,958	610,569
Sasda	-	-	-	25,783	14,682	-
SANERI (Pty) Ltd	-	-	-	(29,556)	(21,302)	(29,952)
CCE	-	-	-	-	72,099	14,183
ETA	-	-	-	(47,718)	(45,003)	-
OPC	-	-	-	6,127	16,373	7,689
Carbon Stream	-	-	-	880	(189)	(1,317)
CEF Carbon SA	-	-	-	11,963	5,864	-
	-	-	-	(322,158)	(201,747)	(186,647)
Movement in carrying amount of loans	-	-	-	120,411	15,100	180,961
Net investment in subsidiaries/associates and impairment movements	-	-	-	(184,623)	(17,421)	(42,180)
Cash effect of investments in subsidiaries and associates	-	-	-	(64,212)	(2,321)	138,781
35. Tax refunded / (paid)						
Balance at beginning of the year	256,176	(67,806)	(332,396)	(7,488)	13,350	6,168
Current tax for the year recognised in profit or loss	274,980	291,667	(29,241)	(33,539)	(32,829)	(28,702)
Deferred tax movement for the year	78,461	(6,609)	(421,543)	5,697	(15,010)	(8,539)
Balance at end of the year	(392,299)	(256,176)	67,806	(5,220)	7,488	(13,350)
	217,318	(38,924)	(715,374)	(40,550)	(27,001)	(44,423)



	Group			Company		
	2011 R '000	2010 R '000	2009 R '000	2011 R '000	2010 R '000	2009 R '000
36. Contingencies						
Guarantees						
DME for Rehabilitation of E-BT/E-AR mining lease.	27,100	27,100	27,100	27,100	27,100	27,100
Eskom for payment of guarantee for electrical supply.	2,435	2,435	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	450,000	450,000
ABSA Bank for iGas to acquire a 25% interest in Rompco.	180,000	220,000	260,000	180,000	220,000	260,000
Performance guarantees - Egyptian General Petroleum Corporation iro minimum work obligations for exploration operations in Egypt (USD 17.7 million).	-	-	171,018	-	-	-
Performance guarantees - Republic of Sudan in respect of minimum work obligations for exploration (USD 18 million).	122,107	131,841	173,115	-	-	-
Bluewater (UK) Limited - PetroSA for rental contract.	-	41,903	55,021	-	41,903	55,021
Various financial institutions - housing and motor loans - employees.	-	1,926	11,028	-	-	-
ABSA Bank for OPCSA's Deed of Suretyship.	2,000	2,000	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.	22,766	24,581	32,276	-	-	-
The group has issued guarantees for the rehabilitation of land disturbed by mining on the Sable field, amounting to:	180,000	180,000	180,000	-	-	-
A bank guarantee of LE250 000 for the leasing of land and a jetty at Marsa Marina was issued by PetroSA Egypt (Pty) Ltd.	-	487	594	-	-	-
The group has issued a parent company guarantee in favour of Aban Abraham in respect of rig hire for PetroSA Equatorial Guinea for \$24.4 m valid until 15 March 2010.	-	-	234,667	-	-	-
The group has issued a manufacture and excisable bond in favour of the South African Revenue Services.	5,000	5,000	5,000	-	-	-
The group has issued an evergreen VAT guarantee in favour of the Dutch VAT Authorities (Euro 0.455m).	4,386	4,482	5,810	-	-	-
The group has issued an evergreen VAT guarantee in favour of the Belgium VAT Authorities (\$1.488m).	-	-	14,311	-	-	-
ABSA Bank for SANERI Deed of Suretyship.	2,100	2,100	2,100	2,100	2,100	2,100
ABSA Bank for iGas Deed of Suretyship.	2,100	2,100	2,100	2,100	2,100	2,100
The PetroSA Group has issued a stand-by letter of credit in favour of Heraeus, Germany, for the loan of platinum for \$2.5 m valid until 30 April 2010.	-	18,311	-	-	-	-
	999,994	1,114,266	1,628,575	665,735	747,638	800,756



Notes to the Annual Financial Statements

	Group			Company		
	2011 R '000	2010 R '000	2009 R '000	2011 R '000	2010 R '000	2009 R '000

36. Contingencies (continued)

Rehabilitation of mining leases

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

Cession and pledge to Absa Bank Limited of R143 million

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 Limited has issued guarantees to the value of R590 million (current outstanding amount R323 million). CEF (Proprietary) Limited has issued a counter guarantee to Absa Bank Limited to the same value. CEF (Proprietary) Limited has ceded and pledged an amount of R143 million (2010 R161.8 million) to Absa Bank Limited for the guarantee facility.

Claims

Pending litigations	72,317	600	600	-	-	-
Estimated legal fees in representing PetroSA that are irrecoverable.	-	-	6,177	-	-	-
Saneri interest and penalties on VAT claim	16,395	-	-	-	-	-
PetroSA is considering setting a claim made in terms of a contract	13,225	-	-	-	-	-
SFF Tax liability, interest & penalties	488,278	314,102	286,006	-	-	-
	590,215	314,702	292,783	-	-	-

37. Commitments

Authorised capital expenditure

Approved by the directors

Contracted for	1,924,174	2,321,129	2,541,642	-	-	-
Not contracted for	9,814,029	1,049,859	862,630	-	-	-
	11,738,203	3,370,988	3,404,272	-	-	-

The group commitments include R88 million for PetroSA Equatorial Guinea for a drilling rig and R268 million for PetroSA Egypt (Proprietary) Limited for various drilling and logistical contracts.

All other contract relates to transactions in the normal course of the operation of the business.

Operating lease commitments

CEF

- within one year	-	-	243	-	-	243
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Leases the office space at 158 Jan Smuts Avenue. The period of the lease is 4 years from Gensec Property Services Limited. The lease has expired on 31 March 2010, and CEF negotiated with the landlord to be released early from the contract on 31 March 2009.

SANERI

- within one year	867	936	212	-	-	-
- in second to fifth year inclusive	941	570	-	-	-	-
	1,808	1,506	212	-	-	-

Block C, Upper Grayston Office Park, 152 Ann Crescent, Strathavon, Sandton.

The entity has leased Portion 13, remaining Extent of Erf 14, Portion 1 of Erf 14 Simba Township, together with the building erected thereon from CEF (Proprietary) Limited. The agreement commenced on 1 April 2009 and the rent payable annually, on the anniversary date, escalate by 10% or alternatively, shall escalate in accordance with the CPI, whichever is greater. Either party shall be entitled to terminate this lease on six months written notice to the other party.



	Group			Company		
	2011 R '000	2010 R '000	2009 R '000	2011 R '000	2010 R '000	2009 R '000

37. Commitments (continued)

The entity has leased office and showroom space for the Green Transport project located at Erf 665, Aitken Street, Halfway House, from Holding 16 Properties CC. The lease commenced on 1 March 2009 with the option to renew for a further two years. The rent payable shall annually, on the anniversary date, escalate by 10%.

OPC

- within one year	833	543	499	-	-	-
- in second to fifth year inclusive	1,400	-	588	-	-	-
- later than five years	6,315	-	-	-	-	-
	8,548	543	1,087	-	-	-

The company has entered into a property lease for its administrative offices. The non-cancellable lease was for a period of 3 years ending 30 April 2011. There is an option to extend the lease for another 2 years whereby OPC renews the lease agreement for a period of 1 year from 1 May 2011 until 30 April 2012.

The company has entered into a property lease for portion of farm 1185 and Saldanha inner-bay sea water area for equipment store with ablution, office and boathouse facilities. The lease is for a period of 15 years ending 31 December 2025 with a rental review every five years.

African Exploration Mining and Finance Corporation

- within one year	367	454	-	-	-	-
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PetroSA (Pty) Ltd

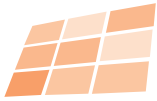
- within one year	443	2,465	2,283	-	-	-
- in second to fifth year inclusive	-	416	2,881	-	-	-
	443	2,881	5,164	-	-	-

Office space was leased at the Tyger Valley Chambers in Parow, Cape Town, effective from 1 June 2008. The lease payment was fixed at R178 345 per month, with a 8% escalation per annum. The period of the lease agreement is three years and ends on 31 May 2011.

PetroSA Europe BV - Office space

- within one year	470	264	329	-	-	-
- in second to fifth year inclusive	1,253	967	-	-	-	-
	1,723	1,231	329	-	-	-

Leases office space at 3011XB Willemswerf, 13th Floor, Boomjes, effective 1 December 2004. The lease payment is fixed at Euro 40,960 per annum, with an inflationary escalation per annum. The period of the lease agreement was initially five years and was extended for a further five year period ending on 30 November 2014, at which time PetroSA Europe BV has the option to renew the lease for a further five year period.



Notes to the Annual Financial Statements

	Group			Company		
	2011 R '000	2010 R '000	2009 R '000	2011 R '000	2010 R '000	2009 R '000

37. Commitments (continued)

PetroSA Europe BV - motor vehicles

- within one year	253	242	425	-	-	-
- in second to fifth year inclusive	265	403	136	-	-	-
	518	645	561	-	-	-

Leases motor vehicles on behalf of its employees. The standard contract period is 48 months. The effective start date was October 2006 and ends January and May 2013.

PetroSA Europe BV - apartments

- within one year	535	727	129	-	-	-
- in second to fifth year inclusive	-	622	-	-	-	-
	535	1,349	129	-	-	-

Leases apartments for its employees. There are two apartments of which is operated on a month to month basis with a notice period of one month and other is renewable on six monthly basis with 1 May 2011 being the date of renewal. The annual rental will be adjusted in line with CPI - all household series.

Equatorial Guinea

- within one year	614	614	776	-	-	-
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Leases office space in Malaba for a one year period, effective from 1 February 2011 to 31 January 2012. The lease payments are CFA 4 000 000 per month, and is paid in advance for a year.

Equatorial Guinea

- within one year	-	321	-	-	-	-
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Leases staff accommodation for its employee, effective until 14 May 2010 and 31 August 2010, payable monthly in advance.

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.

PetroSA North America

- within one year	-	335	494	-	-	-
- in second to fifth year inclusive	-	-	329	-	-	-
	-	335	823	-	-	-

PetroSA North America leases office space at Lyric Centre Office Building, 440 Louisiana Street, Houston, Harris County, Texas, 77002. The effective starting date was 1 December 2007 and the lease period is 36 months with a monthly payment of USD 4251.99 and an escalation of 0.692% linked to the increase in taxes; operating expenses and utility costs.

Petroleum Agency SA

- within one year	4,980	4,502	897	-	-	-
- in second to fifth year inclusive	13,985	18,731	51	-	-	-
	18,965	23,233	948	-	-	-

Suite 3 Tygerpoort in Bellville

Petroleum Agency SA extended the lease of office space from Sulnisa Property for a period of five years ending 30 September 2014. The lease payment is fixed at R389 631 per month with an annual escalation of 8% per annum. The company has an option to renew the lease for a further five years and option to buy on expiry of the first five years.



	Group			Company		
	2011 R '000	2010 R '000	2009 R '000	2011 R '000	2010 R '000	2009 R '000

37. Commitments (continued)

Milnerton

Petroleum Agency SA extended the lease for storage space from SFF Association for a further period of three years ending 31 March 2014. The lease payment is fixed at R28 791 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 30 September 2012. The lease payment is fixed at R9 301 per month, with a 10% escalation per annum. The company has an option to renew the lease.

PetroSA Egypt

- within one year	1,567	1,070	2,354	-	-	-
- in second to fifth year inclusive	341	-	872	-	-	-
	1,908	1,070	3,226	-	-	-

Office space was leased for two of its employees in Cairo. The lease has a three year period from 1 January 2010 to 31 December 2012 with a monthly payment of USD 2 000, payable 6 months in advance. An escalation of 10% annually on 1 January.

SASDA

- within one year	329	297	459	-	-	-
- in second to fifth year inclusive	1,316	1,188	103	-	-	-
	1,645	1,485	562	-	-	-

Block C, Upper Grayston Office Park, 152 Ann Crescent, Strathavon, Sandton.

The entity has leased Portion 13, remaining Extent of Erf 14, Portion 1 of Erf 14 Simba Township, together with the building erected thereon from CEF (Proprietary) Limited. The agreement commenced on 1 April 2009 and the rent payable shall annually, on the anniversary date, escalate by 10% or alternatively, shall escalate in accordance with the CPI, whichever is greater. Either party shall be entitled to terminate this lease on six months written notice to the other party.

CEF Carbon

- within one year	41	42	-	-	-	-
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Block C, Upper Grayston Office Park, 152 Ann Crescent, Strathavon, Sandton.

The entity has leased Portion 13, remaining Extent of Erf 14, Portion 1 of Erf 14 Simba Township, together with the building erected thereon from CEF (Proprietary) Limited. The agreement commenced on 1 April 2009 and the rent payable shall annually, on the anniversary date, escalate by 10% or alternatively, shall escalate in accordance with the CPI, whichever is greater. Either party shall be entitled to terminate this lease on six months written notice to the other party.

ETA Energy

- within one year	121	90	14	-	-	-
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Block C, Upper Grayston Office Park, 152 Ann Crescent, Strathavon, Sandton.

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Notes to the Annual Financial Statements

	Group			Company		
	2011 R '000	2010 R '000	2009 R '000	2011 R '000	2010 R '000	2009 R '000

37. Commitments (continued)

iGas

- within one year	376	293	220	-	-	-
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The Vineyard Office Park Estate, 99 Jip de Jager Drive, Bellville, Cape Town. The entity has sub-leased two office from OPC, the agreement commenced on 1 May 2008 and the rent payable shall annually, escalate by 9% or alternatively, shall escalate in accordance with the CPI, whichever is greater. The lease can be terminated on three months written notice.

Block C, Upper Grayston Office Park, 152 Ann Crescent, Strathavon, Sandton. The entity has leased Portion 13, remaining Extent of Erf 14, Portion 1 of Erf 14 Simba Township, together with the building erected thereon from CEF (Proprietary) Limited. The agreement commenced on 1 April 2009 and the rent payable shall annually, on the anniversary date, escalate by 10% or alternatively, shall escalate in accordance with the CPI, whichever is greater. Either party shall be entitled to terminate this lease on six months written notice to the other party.

SFF

- within one year	98	12	-	-	-	-
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Block C, Upper Grayston Office Park, 152 Ann Crescent, Strathavon, Sandton.

The entity has leased Portion 13, remaining Extent of Erf 14, Portion 1 of Erf 14 Simba Township, together with the building erected thereon from CEF (Proprietary) Limited. The agreement commenced on 1 April 2009 and the rent payable shall annually, on the anniversary date, escalate by 10% or alternatively, shall escalate in accordance with the CPI, whichever is greater. Either party shall be entitled to terminate this lease on six months written notice to the other party.

38. Financial instruments

Risk profile

The group has a risk management and a treasury department in CEF (Proprietary) Limited 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.

In the course of the group's business operations it is exposed to liquidity, credit, foreign exchange, interest rate and crude oil price risk. The risk management policy of the group relating to each of these risks is discussed below.

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 financial instruments be undertaken.

Foreign currency management

The group is exposed to foreign currency fluctuations as it raises funding in 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, cost of sales and expenses. The weakening or strengthening of the Rand/Dollar exchange rate by R1 based on actual revenue and cost will increase or decrease profits by R885.4 million (2010: R585.3 million) respectively.



Figures in Rand thousand

38. Financial instruments (continued)

Financial Assets

The group is mainly exposed to fluctuation in the USD LIBOR, EURIBOR AND ZAR interest rate. The group measures its market risk exposure by running various sensitivity analyses including 10% favourable and adverse changes in the key variables. The sensitivity analyses include only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

As at 31 March 2011 a 10% strengthening in ZAR against the relevant currencies would have resulted in a decrease in foreign currency denominated assets of R122.5 million (2010: R152 million) and a 10% weakening in ZAR against the relevant currencies would have resulted in an increase in foreign currency denominated assets of R122.5 million (2010: R152 million).

Financial Liabilities

As at 31 March 2011 10% strengthening in ZAR against the US Dollar would have resulted in a decrease in foreign currency denominated liabilities of R15.6 million (2010: R20.7 million) and a 10% weakening in ZAR against US Dollar would have resulted in an increase in foreign currency denominated liabilities of R15.6 million (2010: R20.7 million).

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.

Exchange rates used for conversion of foreign items were:

Closing rate:	2011	2010	2009
USD	6.7837	7.32450	9.6175
Euro	9.5031	11.04319	12.7700
Average:			
USD	7.1948	7.81366	8.33012
Euro	9.6403	9.8511	12.8510

Forward foreign exchange contracts

2011

Total foreign currency Liabilities	Average forward exchange rate	Maturity date
USD		
2,186,184	6.7837	Less than 3 months

2010

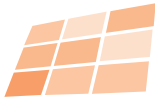
Total foreign currency Liabilities	Average forward exchange rate	Maturity date
GBP		
3,389	11.1007	Less than 3 months

2009

Total foreign currency Liabilities	Average forward exchange rate	Maturity date
USD		
884,948	9.6331	Less than 3 months
3,156,178	13.8639	3 -6 Months
GBP		
61,101	9.7256	3 -6 Months
634,193	13.7657	Less than 3 months

Total foreign currency assets

GBP	-	
1,890	13.7498	Less than 3 months



Notes to the Annual Financial Statements

Figures in Rand thousand

38. Financial instruments (continued)

	Fair value			Estimated fair value		
	2011 R'000	2010 R'000	2009 R'000	2011 R'000	2010 R'000	2009 R'000
Forward exchange contracts - assets	-	-	3,462	-	-	3,436
Forward exchange contracts - liabilities	(14,830)	(37)	(53,282)	170	-	(2,790)
	(14,830)	(37)	(49,820)	170	-	646

Credit risk

Financial assets, which potentially subject the group to concentrations of credit risk, pertain principally to trade receivables and investments in the South African money market. Trade receivables are presented net of the allowance for doubtful debts.

The exposure to credit risk with respect to trade receivables is not concentrated due to a large customer base.

The group manages counter-party exposures arising from money market and derivative financial instruments by only dealing with well-established financial institutions of a high credit rating. Losses are not expected as a result of non-performance by these counter parties.

Credit limits with financial institutions are revised and approved by the board quarterly.

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 2011 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.

Investments

The carrying amounts of short-term investments approximates fair value due to the relatively short-term maturity of these assets.

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.

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.

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.



Figures in Rand thousand

38. Financial instruments (continued)

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

Group

At 31 March 2011

Assets

	Less than 1 year	Between 1 and 5 years	Over 5 years	Non-interest bearing	Total
Cash and cash equivalents	17,531,732	-	-	-	17,531,732
Other financial assets	-	427,781	-	-	427,781
Trade and other receivables	1,832,424	-	-	-	1,832,424
Total financial assets	19,364,156	427,781	-	-	19,791,937

Liabilities

Trade and other payables	1,464,625	-	-	-	1,464,625
Other financial liabilities	58,500	204,774	-	-	263,274
Total financial liabilities	1,523,125	204,774	-	-	1,727,899

At 31 March 2010

Assets

	Less than 1 year	Between 1 and 5 years	Over 5 years	Non-interest bearing	Total
Cash and cash equivalents	15,303,085	-	-	-	15,303,085
Other financial assets	-	463,345	-	-	463,345
Trade and other receivables	3,440,019	-	-	-	3,440,019
Total financial assets	18,743,104	463,345	-	-	19,206,449

Liabilities

Trade and other payables	3,139,824	-	-	-	3,139,824
Other financial liabilities	17,991	294,075	-	-	312,066
Bank overdrafts	119,428	-	-	-	119,428
Total financial liabilities	3,277,243	294,075	-	-	3,571,318

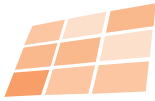
At 31 March 2009

Assets

	Less than 1 year	Between 1 and 5 years	Over 5 years	Non-interest bearing	Total
Cash and cash equivalents	16,143,359	-	-	-	16,143,359
Other financial assets	-	161,034	-	-	161,034
Trade and other receivables	2,039,297	-	-	-	2,039,297
Total financial assets	18,182,656	161,034	-	-	18,343,690

Liabilities

Trade and other payables	1,921,792	-	-	-	1,921,792
Other financial liabilities	101,009	318,275	-	-	419,284
Owing to minority shareholder	-	57	-	-	57
Total financial liabilities	2,022,801	318,332	-	-	2,341,133



Notes to the Annual Financial Statements

Figures in Rand thousand

38. Financial instruments (continued)

Company

At 31 March 2011

Assets

	Less than 1 year	Between 1 and 5 years	Over 5 years	Non-interest bearing	Total
Cash and cash equivalents	3,477,185	-	-	-	3,477,185
Other financial assets	58,500	310,806	-	-	369,306
Trade and other receivables	35,787	-	-	-	35,787
Total financial assets	3,571,472	310,806	-	-	3,882,278

Liabilities

Trade and other payables	40,183	-	-	-	40,183
Other financial liabilities	58,500	204,774	-	-	263,274
Owing to subsidiaries	-	940,867	-	-	940,867
Total financial liabilities	98,683	1,145,641	-	-	1,244,324

At 31 March 2010

Assets

	Less than 1 year	Between 1 and 5 years	Over 5 years	Non-interest bearing	Total
Cash and cash equivalents	3,497,062	-	-	-	3,497,062
Other financial assets	17,991	327,943	-	-	345,934
Trade and other receivables	41,954	-	-	-	41,954
Total financial assets	3,557,007	327,943	-	-	3,884,950

Liabilities

Trade and other payables	32,337	-	-	-	32,337
Other financial liabilities	17,991	294,075	-	-	312,066
Owing to subsidiaries	-	970,361	-	-	970,361
Total financial liabilities	50,328	1,264,436	-	-	1,314,764

At 31 March 2009

Assets

	Less than 1 year	Between 1 and 5 years	Over 5 years	Non-interest bearing	Total
Cash and cash equivalents	3,395,004	-	-	-	3,395,004
Other financial assets	101,008	27,106	-	-	128,114
Trade and other receivables	443,553	-	-	-	443,553
Total financial assets	3,939,565	27,106	-	-	3,966,671

Liabilities

Trade and other payables	40,350	-	-	-	40,350
Other financial liabilities	101,009	318,275	-	-	419,284
Owing to subsidiaries	-	879,849	-	-	879,849
Total financial liabilities	141,359	1,198,124	-	-	1,339,483

Liquidity risk

The group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash resources are available to meet cash commitments.



Figures in Rand thousand

38. Financial instruments (continued)

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 R65 million (2010 R55.8 million) respectively, based on the 2010/11 financial results.

Interest rate risk

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:

At 31 March 2011

Fixed rate

	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
Cash and cash equivalents (6.25%)	7,342,824	-	-	7,342,824

Floating Rate

Cash and cash equivalents	8,838,909	1,350,000	-	10,188,909
Trade receivables	2,185,333	-	-	2,185,333
Trade payables	(1,545,576)	-	-	(1,545,576)
Lurgi (4.24%)	-	-	86,608	86,608
PetroSA Egypt (11.%)	-	-	945,158	945,158
GTL.F1 (0%)	-	-	30,367	30,367
PetroSA Equatorial Guinea (11%)	-	-	1,206,680	1,206,680

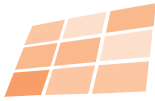
At 31 March 2010

Fixed rate

	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
Cash and cash equivalents (6.98%)	8,211,539	-	-	8,211,539

Floating Rate

Cash and cash equivalents	5,741,546	1,350,000	-	7,091,546
Bank overdraft (1.22%)	119,426	-	-	119,426
Foreign loan - USD (0.92%)	(17,991)	-	-	(17,991)
Trade receivables	3,616,457	-	-	3,616,457
Trade payables	(3,218,328)	-	-	(3,218,328)
Lurgi (3.63%)	-	-	104,371	104,371
PetroSA Egypt (12%)	-	-	990,351	990,351
PetroSA North America (2.92%)	-	-	949	949
GTL.F1 (0%)	-	-	31,031	31,031
Forest Oil Gryphon Marin loan (12%)	-	-	261,341	261,341
PetroSA Equatorial Guinea (12%)	-	-	759,980	759,980



Notes to the Annual Financial Statements

Figures in Rand thousand

38. Financial instruments (continued)

At 31 March 2009

Fixed rate

	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
Cash and cash equivalents (11.53%)	7,970,223	-	-	7,970,223

Floating Rate

Cash and cash equivalents	8,173,136	-	-	8,173,136
PetroSA Equatorial Guinea (15%)	-	-	408,666	408,666
Foreign loan - USD (2.13%)	(101,008)	(23,623)	-	(124,631)
Trade receivables	2,287,430	-	-	2,287,430
Trade payables	(1,985,519)	-	-	(1,985,519)
Forest Oil Gryphon Marin loan (0%)	-	-	189,120	189,120
Brass Exploration Unlimited loan (15.97%)	-	-	339,229	339,229
Lurgi (4.51%)	-	-	99,757	99,757
PetroSA Egypt (15%)	-	-	523,919	523,919
PetroSA North America (3.92%)	-	-	2,629	2,629
PetroSA Sudan (15%)	-	-	3,490	3,490
GTL.F1 (0)	-	-	34,171	34,171
PetroSA Europe (3.51%)	-	-	3,206	3,206

Interest rate instruments

The Group is mainly exposed to fluctuation in USD LIBOR, EURIBOR and ZAR interest rates. The Group measures its interest rate risk exposure by running various sensitivity analyses including 10% favourable and adverse changes in the key variables. The sensitivity analyses include only interest bearing monetary items and adjusts their value at the period end for a 10% change in interest rates.

Financial Assets

As at 31 March 2011 a 10% relative change in the:

- ZAR interest rate would have impacted profit and loss for the year by R90 million (2010: R89 million)
- EURIBOR interest rate would have impacted profit and loss for the year by R0.38 million (2010: R0.39 million)
- USD LIBOR interest rate would have impacted profit and loss for the year by R0 million (2010: R0.002 million)

Financial Liabilities

As at 31 March 2011 a 10% relative change in the USD LIBOR interest rate would have impacted profit and loss for the year by R0 million (2010: R0.016 million).

Liquidity risk

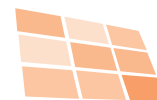
The group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate cash resources are available to meet cash commitments. The group has an overdraft facility as part of managing the liquidity risk

39. Financial assets by category

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

Group - 2011

	Loans and receivables	Fair value through profit or loss - held for trading	Total
Other financial assets	427,781	-	427,781
Trade and other receivables	1,832,424	-	1,832,424
Cash and cash equivalents	17,531,732	-	17,531,732
	19,791,937	-	19,791,937



Figures in Rand thousand

39. Financial assets by category (continued)

Group - 2010

	Loans and receivables	Held to maturity investments	Available for sale	Total
Other financial assets	135,402	300,887	27,056	463,345
Trade and other receivables	3,440,019	-	-	3,440,019
Cash and cash equivalents	15,303,085	-	-	15,303,085
	18,878,506	300,887	27,056	19,206,449

Group - 2009

	Loans and receivables	Held to maturity investments	Available-for-sale	Total
Other financial assets	133,928	4,342	22,764	161,034
Trade and other receivables	2,039,297	-	-	2,039,297
Cash and cash equivalents	16,143,359	-	-	16,143,359
	18,316,584	4,342	22,764	18,343,690

Company - 2011

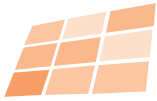
	Loans and receivables	Available for sale	Total
Other financial assets	58,500	310,806	369,306
Trade and other receivables	35,787	-	35,787
Cash and cash equivalents	3,477,185	-	3,477,185
	3,571,472	310,806	3,882,278

Company - 2010

	Loans and receivables	Fair value through profit or loss - held for trading	Held to maturity investments	Available for sale	Total
Other financial assets	17,991	-	300,887	27,056	345,934
Trade and other receivables	41,954	-	-	-	41,954
Cash and cash equivalents	3,497,062	-	-	-	3,497,062
	3,557,007	-	300,887	27,056	3,884,950

Company - 2009

	Loans and receivables	Held to maturity investments	Available-for-sale	Total
Other financial assets	101,008	4,342	22,764	128,114
Trade and other receivables	443,553	-	-	443,553
Cash and cash equivalents	3,395,004	-	-	3,395,004
	3,939,565	4,342	22,764	3,966,671



Notes to the Annual Financial Statements

Figures in Rand thousand

40. Financial liabilities by category

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

Group - 2011

	Financial liabilities at amortised cost	Fair value through profit or loss - held for trading	Fair value through profit or loss - designated	Total
Other financial liabilities	263,274	-	-	263,274
Trade and other payables	1,464,625	-	-	1,464,625
	1,727,899	-	-	1,727,899

Group - 2010

	Financial liabilities at amortised cost	Fair value through profit or loss - held for trading	Fair value through profit or loss - designated	Total
Other financial liabilities	312,066	-	-	312,066
Trade and other payables	3,139,824	-	-	3,139,824
Bank overdraft	119,428	-	-	119,428
	3,571,318	-	-	3,571,318

Group - 2009

	Financial liabilities at amortised cost	Fair value through profit or loss - held for trading	Fair value through profit or loss - designated	Total
Owing to minority shareholder	57	-	-	57
Other financial liabilities	419,284	-	-	419,284
Trade and other payables	1,921,792	-	-	1,921,792
	2,341,133	-	-	2,341,133

Company - 2011

	Financial liabilities at amortised cost	Fair value through profit or loss - held for trading	Fair value through profit or loss - designated	Total
Loans from shareholders	940,867	-	-	940,867
Other financial liabilities	263,274	-	-	263,274
Trade and other payables	40,183	-	-	40,183
	1,244,324	-	-	1,244,324

Company - 2010

	Financial liabilities at amortised cost	Fair value through profit or loss - held for trading	Fair value through profit or loss - designated	Total
Loans from shareholders	970,361	-	-	970,361
Other financial liabilities	312,066	-	-	312,066
Trade and other payables	32,337	-	-	32,337
	1,314,764	-	-	1,314,764



Figures in Rand thousand

40. Financial liabilities by category (continued)

Company - 2009

	Financial liabilities at amortised cost	Fair value through profit or loss - held for trading	Fair value through profit or loss - designated	Total
Loans from shareholders	879,849	-	-	879,849
Other financial liabilities	419,284	-	-	419,284
Trade and other payables	40,350	-	-	40,350
	1,339,483	-	-	1,339,483

41. Directors' emoluments for the company

Year ended 31 March 2011

Executive Directors

	Salary/ Fee	Bonuses and performance payments	Expenses	Total
Mr MB Damane	2,909	1,170	30	4,109

Year ended 31 March 2011

Non executive Directors: Board

	Salary/ Fee	Bonuses and performance payments	Expenses	Total
Ms B Mabuza	474	-	101	575
Dr Z Rustomjee*	132	-	14	146
Dr P Molefe*	50	-	-	50
Mr Y Tenza	241	-	24	265
Mr J Rocha**	-	-	-	-
Ms N Magubane**	-	-	-	-
Ms T Ramuedzisi**	-	-	-	-
Adv L Makatini	143	-	(6)	137
Mr T Maqubela**	-	-	-	-
Mr O Aphone**	-	-	-	-
	-	-	-	-
Total	1,040	-	133	1,173



Notes to the Annual Financial Statements

Figures in Rand thousand

41. Directors' emoluments for the company (continued)

Year ended 31 March 2011

Executive Management:

	Salary/ Fee	Bonuses and performance payments	Expenses	Total
Mr C Cooper	1,232	385	16	1,633
Ms M Joubert	1,275	562	18	1,855
Mr S Mkhize	1,270	560	24	1,854
Ms A Osman	1,683	710	24	2,417
Mr M Singh	273	-	4	277
Total	5,733	2,217	86	8,036

Year ended 31 March 2011

Board Audit and Risk committee

	Salary/ Fee	Bonuses and performance payments	Expenses	Total
Mr Y Tenza	118	-	-	118
Mr D Hlatshwayo*	-	-	-	-
Mr R Boqo	93	-	13	106
Total	211	-	13	224

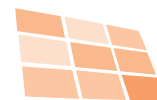
Year ended 31 March 2010

Executive Directors:

	Salary/ Fee	Bonuses and performance payments	Expenses	Total
Mr MB Damane	2,660	1,174	30	3,864

Executive Management

	Salary/ Fee	Bonuses and performance payments	Expenses	Total
Ms M Joubert	1,166	525	18	1,709
Mr C Cooper	1,000	277	16	1,293
MS A Osman	1,473	565	24	2,062
Mr M Singh	1,705	766	24	2,495
Mr S Mkhize	1,162	522	24	1,708
Total	6,506	2,655	106	9,267



Figures in Rand thousand

41. Directors' emoluments for the company (continued)

Year ended 31 March 2010

Non-Executive Directors

	Salary/ Fee	Bonuses and performance payments	Expenses	Total
Ms B Mabuza	597	-	-	597
Adv L Makatini*	113	-	-	113
Mr A Nkuhlu**	-	-	-	-
Ms P Zikalala**	-	-	-	-
Dr P Molefe	159	-	-	159
Dr Z Rustonjee	267	-	-	267
Mr J Rocha**	-	-	-	-
Ms T Ramuedzisi**	-	-	-	-
Mr Y Tenza	349	-	-	349
Total	1,485	-	-	1,485

Year ended 31 March 2010

Board Audit and Risk Committee

	Salary/ Fee	Bonuses and performance payments	Expenses	Total
Mr Y Tenza	72	-	-	72
Mr R Boqo	37	-	-	37
Mr J Molobela	17	-	-	17
Ms K Mthimunye	68	-	-	68
Total	194	-	-	194

Year ended 31 March 2009

Executive directors:

	Salary/Fee	Bonuses and performance payments	Expenses	Total
Mr M Damane	2,506	1,079	30	3,615



Notes to the Annual Financial Statements

Figures in Rand thousand

41. Directors' emoluments for the company (continued)

CEF

Year ended 31 March 2009

Executive management:	Salary/ Fee	Bonuses and performance payments	Expenses	Total
Ms M Joubert	1,077	481	18	1,576
Mr C Cooper*	707	-	11	718
Ms A Osman	1,161	419	24	1,604
Mr M Singh	1,571	688	24	2,283
Mr S Mhkize	1,074	479	24	1,577
Total	5,590	2,067	101	7,758

Year ended 31 March 2009

Non-Executive directors	Salary/ Fee	Bonuses and performance payments	Expenses	Total
Ms B Mabuza	459	-	-	459
Dr P Molefe	108	-	-	108
Dr Z Rustomjee	175	-	-	175
Mr Y Tenza	164	-	-	164
Mr N Gumede**	-	-	-	-
Mr P Zikalala**	-	-	-	-
Mr A Nkuhlu**	-	-	-	-
Total	906	-	-	906

Year ended 31 March 2009

Board audit and risk committee	Salary/ Fee	Bonuses and performance payments	Expenses	Total
Mr Y Tenza	71	-	-	71
Mr R Boqo	44	-	-	44
Mr J Molobela	49	-	-	49
Ms K Mthimunye	55	-	-	55
Total	219	-	-	219

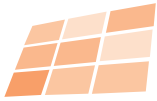
* Not for the full year.

** The directors are not remunerated in their personal capacity.

Notes to the Annual Financial Statements



	Group			Company		
	2011 R '000	2010 R '000	2009 R '000	2011 R '000	2010 R '000	2009 R '000
42. Related parties						
Subsidiaries *						Refer to note 7
Associates **						Refer to note 8
Related party transactions						
African Exploration *						
Services received/ rendered	-	-	-	1,174	1,353	597
Accounts receivable	-	-	-	383	765	337
Loan from	-	-	-	138,324	64,440	37,815
DWP **						
Loan to	(17,656)	(17,951)	(17,000)	(17,656)	(17,951)	(17,000)
Cash on call	-	-	2,772	-	-	2,772
Services received/ rendered	38	453	261	38	453	261
Accounts receivable	1,023	951	-	1,023	951	-
Interest paid	-	76	-	-	76	161
Interest received	97	64	-	97	64	-
CCE *						
Services received/ rendered	-	-	-	465	452	17
Accounts receivable	-	-	-	49	364	-
Investment and loan	-	-	-	77,061	72,099	14,183
PetroSA *						
Interest payable	-	-	-	2,314	17,991	124,632
Dividends received/ Paid	-	-	-	-	375,000	725,000
Interest payable	-	-	-	-	3,238	-
Services received	-	-	-	416	-	-
Cash on call	-	-	-	489,021	537,648	537,648
Recoveries	-	-	-	-	-	424
Services rendered	-	-	-	119	98	365
Interest received	-	-	-	89	1,122	61,926
Interest paid	-	-	-	31,219	41,446	12,417
Accounts payable	-	-	-	-	38	60
Accounts receivable	-	-	-	25	402	87
SANERI *						
Cash on call	-	-	-	29,556	21,302	29,952
Accounts receivable	-	-	-	547	630	183
Services received/ rendered	-	-	-	1,728	1,649	850
Interest received/ paid	-	-	-	1,301	1,853	2,846
Cotec Patrade (Pty) Ltd *						
Loan to	-	-	-	3,731	3,731	3,744
iGas *						
Term Loan to	-	-	-	573,889	658,664	647,520
Loan	-	-	-	58,000	-	-
Cash on call	-	-	-	123,264	102,705	36,951
Accounts receivable	-	-	-	410	1,146	694
Services received/ rendered	-	-	-	1,530	2,989	3,183
Interest received	-	-	-	22,431	25,754	37,695
Interest paid on dividends	-	-	-	6,078	3,395	1,606
OPCSA *						
Loan to	-	-	-	6,128	16,373	20,282
Accounts receivable	-	-	-	153	548	648
Services received/ rendered	-	-	-	767	965	74
Interest received/ paid	-	-	-	1,321	3,148	-
Accounts payable	-	-	-	11	33	27



Notes to the Annual Financial Statements

	Group			Company		
	2011 R '000	2010 R '000	2009 R '000	2011 R '000	2010 R '000	2009 R '000
42. Related parties (continued)						
Petroleum Agency SA *						
Funds	-	-	-	250,741	262,589	273,981
Accounts receivable	-	-	-	43	138	93
Services received/ rendered	-	-	-	207	369	668
Interest received/ paid	-	-	-	15,965	20,396	25,474
SFF *						
Services received/ rendered	-	-	-	4,408	5,382	3,884
Accounts receivable	-	-	-	762	2,363	1,726
Baniettoir Mining **						
Loan	-	-	-	23,933	23,933	23,933
Carbon Stream *						
Loan to/(from)	-	-	-	491	578	-
Services received/ rendered	-	-	-	133	149	-
Interest received/ paid	-	-	-	16	64	-
Accounts receivable	-	-	-	75	316	-
CEF Carbon *						
Loan to	-	-	-	11,963	5,864	-
Accounts receivable	-	-	-	107	946	-
Services received/ rendered	-	-	-	824	787	-
Mine Health and Safety Council						
Services received/ rendered	154	126	157	154	126	157
Accounts receivable	15	23	-	15	23	-
SASDA *						
Loan to	-	-	-	26,350	15,215	-
Accounts receivable	-	-	-	334	251	-
Services received/ rendered	-	-	-	1,235	1,109	-
Interest received/ paid	-	-	-	34	33	-
Trust funds	-	-	-	567	533	-
ETA *						
Loan to	-	-	-	20,596	15,164	11,775
Cash on call	-	-	-	47,718	45,003	-
Accounts receivable	-	-	-	114	946	-
Services received/ rendered	-	-	-	918	799	229
Interest received/ paid	-	-	-	2,715	1,408	-
Extended continental Shelf claim project						
Loan	-	5,140	9,559	-	5,140	9,559
Ener-G Systems **						
Investment in Associates	3,184	136	136	3,184	136	136
Amounts owing to	3,184	-	-	3,184	-	-
Methcap**						
Investment in Associates	-	-	-	1,475	1,475	1,475
Upstream Training Trust						
Cash on call	12,549	10,781	10,878	12,549	10,781	10,878
Accounts payable	-	-	2	-	2	78
Services received/ rendered	-	47	-	-	47	-



	Group			Company		
	2011 R '000	2010 R '000	2009 R '000	2011 R '000	2010 R '000	2009 R '000
42. Related parties (continued)						
PAMDC						
Amounts owing from	18	7	-	18	7	-
Services received/ rendered	1,000	544	-	1,000	544	-
Accounts receivable	182	725	-	182	725	-
Thin Film solar Technology**						
Investment in Associates	-	-	-	34,468	34,468	34,468
Philips Lighting Maseru**						
Investment in Associates	-	-	-	8,749	8,672	6,224
CEF Carbon UK						
Dormant	-	-	-	-	-	-

The above transactions were carried out on commercial terms and conditions.

Key management personnel refer to note 41.

43. Prior period errors

PetroSA

Slate and pipe levies received were incorrectly expensed instead of clearing against the debtor. PAYE was due to South African Revenue Service as a result of the incorrect treatment of study loan reimbursements.

CEF and Subsidiaries

The adjustments in CEF relates to reallocation of some accounts.

African Exploration

An adjustment was made in the previous financial year restating trade and other payables, exploration and evaluation, trade and other receivables and consulting fees.

SFF

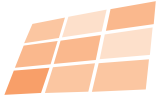
The take on balances for consumable stores were not accounted for during the transition in the previous financial year as well as the performance bonuses were not account for in 2009.

SASDA

SASDA suspended the company VAT account as the company did not produce vatable income. An appeal was raised and was granted which resulted in operating cost for 2010 to be restated.

SANERI

The prior period comparative figures were restated due to receipts of foreign debtors invoices per the previous financial year as well as for the inclusion of the bonus provision. VAT was also accounted for accordingly as SANERI was required to register for VAT. Retention provision for bursaries for the 2009 and 2010 financial year was reversed due to students not meeting the bursary criteria.



Notes to the Annual Financial Statements

	Group			Company		
	2011 R '000	2010 R '000	2009 R '000	2011 R '000	2010 R '000	2009 R '000
43. Prior period errors (continued)						
The correction of the errors results in adjustments as follows:						
Statement of Financial Position						
Property, plant and equipment	-	2,756	-	-	-	-
Investment in associates	-	5,212	136	-	5,075	(136)
Trade receivables	-	563	-	-	-	-
Assets pending determination	-	(43)	4,939	-	(5,076)	4,939
Other investments	-	(5,075)	(5,075)	-	-	(5,075)
Member contribution	-	5,500	-	-	-	-
Non-current Provisions	-	7,500	7,500	-	-	-
Current portion of interest bearing borrowing	-	(385)	-	-	-	-
Inventories	-	3,002	-	-	-	-
Trade payables	-	9,222	(17)	-	(1)	-
Opening balance	-	7,780	17	-	-	-
Interest bearing borrowings	-	(5,500)	-	-	-	-
Deferred income	-	(12,084)	(16,472)	-	-	-
Third party funds	-	12,471	16,472	-	-	-
Taxation	-	(10,588)	-	-	-	-
Current Provisions	-	(7,500)	(7,500)	-	-	-
Statement of Comprehensive Income						
Other income	-	461	-	-	-	-
Operating cost	-	7,302	17	-	-	-

44. Fruitless and wasteful expenditure

CEF 2011

The interest paid to Nedbank of R13k was a as result of a system problem and funds could not be transferred timeously. The funds were transferred telephonically to Absa to minimise the loss.

Management has taken steps to recover traffic fines of R1k on vehicles rented from staff.

Due to staff being absent and documents were submitted late by HR penalties were incurred of R5k to the South African Revenue Service.

PAMDC charged a penalty of R3k for late submission of services. Staff performance rating was accordingly adjusted to reflect poor performance.

CEF 2010

CEF has incurred interest of R117k to South African Revenue Service R1k for late payment to supplier, traffic fines of R1k; a penalty for late submission of OPC Management report of R1k and foreign currency payment by a customer was incorrectly made to Petroleum Agency instead to PetroSA. The exchange rate difference resulted a loss of R100k.

Controls have been put in place to prevent a recurrence of the above losses and staff have been penalised in their performance ratings which reduces the performance bonus paid to staff.

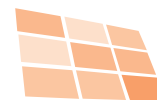
SFF 2011

The South African Revenue Service has assessed SFF for the 2006 financial year for a tax liability of R23.4 million. The assessment is being disputed and the matter has been escalated to the South African Revenue Service head office. In the interim penalties and interest have been levied on this account.

The interest paid of R51k to Nedbank was a as result of a system problem and funds could not be transferred timeously. The funds were transferred telephonically to Absa to minimise the loss, and interest was earned which amounted to R32k.

SFF 2010

SFF incurred R10.5 million interest as a result of South African Revenue Service assessing SFF for tax in the 2006 financial year. SFF is a section 21 company and an agent of the state and therefore an objection will be lodged with South African Revenue Service in the current year disputing the tax, penalty and interest. SFF has incurred R7k in interest as a result of a late payment to Eskom. This occurred as a result of the management of the operators being brought inhouse and the address was not updated to reflect SFF office.



SFF 2009

SFF has incurred R9 million in 2009 interest as a result of late payments to Transnet National Ports Authority. Due to late payments, SFF earned interest on the cash held of R9.3 million, which result in a net gain of R0.3 million.

SFF has incurred a R1.2 million penalty for the early termination of the EWMS contract. EWMS charged a further R760k for interest on the overdue account. The company has taken steps to recover the money from the entity that has been managing the operations of SFF, further the contract has not been renewed.

PetroSA 2011

PetroSA has incurred the following fruitless and wasteful expenses:

Interest of R203k as a result of late payments to suppliers and penalties and interest to the Tax Authorities of R20,7 million, an overpayment of a vendor resulted in a loss of R22k, cancellation fee of R1k, R114k penalties and interest on late payment of cargo dues, R96k interest on late payment of invoices, R228k damage on outboard motors, R25k unauthorised event, R77k penalties and interest on CCMA award, R31k on irrecoverable study assistance, R122k interest on late payment of investment, R67k on penalties on outstanding cost recovery reports, R114k for additional registration fees and R4k for additional travel costs.

PetroSA 2010

During this financial year an expense for standing transport vehicles of R9k was paid to a customer. An amount of R2k was paid for a second airline ticket due to the flight being missed after check-in. R1k was paid to the US Tax Authorities for penalties on late submission of the 2009 tax return and 2010 property tax return. Penalties of R279k were incurred and paid to the Equatorial Guinea Tax Authorities for the late submission for tax returns. A late customs clearance of a vessel resulted in a penalty of R20k. Interest of R26k was incurred for the late payment of invoices. An amount of R13 million was paid to South African Revenue Service in respect of interest on Value Added Tax. PetroSA earned interest on cash held of the same value of R10 million which resulted in a net loss of R2 million.

A senior manager entered into a contract for a hospitality suite at a prominent sporting event. She was not authorised to enter into such contract, therefore the cost is considered irregular expenditure. The value of the contract was R309k and the contract was subsequently ratified by management. Disciplinary hearing in progress.

PetroSA 2009

During 2008/9 a loss of R4k was experienced in the petty cash office due to theft, and R194k was paid to the South African Receiver of Revenue for penalties and interest incurred. PetroSA also incurred a penalty for late payment of cargo due for the amount of R1k and interest for late payment of invoices of R904k. A further R2.6 million was incurred for penalties and interest relating to cargo dues in terms of the provisions of the Service Level Agreement between SFF and PetroSA. A contract that was budgeted for was signed by an employee outside of his authorised limit of authority, and such was in contravention of company policy therefore irregular. The value of the contract was R600k and the contract was subsequently ratified by management.

CCE

CCE has incurred interest of R633k (2010: R1.9 million) as a result of late payments to contractor. The interest arose as a result of financial constraints experienced expensed by the company.

ETA 2010

ETA has incurred interest of R12k for late payment on PAYE submission for the 2010 financial year. This was incurred prior to CEF becoming a shareholder within the entity. This amount was condoned by the Board of Directors in the current financial year.

SASDA 2010

SASDA has incurred R465k interest for late submission of the tax return to South African Revenue Service. SASDA applied as a Section 21 entity for exemption from taxation however this was not allowed by South African Revenue Service. The delay in South African Revenue Service finalising the status of Sasda as a tax paying entity resulted in the tax returns being submitted late as Sasda expected a positive outcome. This amount was condoned by the Board of Directors in the current financial year.

SANERI 2011

SANERI has incurred interest on late payment of invoice amounting to R10k to South African Revenue Service and the Auditor General. The interest to South African Revenue Service arose as a result of provisional tax being required to be submitted electronically and there was a challenge in contacting a South African Revenue Service official to correct the estimate calculated by South African Revenue Service before payment could be made.



Notes to the Annual Financial Statements

	Group			Company		
	2011 R '000	2010 R '000	2009 R '000	2011 R '000	2010 R '000	2009 R '000

SANERI 2010

SANERI has incurred interest on late payment to South African Revenue Service of R22k. This arose as a result of the company making a profit driven by the interest earned which was not envisaged when provisional tax returns was submitted.

Carbon Stream Africa 2011

Carbon Stream has incurred interest and penalties as a result of late payments to South African Revenue Service relating to VAT. The situation arose as a result of the company revenue in 2010 exceeding R1 million and the company is obliged to register for VAT in terms of the VAT Act.

Reconciliation of fruitless and wasteful expenditure

Opening balance	14,988	6,463	-	229	-	-
Fruitless and wasteful expenditure – relating to prior year	3,396	-	15,763	-	-	-
Fruitless and wasteful expenditure – relating to current year	21,642	28,557	-	18	229	247
Less: Interest earned on non-payment of current year	(98)	-	-	-	-	-
Less: Amounts transferred to receivables for recovery	(12,911)	(1,960)	(9,300)	-	-	-
Less: Amounts condoned by the board	(23,195)	(18,072)	-	(229)	-	(247)
Fruitless and wasteful expenditure awaiting condonation	3,822	14,988	6,463	18	229	-

Analysis of awaiting condonation per economic classification

Current	3,822	14,988	6,463	18	-	-
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Irregular expenditure

Contravention of company policy	13,618	309	973	-	-	373
Contravention of legislation	3,604	-	-	-	-	-
	17,222	309	973	-	-	373

Petroleum Agency (Proprietary) Limited

The company incurred expenditure of R16k on a payment to a supplier who was appointed without the company following the procurement procedure.

Two payments totaling R68k were paid into a fraudulent bank account, R50k was recovered. Both matters were investigated by the company and corrective measures and sanctions are being implemented.

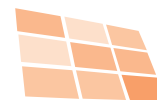
SFF

A consultant and former employee of the Department of Energy was appointed by SFF Association to review the National Government continuity plan for strategic stocks. However, according to the Public Finance Management Act, 1 of 1999 (PFMA) this action was not in the mandate of the public entity.

PetroSA

The Country Manager in PetroSA Equatorial Guinea incurred valid expenditure outside of his levels of authority, to the value of R12,4 million. This expenditure has subsequently been condoned.

PetroSA is investigating irregularities in its Corporate Social Investment programme. Appropriate disciplinary action has been taken, and governance processes are being tightened to prevent recurrence, as well as to maximise the benefits from such investments.



	Group			Company		
	2011 R '000	2010 R '000	2009 R '000	2011 R '000	2010 R '000	2009 R '000

45. Changes 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 2009, to ensure that the fixed assets were fairly valued at year end the effect of this has increased R142k.

SFF Association

The directors of the company evaluated the estimated useful life of the fixed assets as at 31 March 2010 to ensure that the fixed assets were fairly valued at year end. The total change in estimate amounted to R5,1 million.

46. Impairments of loans and going concern

South African Agency for Promotion of Petroleum Exploration and Exploitation

The implementation of the provisions in the Royalty Act which came into effect on 1 March 2010 has resulted in the main income stream of Petroleum Agency SA being terminated with effect from this date. The MPRDA makes provision for the Designated Agency to be funded through a Parliamentary allocation. In anticipation of this, the company submitted a request for funding with effect from 1 March 2010 through the MTEF process. However, no budgetary allocation was made in favour of Petroleum Agency SA.

Although no formal response from the National Treasury was received in this regard, it became evident in discussions with the Chief Financial Officer's office at the DMR that the reason for this was that the MPRDA provision was inadequate for National Treasury's requirements. In order for funding from the National Budget allocation, Petroleum Agency SA needs proper statutory establishment. In order to facilitate this process of statutory establishment, the DMR has been provided with a Business Case for the funding of the company, and a draft proposal for the statutory establishment of Petroleum Agency SA.

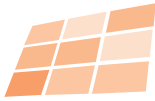
A letter has been sent to the Minister requesting her support and facilitation of this process. A notification that Petroleum Agency SA will utilise existing cash reserves to fund operations for the 2010/11 financial year has been made to both the Ministers of Mineral Resources and National Treasury respectively.

PetroSA

During the year, a decision was taken to write off PetroSA's loan to PetroSA Gryphon Marin due to recoverability. PetroSA has impaired its loans to PetroSA Egypt of R945 million (2010: R 990 million and 2010: PetroSA Gryphon Marin for the value of R261 million, 2009: PetroSA Sudan for the value of R253 million and PetroSA Gryphon Marine for R1.6 million), due to their recoverability being doubtful.

CCE Solutions (Proprietary) Limited

The directors believe that the company will not continue as a going concern in the year ahead. The annual financial statements have been prepared on the liquidation basis, a material losses to the amount of R77 million were incurred as a result of a write-off of investments in subsidiaries due to revised financial outlook on these investments.



Notes to the Annual Financial Statements

Figures in Rand thousand

47. 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:

2011 R'000	Percentage Holding / Tracts					
	55% E-AA	55% E-AG	55% E-W	55% E-CB	55% E-CN	55% SCG Explore
Production facilities	-	-	-	-	-	-
Current assets	188	73	499	583	810	238
Total Assets	188	73	499	583	810	238
Current liabilities	156	27	200	381	270	214
Retained income	(1,147)	(807)	(2,052)	(28,668)	(2,233)	(53,256)
Company contribution to venture	1,179	853	2,351	28,870	2,773	53,280
Total liabilities	188	73	499	583	810	238
Revenue	8	2	13	11	7	4
Expenses	(308)	(92)	(752)	(820)	(620)	(468)
Net profit / (loss)	(300)	(90)	(739)	(809)	(613)	(464)

Partners: Pioneer 45% Pioneer 45% Pioneer 45% Pioneer 45% Pioneer 45% Pioneer 45%
Nature of project Exploration Exploration Exploration Exploration Exploration Exploration

2011 R'000	Percentage Holding / Tracts					
	55% E-CC	55% SCG Capex	55% E-P	60% Sable	24% Block 2A	24% Block 2C
Production facilities	-	-	-	-	-	-
Current assets	90	998	-	45,935	54,793	-
Total Assets	90	998	-	45,935	54,793	-
Current liabilities	39	-	-	-	-	-
Retained income	(125,916)	(2,039,455)	(39,965)	(1,441,585)	(184,503)	(10,091)
Company contribution to venture	125,967	2,040,453	39,965	1,487,520	239,296	10,091
Total liabilities	90	998	-	45,935	54,793	-
Revenue	6	7,032	-	145	-	-
Expenses	(106)	-	(176)	(5,273)	(5,716)	(710)
Net profit / (loss)	(100)	7,032	(176)	(5,128)	(5,716)	(710)

Partners: Pioneer 45% Pioneer 45% Pioneer 45% Pioneer 40% Anschutz Anschutz
22.80% 22.80%
Forest Forest
53.20% 53.20%
Nature of project Exploration Exploration Exploration Exploration Exploration Exploration

2011 R'000	Percentage Holding / Tracts					
	55% F-Q	30% Block 3A/4A	55% E-DC	10% NAMIBIA SOUTH	10% NAMIBIA NORTH	10% NAMIBIA 1711
Production facilities	-	-	-	-	-	-
Retained income	(3,486)	(3,675)	(44,502)	(18,699)	(1,983)	(112,209)
Company contribution to venture	3,486	3,675	44,502	18,699	1,983	112,209
Total liabilities	-	-	-	-	-	-
Expenses	(2,102)	(1,536)	(176)	-	-	-

Notes to the Annual Financial Statements



Figures in Rand thousand

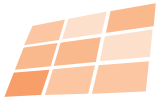
47. Interest in joint operating agreements (continued)

Partners:	Pioneer 45%	BHP Biliton 60%	Pioneer 45%	BHP Biliton 75%	BHP Biliton 75%	Nakor 70%
		Sasol 10%		Mitsui 15%	Mitsui 15%	Energulf 10%
						Namcor 7%
						Kunene Energy 3%
Nature of project	Exploration	Exploration	Exploration	Exploration	Exploration	Exploration
Retained income						(183,926)
Company contribution to venture						183,926
Total liabilities						-

Partners:						Petronas 42.50%
						ENH 15%
						Petrobras 17%
Nature of project						Exploration

2010 R'000	Percentage Holding / Tracts					
	55% E-AA	55% E-AG	55% E-W	55% E-CB	55% E-CN	55% E-DC Explore
Current assets	202	46	268	335	143	18
Current liabilities	5	2	185	211	9	-
Retained income	(914)	(774)	(1,418)	(30,079)	(1,749)	(57,000)
Company contribution to venture	1,111	818	1,501	30,203	1,883	57,018
Total liabilities	202	46	268	335	143	18
Revenue	9	3	22	28	7	35
Expenses	(189)	(79)	(1,377)	(1,748)	(326)	-
Net profit / (loss)	(180)	(76)	(1,355)	(1,720)	(319)	35

Partners:	Pioneer 45%	Pioneer 45%	Pioneer 45%	Pioneer 45%	Pioneer 45%	Pioneer 45%
Nature of project	Exploration	Exploration	Exploration	Exploration	Exploration	Exploration



Notes to the Annual Financial Statements

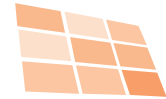
Figures in Rand thousand

47. Interest in joint operating agreements (continued)

2010 R'000	Percentage Holding / Tracts					
	55% E-CC	55% SCG Capex	55% E-P	60% Sable	24% Block 2A	24% Block 2C
Current assets	166	998	-	72,703	54,793	-
Current liabilities	3	-	-	16,700	-	-
Retained income	(135,846)	(2,039,455)	(39,789)	(1,544,678)	(178,787)	(9,381)
Company contribution to venture	136,009	2,040,453	39,789	1,600,681	233,580	9,381
Total liabilities	166	998	-	72,703	54,793	-
Revenue	35	7,032	-	-	-	-
Expenses	(28)	-	(3,256)	8,006	(5,789)	(504)
Net profit / (loss)	7	7,032	(3,256)	8,006	(5,789)	(504)
Partners:	Pioneer 45%	Pioneer 45%	Pioneer 45%	Pioneer 40%	Anschutz 22.8% Forest 53.2%	Anschutz 22.8% Forest 53.2%
Nature of project	Exploration	Exploration	Exploration	Production	Exploration	Exploration

2010 R'000	Percentage Holding / Tracts					
	55% F-Q	30% Block 3A/4A	55% E-DC	10% Namibia South	10% Namibia North	10% Namibia 1711
Production facilities	-	-	-	-	-	-
Retained income	(1,384)	(2,139)	(44,326)	(18,699)	(1,983)	(122,209)
Company contribution to venture	1,384	2,139	44,326	18,699	1,983	122,209
Total liabilities	-	-	-	-	-	-
Expenses	(203)	(211)	(143)	(263)	(188)	(2,490)
Net profit / (loss)	(203)	(211)	(143)	(263)	(188)	(2,490)
Partners:	Pioneer 45%	BHP Biliton 60% Sasol 10%	Pioneer 45%	BHP Biliton 75% Mitsui 15%	BHP Biliton 75% Mitsui 15%	Nakor 70% Energulf 10% Namcor 7% Kunene Energy 3%
Nature of project	Exploration	Exploration	Exploration	Exploration	Exploration	Exploration

2010 R'000	22.50% Zambezi Block
Production facilities	1
Retained income	(183,926)
Company contribution to venture	183,926
Total liabilities	-
Expenses	(11,844)
Net profit / (loss)	(11,844)



Figures in Rand thousand

47. Interest in joint operating agreements (continued)

Partners:	Petronas 42.5% ENH 15% Petrobras 17% Exploration
Nature of project	

Joint venture with Statoil ASA

The company has entered into a 37.5% joint venture with Statoil ASA, the Norwegian State Oil company, and Lurgi to develop GTL-Fisher Tropsch technology and to explore and develop GTL opportunities in Iran and elsewhere. The PetroSA share of assets amounts to R360 million (2010: R325, 2009: R321 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.



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Fields in Production and Under Development





Fields in Production and Under Development

	Group		Company	
1. Movement in net remaining proved and probable reserves				
	Crude oil/ Condensate MMbbl 2011	Gas Bscf 2011	Crude oil/ Condensate MMbbl 2010	Gas Bscf 2010
At beginning of year	3.60	57.80	6.50	106.10
Revisions of previous estimates	-	-	0.60	(14.00)
Production	(2.60)	(45.00)	(3.50)	(34.30)
Additions	7.40	536.10	-	-
At end of year	8.40	548.90	3.60	57.80
2. Proved and probable reserve by type of field				
Fields in production	8.40	298.90	3.60	57.80
Fields under development	-	249.90	-	-
	8.40	548.80	3.60	57.80
3. Reserves by category				
Proved	5.22	399.90	1.60	34.10
Proved and probable	8.40	548.80	3.60	57.80
Total proved and probable reserves at end of year	8.40	548.80	3.60	57.80

Notes

Oil

Fields in production and under development comprise the Oribi (100%) and Oryx (100%) oil fields.

Gas

Fields in production and under development comprise the SCG (55%), F-A and F-A Satellite and E-M and E-M Satellite gasfields respectively.

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

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

Oil and gas reserves cannot be measured exactly since the estimation of reserves involves subjective judgement 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

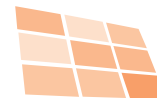
Proved reserves

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, to a high degree of certainty. 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.



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World Cup Ticket Expenditure





World Cup Ticket Expenditure

	Group				Company		
	2011	2010	2009	Quantity	2011	2010	2009
	R'000	R'000	R'000		R'000	R'000	R'000
World Cup Expenditure							
Tickets acquired	569	14 095	0	16	0	143	0
Distribution of tickets							
Clients/Stakeholders	125	4 696	-	14	125	0	-
Accounting Authority	-	-	-	-	-	-	-
Executive	-	359	-	-	-	-	-
Non-executive	-	587	-	-	-	-	-
Accounting Officer	-	-	-	-	-	-	-
Senior Management	-	884	-	-	-	-	-
Other employees	18	5 899	-	2	18	0	-
Family members of officials	-	-	-	-	-	-	-
Other government entities	-	1 474	-	-	-	-	-
Audit Committee members	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Media	-	54	-	-	-	-	-
Eastern Cape Community	25	-	-	-	-	-	-
Additional Tickets for staff	104	-	-	-	-	-	-
Additional Tickets for NV Upstream	441	-	-	-	-	-	-
32 free tickets for Loftus swop out	0	-	-	-	-	-	-
Total	569	14 952	0	16	143	143	0



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Definition of Financial Terms



Est. 1912



PetroSA

TRAFALGAR HIGH SCHOOL

LAUNCH OF THE

COMPUTER &

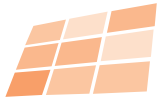
INFORMATION

TECHNOLOGY CENTRE

altius
TECHNOLOGY SOLUTIONS



F&I
Bardien & Higgins



Definition of Financial Terms

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 uncollectibility.

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

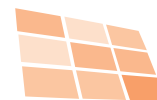
A hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with an asset, or a liability that could affect profit or loss or a highly probable forecast transaction that could affect profit or loss.

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 Statement of Financial Position.

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

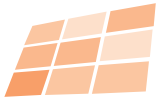
All forms of consideration (excluding share options granted to employees) given in exchange for services rendered by employees.

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.



Definition of Financial Terms

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 arm's 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

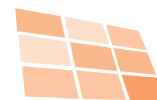
The assumption that the entity will continue in operation for the foreseeable future.

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

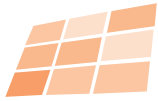
Those persons having authority and responsibility for planning, directing and controlling the activities of the entity. In terms of this definition, the members of the board of directors of CEF (Proprietary) Limited qualify as key management personnel of the group. In individual companies, the board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



Definition of Financial Terms

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

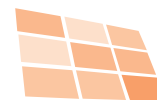
An omission from or misstatement in the annual financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that was available when annual financial statements for those periods were authorised for issue and could reasonably be expected to have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



CEG Group of Companies



African Exploration Mining and Finance Corporation (Pty) Ltd



Carbon Stream Africa (Pty) Ltd



CCE Solutions (Pty) Ltd



CEF Carbon (Pty) Ltd



ETA Energy (Pty) Ltd



CEF (Pty) Ltd



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



South African Supplier Development Agency



SFF Association (Association incorporated under Section 21)



South African Agency for Promotion of Petroleum Exploration (Pty) Ltd (Petroleum Agency SA)



South African Gas Development Company (Pty) Ltd (iGas)



South African National Energy Research Institute (SANERI)



The Petroleum Oil and Gas Corporation of South Africa (Pty) Ltd (PETROSA)

Dormant companies not listed

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