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SA FRENCH

Contents

Company Profile

South African based SA French Limited is the leading distributor of tower cranes and lifting solutions in sub-equatorial Africa.

Founded 26 years ago with the exclusive South African distributorship for Potain, the world's largest tower crane manufacturer, SA French Limited has grown from strength to strength and today offers a range of lifting solutions from tower cranes to telescopic handlers to material and passenger hoists.

Today SA French Limited holds the sole distribution rights in Southern Africa for Potain TOP-slewing and self-erecting tower cranes, Merlo telescopic handlers and self loading concrete mixers, and Torgar material handling and passenger hoists.

This broad range of lifting and materials handling solutions are available either as sale or rental options. All of the products are backed by high levels of service support including a comprehensive parts inventory, competent and skilled technicians and an in-house engineering capability.

Company history

SA French Limited secured the exclusive distributorship for Potain tower cranes in 1982 and opened its doors as a company dedicated to the sale of lifting solutions in Southern Africa. Potain was, and still is, the world's leading tower crane manufacturer.

The company's first site located in Wilbart, Johannesburg housed both its sales and service facilities in a 50 m² warehouse. Today SA French Limited operates from our main facility of 5000 m² in Spartan, a storage facility of 8000 m² in Modderfontein, and branches in Wesatmead, Durban and Montague Gardens, Cape Town.

Between 1986 and 1998, the company diversified its product range to include a wider selection of lifting and moving solutions. Distributorship agreement were concluded with leading European manufacturers such as Merlo, Ausa and Torgar and the wider product range includes telescopic handlers, platforms, hoists, mixers and dumpers. The market offering positioned the company well to service the Southern African construction sector during the urban regeneration in the late 1980s.

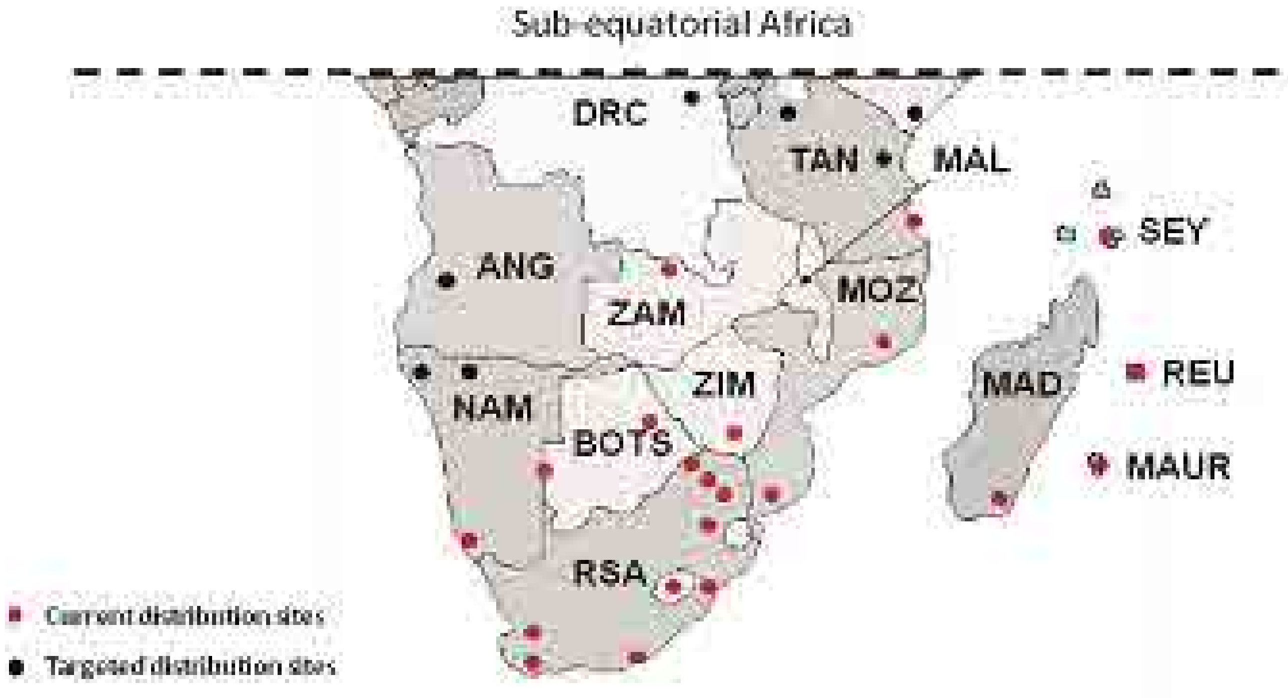
Tower cranes make up the majority of SA French Limited's business with market demand consistently outstripping availability.

Vision and Mission

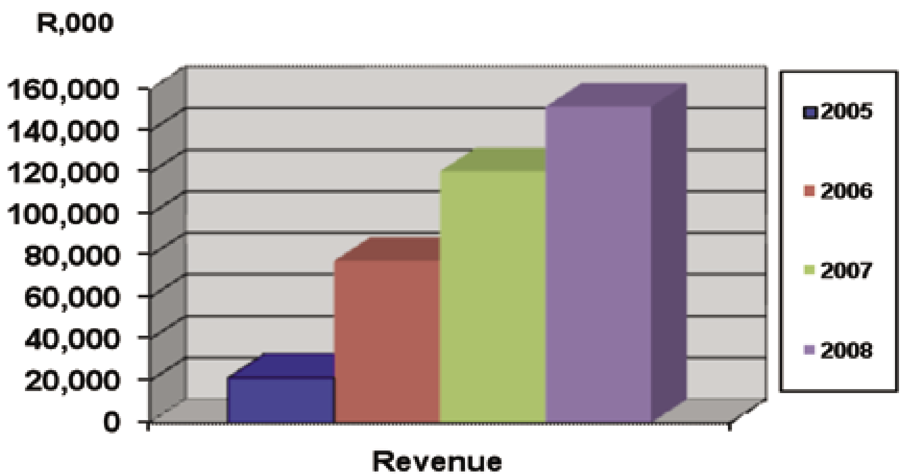
SA French Limited will build on its existing customer base and expand further into sub-equatorial Africa with the same values that have seen it prosper over the last 26 years.

SA French Limited is determined to conduct its business in an ethical and empowered way in order to achieve its goal of being the first and preferred point of contact for any sub-equatorial African construction project requiring a lifting solution.

Geographical footprint



Revenue growth



Company directorate

EXECUTIVE DIRECTORS

Q C A van Breda – Executive Chairman

Prof Eng Technician, CPFA

Quentin began his career as a trainee draftsman in 1970, progressing to design draftsman and section leader by 1974. He joined Potain SA, a wholly-owned subsidiary of Potain France, in 1975 as a draftsman/production controller. The Potain agency was given to Triplejay Equipment later that year when the French owned parent company disinvested from South Africa. Quentin remained with Triplejay as a production engineer for four years thereafter.

In 1980, Quentin was promoted to Triplejay's head office where he was employed as the product manager for the Potain agency until 1982.

In 1982, Quentin established SA French Limited, taking over the sole distribution for Potain in South Africa. In 2002, he furthered his professional engineering qualifications and in 2004 completed a certificate programme in finance and administration at Wits Business School.

W van Breda – Operations Director

LLB, LLM

Warwick completed his legal qualifications at the University of Stellenbosch in 2004, going on to work within the profession for three years in, amongst others, the corporate finance department of Clifford Chance in London (UK). He joined SA French Limited as its general manager and legal adviser in February 2007, having worked part-time at the company during educational vacations for over ten years. Warwick has recently taken on the position of operations director at SA French Limited.

J C Prinsloo – Financial Director

Hons B Compt, CTA

Hans has worked in financial management for 30 years. His previous experience includes working as CEO for Natural Stone Processors (Proprietary) Limited, group financial controller for Destag SA (Proprietary) Limited and an audit manager for Louw, Futter and Partners. He currently takes full responsibility for the management of all financial and accounting functions at SA French Limited including the preparation of financial statements, management accounts and budgets for the company.

J D Xaba – Director

LMI (ECSA)

Jabulani was appointed to the board on 1 October 2007 by The SAF Economic Empowerment Trust. He is a qualified Lifting Machinery Inspector accredited by the Engineering Council of South Africa (LMI (ECSA)). He was a rigger at SA French Limited between 1990 and 1999, during which time he worked on amongst others the Lesotho Highlands Water Project, Majuba power station and the Michaelangelo Towers. In 2003, he became a crew leader at SA French Limited following a brief period of employment as a senior rigger elsewhere. He became an employee representative to the SA French Limited empowerment initiative in 2006 and was appointed as a trustee of The SAF Economic Empowerment Trust in 2006. Jabulani is a highly regarded rigger within the tower crane industry.

Company directorate

W M Mashaba (formerly W M Matlala) – Director

Mmetja was appointed to the board on 1 October 2007 by The SAF Economic Empowerment Trust. She joined SA French Limited in 2004 and currently holds the position of rental administration co-ordinator. She became an employee representative to the SA French Limited empowerment initiative in 2006, and was appointed as a trustee of The SAF Economic Empowerment Trust in 2006. Mmetja is the operational liaison between the SA French Limited tower crane operators and management. She is trained on the Pastel accounting system and VIP Payroll and is responsible for wages and billing of rentals.

NON-EXECUTIVE DIRECTORS

J M Poluta – Non-executive
CA (SA)

John was appointed to the board as a non-executive director on 1 October 2007. He qualified as a Chartered Accountant after completing his articles at Deloitte & Touche. He then worked as an investment analyst for six years at Barnard Jacobs Mellet and JP Morgan. John co-founded Mowana Investments in 2004.

L B Mophatlane – Non-executive
BCom

Ben was appointed to the board as a non-executive director on 1 October 2007. He is currently the CEO of Business Connexion Group Limited. He is a non-executive director of Mowana Investments. In 2002 he was awarded the IT Personality of the Year, and in 2004 he was recognised as one of four outstanding young South Africans. He is a member of the Young Presidents Organisation.

Chairman and chief executive officer's report

INTRODUCTION

The past financial year, ending June 2008, has been one of the most exciting and challenging in the Companies 26 years of existence. It can be divided into two very different halves, which I will deal with in more detail below. Although, as will be discussed, there have been various factors that have impacted on the financial performance of the Company in the last year we have a robust business model as well as unique -skills that are required by the industries that we deal with.

THE SIX MONTHS TO DECEMBER 2007

The first months saw the continued growth and optimism in the economy and construction industry as had been experienced for the past three reporting periods. In this environment the prospects of a major infrastructure spend as well as continued growth in the retail and commercial sectors informed the decision to move the Company into a position in which it could compete nationally as well as move north into the continent in order to secure a greater market share as well as have ready access to capital. There were a number of avenues to consider buy in conjunction with the conclusion of a BEE deal with Mowana investments and upon some advice and guidance from this team the Company decided to approach the JSE Limited and secure permission to list on the Alternative Exchange. Our listing on AltX on 7 November 2007 was a tremendous success and all of those involved must, once again, be thanked for their efforts.

From a business point of view a number of projects due to start in January 2008 were awarded to the Company as well as the successful award of a tender for the supply of a tower crane to the Department of Water Affairs and Forestry. In order to break into new territory a fleet of hydraulic self erecting cranes made their introduction, albeit tentatively, into the rental market. Similarly our long term strategy of placing newer cranes into a fleet for rental was initiated and the response from the market was positive.

SIX MONTHS TO JUNE 2008

The second half of this reporting period played out in a way that I am sure no one in the industry expected. The most critical aspect of the rolling black outs and subsequent response from the national energy provider was that all large projects scheduled to begin in January had to be postponed. The subsequent sub-prime issues in the USA and EU and spiraling oil prices drove interest rates up, with the result that some of the projects that had been postponed due to the energy crises were cancelled due to the interest rate and rapidly escalating costs.

The expected award of key contracts for the development of the energy and road infrastructure was further delayed by this "perfect storm". In response to this the Company embarked on a fundamental shift in business model. Having commenced with a strategy to have a fleet of cranes available for rental in 2007 the decision was taken to increase it in order to meet the growing demand for rental. Due to the uncertain economic conditions many of the larger contractors chose not to go through with purchases of capital equipment, instead opting for rental. This trend was mirrored by the small to medium contractors and most positively by uninitiated tower crane users that found the range of hydraulic cranes offered by the Company on rental a cost effective option, and in many cases led to a sale.

CHALLENGES FOR THE PERIOD

As detailed in the report on the second half of this period there have been a number of unexpected hurdles in 2008.

- Critically to any business relying on imported equipment the rand has lacked stability, and the consequent foreign exchange scenarios have made remaining competitive in the South African market a more difficult task. In this regard our suppliers Potain, Merlo and Saltec have been both understanding and accommodating in assisting us with flexible terms of payment and projected deliveries in order to assist us with our planning.

Chairman and chief executive officer's report

- As part of our expansion strategy we have established branches in Cape Town and Durban. While these initial costs are in most cases once off and developing infrastructure is costly, it was absolutely necessary to establish the Company as a national force. These expenses were for the most part budgeted for and although when looked at in isolation they may seem high, we expect the investment to pay dividends in both the short and long term.
- The emphasis we place on customer satisfaction and long term relationships with those who we supply was considered, and in some instances it was necessary to accept the cancellation of orders that had been confirmed due to the prevailing sentiments at the beginning of the 2008 calendar year. We now see that in most cases these orders have been revisited by the original clients in the latter half of this calendar year.
- The Company can now boast the biggest and most comprehensive rental fleet in Africa. The benefits and annuity income generated by a fleet of tower cranes that following our policy are paid off within a maximum of 60 months, with an average lifespan of 20 years are undeniable. However it is a capital intensive exercise and has required a substantial investment. It is undoubtedly the correct route to have followed and as an emerging business it will certainly generate cash going forward.
- The delay in the award of the contracts for the coal fired power stations, nuclear development as well as general infrastructure has resulted in the overlap that we had expected between the slowdown in the residential and commercial construction and the pickup in civil construction being-delayed by between six to eight months. It is expected that with the large civil projects coming online toward the end of 2008 that the next calendar year will start on a more positive note than the last.
- The ongoing debates with regard to the safety standards that are relevant to the lifting industry have caused a major concern to those that have followed them. Legislation and statutory bodies exist in South Africa and are fully capable of cleaning up the industry where safety and working standards are concerned. It is a great pity that in the shadow of eleven crane accidents in the United States that the relevant authorities do not police our industry, making it easier for unscrupulous operators to sell 30 year old equipment and play with the safety of those on site by allowing non certified lifting equipment to operate and uncertified individuals to sign off on them. The company has spent a significant amount of time and money on training and ensuring that its staff poses the appropriate accreditation. It is therefore a constant source of aggravation to see lifting apparatus operated and certified by individuals without any legal standing to do so.

PROSPECTS

The expected award of contracts that had been both delayed as well as shelved in the last period are a source of optimism in the next calendar year. The Company has secured a contract to supply what will be the largest crane in Africa to one of the successful bidders at the Medupi Power Station. We wait in anticipation for the award of the key contracts for the Kusile power station and are confident that going forward these two projects will provide new opportunities in both rental and sale of tower cranes and hoists.

In terms of our branches in Durban and Cape Town, we have placed the Company in a position in which it can offer a seamless service to our national clients, while offering local clients the opportunity to make use of our substantial rental fleet of have an appropriate lifting solution provided on demand, be it a hoist, tower crane or telescopic handler.

It is impossible to accurately measure the effect of the economic and political uncertainty that has come to light in recent months. While investment banks and the economies of both the United States and Europe seem to be reeling from the knock on effects of the sub-prime crisis our own country is entering into a new era of political awareness that could be an economic stimulant or, if left uninhibited, may have the opposite effect. The foundations have been laid for the continued strengthening of our business and unsurpassed service and professionalism that is our trademark within our industry.

Operational report

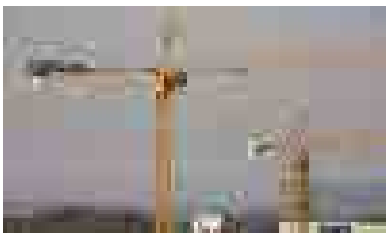
INTRODUCTION

The past 12 months has seen a fundamental shift in the industry from purchase of equipment to rental. In order to both retain and increase our market share it was decided that a fleet of tower cranes, hoists and telescopic handlers would be made available for rental. Due to the establishment of branches in Durban and Cape Town, provision had to be made for equipment to be stocked, together with spare parts, in each of these major centeres. Where we do not have a branch the Company operates through approved sub-contractors. As a result of our strategy we can boast Africa's largest and most comprehensive tower crane rental fleet with prospects for rental as far afield as Rwanda.

OPERATIONAL CHALLENGES

The Companies policy is not to allow equipment on rental to be operated by a non-company employee. We therefore currently employ 50 operators, both tower crane, telescopic handler and hoist. This has taken our staff compliment to 125 in total.

- Due to the demand for turnkey projects, contractors require the Company to provide logistics and the requisite design and layout of a unit so that they place an order and receive a crane fully erected and operational on the site. This limits the number of jobs that can be safely carried out each day and requires far more planning and precise execution. Factors such as the weather conditions as well as sub-contractors, in particular mobile crane hire, are difficult to control or anticipate. To this end the Company has adopted a policy that will see the diminished use of sub-contractors in the future.
- It is therefore one of the Companies imperatives to both train as well as retain skilled staff. To this end the identification of skills and retention of these individuals is achieved through passing limited ownership of the company to them through the staff share scheme, as well as being mindful of the current remuneration packages within the industry.
- The ongoing debates with regard to the safety standards that are relevant to the lifting industry have caused a major concern to those that have followed them. Legislation and statutory bodies exist in South Africa and are fully capable of cleaning up the industry where safety and working standards are concerned. It is a great pity that in the shadow of eleven crane accident in the United States the relevant authorities do not police our industry, making it easier for unscrupulous operators to sell 30 year old equipment and play with the safety of those on a site by allowing non-certified lifting equipment to operate and uncertified individuals to sign off on them. The Company has spent a significant amount of time and money on training and ensuring that its staff poses the appropriate accreditation. It is therefore a constant source of aggravation to see lifting apparatus operated and certified by individuals without any legal standing to do so.
- The Company has tried to blend a combination of experience and youthful energy in the branches in Cape Town and Durban. Where possible local crews and personnel have been sourced in order to gain traction in these relatively untapped markets. One of the most critical factors to the success of a branch is its ability to provide an outstanding service with the full knowledge that it is backed by an established infrastructure. This becomes apparent when more service or technical crews are needed in any province, and the Company as a unit can send additional personnel to enable the branch to provide its customer with the seamless service that it has come to expect. It is challenging to assess the correct blend of technicians at each branch, however their gradual transfer of expertise and ongoing training means that skills are being developed country wide.



Operational report

- Earnings per share were 68.2% lower than those disclosed in the forecast included in the prospectus dated 29 October 2007 ("prospectus"), equating to earnings per share of 4.68 cents per share for the year.

  This translates into net profits for the year ended 30 June 2008 of R6.9 million versus the prospectus estimates of R21.8 million. From a revenue perspective, SA French revenues for the year ended 30 June 2008 were R150 million versus prospectus estimates of R190 million.

  The electricity supply crisis that hit South Africa in January 2008 caused uncertainty for many of SA French's key clients in the construction industry. This resulted in delays in the awarding of several infrastructure projects and construction companies responded by restricting or delaying capital expenditure decisions such as the purchase of tower cranes.

  This change in market dynamic resulted in a change of focus in SA French's business. In particular, SA French has experienced an increase in demand for crane rentals as many of its clients seek to keep costs variable until there is clarity on the power supply issue. An increase in the rental of instead of the sale of tower cranes has had an effect on SA French's financial statements. Firstly, from a balance sheet perspective SA French has made a significant investment in its rental fleet. Secondly, from a revenue and profitability perspective short-term profitability has been replaced by longer-term revenues from rentals.

PROSPECTS

The award and subsequent securing of a number of key contracts in the North West province means that what was essentially Gauteng based work is fast becoming spread out over several of the Northern Provinces. In order to maintain the same service level as well as ensuing that the technical personnel are at the appropriate locations, planning is essential.

As mentioned above the Company would like to free itself from reliance on any sub-contractor and to that end trucks and mobile cranes have been ordered and put into use. This assists in terms of certainty in planning and also prevents costs spiraling out of control. As an operational practicality these units will also be made available to third parties for rental in the event of them not being utilised to their full capacity.

While the period concerned in this report has seen a number in costs increase, many of them are once off and in most cases the economies of scale will begin to show in future reporting periods. Although the Company has been in operation for 26 years it is always possible to improve and to that end pass on such efficiency gains to the clients. With buildings and civil contracts requiring short turnaround times and penalties for missing deadlines a very real threat it is the Companies firm belief that our level of professional service places us in the enviable position of being a first choice provider of lifting solutions on any construction site. Similarly a premium is placed on getting it right the first time to assist the client in achieving their objectives.

We look forward to a busy and challenging year ahead.

Corporate governance report

KING II REPORT'S CODE OF CORPORATE PRACTICES AND CONDUCT ON CORPORATE GOVERNANCE

SA French Limited fully supports the principles of sound corporate governance as expressed in the King II Report's Code of Corporate Practices and Conduct on Corporate Governance and the Board of Directors is committed to the principles of transparency, integrity and accountability. This is entrenched in procedures and policies governing corporate conduct at SA French and is encapsulated in our ISO9001 Quality Management System that is audited yearly by TUV.

The Board and individual directors accept their duty and responsibility to ensure that the principles of the King II Report are observed and are satisfied that the Group complies with the provision of the King II Report and the JSE listing requirements. In addition, all entities within the Group subscribe to the spirit and principles of King II.

THE BOARD OF DIRECTORS

SA French has a unitary Board of Directors that reflects an appropriate mix of executive and non-executive directors. The Board comprises three non-executive directors and five executive directors. It is the purpose of the Board to define the group's purpose and develop appropriate strategies whilst ensuring that procedures are in place to monitor and evaluate the implementation of its policies and strategies. The Board has unrestricted access to all company information, records, documents and resources to enable it to effectively discharge its responsibilities. Management ensures that the Board members are provided with all relevant information and facts to enable the Board to reach objective and informed decisions.

The Board meets quarterly with additional board meetings convened as circumstances dictate. Directors are kept appropriately informed of key developments affecting the group between board meetings.

In fulfilling their duties, the directors aim to act impartially and independently when considering matters of strategy, performance, allocation of resources and ensuring the highest levels of conduct. A number of committees have been established by the Board in which the non-executive directors play an active role.

THE COMPANY SECRETARY

The company secretary is appointed by the Board. The company secretary's statement of compliance is set out in the financial statements.

All the members of the Board have access to the services of the company secretary who is responsible to the Board for ensuring compliance with procedures and regulations of a legal nature. All directors are entitled to seek and obtain independent professional advice concerning the affairs of the Group at the Group's expense, should they believe it would be in the best interest of the Group.

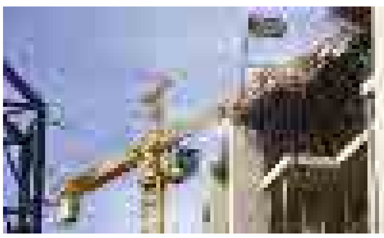
The company secretary ensures that in accordance with the applicable laws, the proceedings and affairs of the directorate and the Group itself is properly administered. The company secretary is also responsible for alerting directors to any relevant changes to the Companies Act, the Securities Services Act and the JSE Listing Requirements, as well as any other legal regulations affecting them in their capacity as directors.

BOARD COMMITTEES

The Board committees have been established to assist the Board in discharging its duties and responsibilities and do not in any way diminish the discharge by the Board of its responsibilities. The Board committees act for the Board where authorized and according to its terms of reference.

AUDIT COMMITTEE

The role of the Audit Committee is to assist the Board in fulfilling its fiduciary responsibilities in respect of the internal and external auditors to review accounting, auditing and financial reporting matters to ensure that an effective control environment is maintained throughout the Group. Meetings of the Audit Committee are held at least three times per year. All members are financially literate.



Corporate governance report

The Audit Committee considered and satisfied itself of the appropriates of the expertise and experience of the financial director. The Audit Committee is satisfied that J C Prinsloo has the appropriate expertise and experience to fulfill his responsibilities as financial director of SA French.

REMUNERATION COMMITTEE

The main function of the Remuneration Committee is to ensure that the company's directors and employers and employees are fairly rewarded for their individual contributions to the Group's overall performance, within the framework of market forces, whilst protecting shareholders' interest and the financial and commercial welfare of the company.

Directors that are members of the Remuneration Committee are excluded from the review of their own remuneration. The Remuneration Committee's overall strategy is to ensure that employees are rewarded for their contribution to the group's operating and financial performance at levels which take account of industry, market and country benchmarks, as well, as the requirements of collective bargaining.

MANAGEMENT COMMITTEE

The chief executive officer chairs the Management Committee, which comprises the executive directors as well as any operationally relevant member of senior management from time to time. It meets fortnightly and deals with day-to-day operational matters, strategic issues for the future as well as human resources and public relation affairs.

SHARE DEALINGS

SA French Limited has a closed-period policy that requires directors be precluded from dealing in the Group's shares prior to the release of the Group's interim and annual results. To ensure that dealings are not carried out at a time when other price sensitive information may be known, directors must at all times obtain permission from the chief executive before dealing in the shares of the group. Approved dealings in the Group's shares by directors are disclosed to the JSE and published on the Stock Exchange News Services (SENS). All approved dealings are reported in arrears to the regular meetings of the Board.

GOING CONCERN

The Board has considered and recorded the facts and assumptions on which it relies to conclude that SA French Limited will continue as a going concern in the financial year ahead. The Board minutes the facts and assumptions used in the assessment of the going concern status of the Group at the financial year-end.

PEOPLE AND VALUES

SA French Limited's goal is to attract and retain, at every level of the company, people who represent the highest standards of excellence and integrity.

The company is dedicated to diversity, fair treatment, mutual respect and trust and fosters an environment that encourages innovation, creativity and results through teamwork.

Its management practices leadership that teaches, inspires, and promotes full participation and career development and encourages open and effective communication and interaction.

The staff has a strong sense of "buy in" to the company's vision, mission and goals and therefore demands of themselves and of each other the highest standards of individual and corporate integrity and complies with all company policies and laws.

COMMUNITY

SA French Limited acknowledges its social responsibility towards the communities in which it operates and deserving institutions at large. Our programs focus on support as well as contributions towards training and individual betterment.

Corporate governance report

BROAD BASED BLACK ECONOMIC EMPOWERMENT (BBBEE)

SA French Limited is an equal opportunity employer and there is no discrimination on the basis of ethnic origin or gender or in any other manner.

EMPLOYMENT EQUITY

SA French is committed to maintaining a balanced workforce that reflects the demographic realities within South Africa, and in line with governmental guidelines prescribed in this regard.

THE SAF ECONOMIC EMPOWERMENT TRUST

The SAF Economic Empowerment Trust, was established on 7 March 2007 as an empowerment trust holding 10 350 000 of the company's shares. No shares have been issued to The SAF Economic Empowerment Trust by the company since establishment. Any shares acquired by it in the future, will be purchased on the open market.

THE SA FRENCH SHARE PURCHASE SCHEME

The directors of SA French have established a share purchase scheme on 1 October 2007 for the benefit of directors and employees who have not less than 12 (twelve) months uninterrupted service of the company. It is the intention of the company to promote the effective participation in the company of employees of the group and to incentivise such employees.

The directors shall from time to time instruct the trustees to offer the opportunity to acquire rights and options to purchase allocation shares or to acquire scheme shares to eligible applicants in respect of such number of shares, which in aggregate shall not exceed 20% of the ordinary issued share capital of the company. The maximum number of shares in respect of which any single participant shall have rights in terms of the SA French Share Purchase Scheme shall be limited to 1% (one percent) of the ordinary issued share capital of the company.

Since establishment, 2 000 000 shares have been issued to the SA French Share Purchase Scheme.

ETHICS

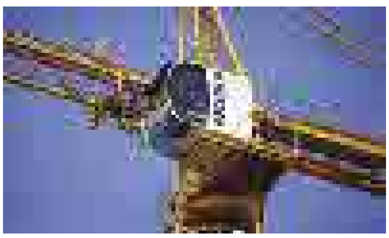
SA French Limited endeavours to act with honesty, responsibility, and professional integrity in its dealings with employees, shareholders, customers, suppliers, and society at large. In any instance where ethical standards are called into question, the circumstances are investigated and resolved in an appropriate and fair manner.

COMMUNICATION WITH STAKEHOLDERS

It is the group's policy to pursue dialogue with institutional investors based on constructive engagement and the mutual understanding of objectives taking due regard of statutory, regulatory and other directives regulating the dissemination of information by companies and their directors. The Board accepts its duty to present a balanced and understandable assessment of the Group's position in reporting to stakeholders, taking into account the circumstances of the communities in which it operates and the greater demands for transparency and accountability regarding non-financial matters. Reporting addresses material matters of significant interest and concern to all stakeholders and presents a comprehensive and objective assessment of the Group so that all share-owners and relevant stakeholders with a legitimate interest in the group's affairs can obtain a full, fair and honest account of its performance.

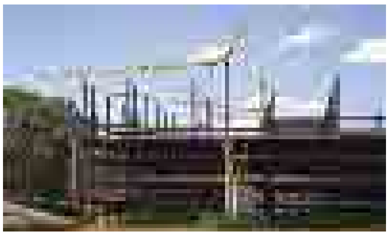
ANNUAL GENERAL MEETING

The agenda for the annual general meeting is set by the company secretary and communicated to all shareholders in the notice of the annual general meeting, which accompanies the annual report. Notice of the annual general meeting is distributed well in advance of the meeting and affords all shareholders sufficient time to acquaint themselves with the effects of any proposed resolutions. Adequate time is also provided by the chairman in the annual general meeting for the discussion of any proposed resolutions. The conduct of a poll to decide on any proposed resolutions is controlled by the chairman at the meeting and takes account of the votes of all shareholders, whether present in person or by proxy. A proxy form is included in the annual report for this purpose.



General information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	The group is the Sub Equatorial African distributor of Potain tower cranes, Merlo telescopic handlers and mixers, Ausa dumpers and forklifts and Torgar hoists and mixers. The group also rents cranes and related machinery to various lessees.
Directors	Q.C.A. van Breda W. van Breda J.C. Prinsloo J.D. Xaba W.M. Mashaba (formerly W.M. Matlala) J.M. Poluta L.B. Mophatlane
Business address	131 Fitter Road Spartan Kempton Park 1620
Postal address	P.O. Box 2144 Kempton Park 1620
Bankers	FNB Corporate, a division of FirstRand Limited Nedbank Limited
Auditors	Anderson Rochussen van der Bijl Inc. Chartered Accountants (S.A.) Registered Auditors
Secretary	Warwick van Breda
Company registration number	1982/009174/06
Share code	SFH (ISIN: ZAE000108890)



Contents to annual financial statements

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

Report of the independent auditors

TO THE SHAREHOLDERS OF SA FRENCH LIMITED

We have audited the accompanying group annual financial statements of SA French Limited, which comprise the directors' report, the balance sheet as at 30 June 2008, the income statement, the statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 18 to 45.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The company's directors are responsible for the preparation and fair presentation of these group annual financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa, 1973. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of group annual financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the group annual financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the group annual 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 group annual financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the group annual financial statements.

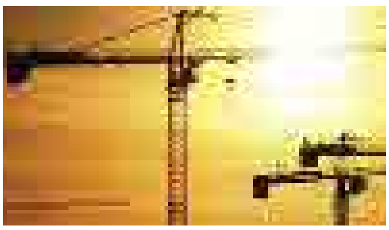
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the group annual financial statements present fairly, in all material respects, the financial position of the company as of 30 June 2008, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa, 1973.

Anderson Rochussen van der Bijl Inc
Chartered Accountants (S.A.)
Registered Auditors

30 September 2008
Johannesburg



Directors' reponsibilities and approval

The directors are required by the Companies Act of South Africa, 1973, to maintain adequate accounting records and are responsible for the content and integrity of the group annual financial statements and related financial information included in this report. It is their responsibility to ensure that the group annual financial statements fairly present the state of affairs of the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the group annual financial statements.

The group annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the group annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group's cash flow forecast for the year to 30 June 2009 and, in the light of this review and the current financial position, they are satisfied that the group has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the group annual financial statements. The group annual financial statements have been examined by the group's external auditors and their report is presented on page 16.

The group annual financial statements set out on pages 18 to 45, which have been prepared on the going concern basis, were approved by the board on 30 September 2008 and were signed on its behalf by:

Q.C.A. van Breda **J.C. Prinsloo**

30 September 2008

Declaration by Company Secretary

I, Warwick van Breda, Company Secretary of SA French Limited, hereby certify that the company has, for the year under review, lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Companies Act of South Africa, 1973, and that all such returns are true, correct and up to date.

W. van Breda
Company Secretary

30 September 2008

Directors' report

The directors submit their report for the year ended 30 June 2008.

1. REVIEW OF ACTIVITIES

Main business and operations

The group is the Sub Equatorial African distributor of Potain tower cranes, Merlo telescopic handlers and mixers, Ausa dumpers and forklifts and Torgar hoists and mixers. The group also rents cranes and related machinery to various lessees and operates principally in South Africa.

The operating results and state of affairs of the group are fully set out in the attached group annual financial statements and do not in our opinion require any further comment.

Net profit of the group was R6,935,027 (2007: profit R12,686,164), after taxation of R2,700,176 (2007: R6,604,997).

Net profit of the company was R6,999,907 (2007: profit R12,657,859), after taxation of R2,700,176 (2007: R6,604,997).

2. GOING CONCERN

The group annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

3. POST BALANCE SHEET EVENTS

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

4. AUTHORISED AND ISSUED SHARE CAPITAL

Authorised share capital

During the year under review the company increased the company's authorised share capital from 1,150,000 ordinary shares of 100 cents each to 5,000,000 ordinary shares of 100 cents each by the creation of 3,850,000 ordinary shares of 100 cents each on 1 October 2007. Furthermore the company subdivided its authorised share capital of 5,000,000 ordinary shares of 100 cents each into 500,000,000 ordinary shares of 1 cent each on 1 October 2007 for which a special resolution was registered on 12 October 2007.

Issued share capital

On 1 October 2007 the company subdivided its issued share capital of 1,150,000 ordinary shares with a par value of 100 cents into 115,000,000 ordinary shares with a par value of 1 cent each. Furthermore, the company issued 50,000,000 ordinary shares with a par value of 1 cent each at a premium of R49,500,000 less listing costs of R2,195,307.

5. BORROWING LIMITATIONS

In terms of the Articles of association of the company, the directors may exercise all the powers of the company to borrow money, subject to the listing requirements and any regulations made from time to time by the company at a general meeting.

6. NON-CURRENT ASSETS

There have been no major changes in the non-current assets during the period nor any changes in the policy relating to their use. Refer to Note 2 for details regarding additions and disposals made during the year under review.

Directors' report

7. DIVIDENDS

No dividends were declared or paid to shareholders during the year.

As announced on SENS on Wednesday, 1 October 2008 the directors of SA French have resolved to fully issue fully paid ordinary shares in the company as a capitalisation award to ordinary shareholders in lieu of a dividend and the subsequent change of salient dates announcement released on SENS on Wednesday, 5 November 2008. Ordinary shareholders will be entitled, in respect of all or part of their shareholding, to elect to receive new fully paid ordinary shares, which will be issued only to those ordinary shareholders who elect in respect of all or part of their shareholding, on or before 12:00 on Friday, 5 December 2008, to receive the capitalisation award shares. Shareholders not electing to receive new fully paid ordinary shares in respect of all or part of their shareholding will be entitled to receive a cash dividend alternative of 1 cent per ordinary share ("the cash dividend alternative").

8. DIRECTORS

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

Name	Changes
Q.C.A. van Breda (Chairman)	
K.E. van Breda	Resigned 01 July 2007
W. van Breda	Appointed 01 July 2007
J.C. Prinsloo	Appointed 01 July 2007
J.D. Xaba	Appointed 01 October 2007
W.M. Mashaba (formerly W.M. Matlala)	Appointed 01 October 2007
J.M. Poluta	Appointed 01 October 2007
L.B. Mophatlane	Appointed 01 October 2007

9. SECRETARY

The secretary of the company is Warwick van Breda of:

Business address	131 Fitter Road Spartan Kempton Park 1620
Postal address	P.O. Box 2144 Kempton Park 1620

10. INTEREST IN SUBSIDIARIES

Name of subsidiary	Comment	Net income (loss) after tax
M & S Crane Rental (Pty) Ltd	Liquidated during the year under review	R64 880
Construction Handling Equipment (Pty) Ltd	Dormant	Nill

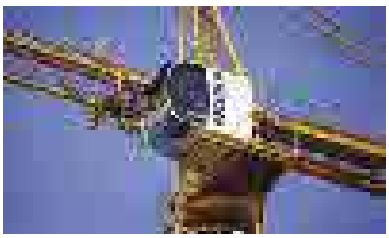
Details of the company's investment in subsidiaries are set out in note 3.

11. AUDITORS

Anderson Rochussen van der Bijl Inc. will continue in office in accordance with section 270(2) of the Companies Act.

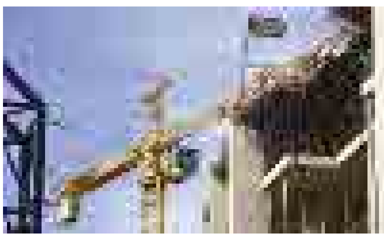
Balance Sheet

		Group		Company	
		30 June	30 June	**30 June**	30 June
Figures in Rand	Note(s)	**2008**	2007	**2008**	2007
ASSETS					
Non-Current Assets					
Plant and equipment	2	**38,352,765**	27,523,527	**38,352,765**	27,523,527
Investments in subsidiaries	3	**–**	–	**200**	300
Other financial assets	5	**4,295,650**	–	**4,295,650**	–
		42,648,415	27,523,527	**42,648,615**	27,523,827
Current Assets					
Inventories	7	**108,757,993**	40,297,374	**108,757,993**	40,297,374
Loans to shareholders	4	**–**	64,979	**–**	–
Current tax receivable		**38,644**	–	**38,644**	–
Trade and other receivables	8	**20,112,442**	10,666,590	**20,112,442**	10,666,590
Cash and cash equivalents	9	**10,130,398**	4,666,756	**10,130,398**	4,666,756
		139,039,477	55,695,699	**139,039,477**	55,630,720
Total Assets		**181,687,892**	83,219,226	**181,688,092**	83,154,547
EQUITY AND LIABILITIES					
EQUITY					
Equity Attributable to Equity Holders of Parent					
Share capital	10	**48,954,693**	1,150,000	**48,954,693**	1,150,000
Reserves	11	**162,275**	162,275	**162,275**	162,275
Retained income		**15,858,973**	8,923,946	**15,862,945**	8,863,038
Minority interest		**200**	200	**–**	–
		64,976,141	10,236,421	**64,979,913**	10,175,313
LIABILITIES					
Non-Current Liabilities					
Instalment sale agreements	13	**25,050,258**	12,076,460	**25,050,258**	12,076,460
Deferred tax	6	**1,171,733**	417,794	**1,171,733**	417,794
		26,221,991	12,494,254	**26,221,991**	12,494,254
Current Liabilities					
Loans from shareholders	4	**9,568,376**	6,988,167	**9,565,366**	6,985,157
Other financial liabilities	12	**–**	517,337	**–**	517,337
Current tax payable		**557**	1,021,313	**–**	1,020,756
Instalment sale agreements	13	**8,366,743**	2,060,023	**8,366,743**	2,060,023
Trade and other payables	15	**72,012,126**	49,347,308	**72,012,121**	49,347,304
Provisions	14	**310,758**	554,403	**310,758**	554,403
Bank overdraft	9	**231,200**	–	**231,200**	–
		90,489,760	60,488,551	**90,486,188**	60,484,980
Total Liabilities		**116,711,751**	72,982,805	**116,708,179**	72,979,234
Total Equity and Liabilities		**181,687,892**	83,219,226	**181,688,092**	83,154,547



Income statement

		Group		Company	
Figures in Rand	Note(s)	**Year ended 30 June 2008**	Year ended 30 June 2007	**Year ended 30 June 2008**	Year ended 30 June 2007
Revenue	16	**152,047,395**	120,970,448	**152,047,395**	120,970,448
Cost of sales		**(117,896,375)**	(90,486,716)	**(117,896,375)**	(90,486,716)
Gross profit		**34,151,020**	30,483,732	**34,151,020**	30,483,732
Other income		**842,399**	3,997,703	**842,399**	3,997,703
Operating expenses		**(22,115,441)**	(14,114,775)	**(22,115,441)**	(14,110,472)
Operating profit	17	**12,877,978**	20,366,660	**12,877,978**	20,370,963
Investment revenue	18	**983,216**	145,519	**1,048,196**	145,519
Gain on acquisition of reserves in subsidiary		**–**	32,608	**–**	–
Finance costs	19	**(4,225,991)**	(1,253,626)	**(4,225,991)**	(1,253,626)
Profit before taxation		**9,635,203**	19,291,161	**9,700,183**	19,262,856
Taxation	20	**(2,700,176)**	(6,604,997)	**(2,700,176)**	(6,604,997)
Profit for the year		**6,935,027**	12,686,164	**6,999,907**	12,657,859
Number of shares issued					
– Issued		**165,000,000**	115,000,000	**165,000,000**	115,000,000
– Weighted average		**148,333,333**	115,000,000	**148,333,333**	115,000,000
Earnings per share (cents)					
– Basic	21	**4.68**	11.03	**4.72**	11.01
Headline earnings per share (cents)					
– Basic	21	**4.68**	10.12	**4.72**	10.10



Statement of changes in equity

Figures in Rand	Share capital	Share premium	Total share capital	Revaluation reserve	Retained income	Total attributable to equity holders	Minority interest	Total equity
Group								
Balance at 01 July 2006	1,150,000	–	1,150,000	162,275	6,237,782	7,550,057	32,858	7,582,915
Changes in equity								
Profit for the year	–	–	–	–	12,686,164	12,686,164	–	12,686,164
Acquisition of minority interest	–	–	–	–	–	–	(32,658)	(32,658)
Dividends	–	–	–	–	(10,000,000)	(10,000,000)	–	(10,000,000)
Total changes	–	–	–	–	2,686,164	2,686,164	(32,658)	2,653,506
Balance at 01 July 2007	1,150,000	–	1,150,000	162,275	8,923,946	10,236,221	200	10,236,421
Changes in equity								
Profit for the year	–	–	–	–	6,935,027	6,935,027	–	6,935,027
Issue of shares	500,000	49,500,000	50,000,000	–	–	50,000,000	–	50,000,000
Share issue costs	–	(2,195,307)	(2,195,307)	–	–	(2,195,307)	–	(2,195,307)
Total changes	500,000	47,304,693	47,804,693	–	6,935,027	54,739,720	–	54,739,720
Balance at 30 June 2008	1,650,000	47,304,693	48,954,693	162,275	15,858,973	64,975,941	200	64,976,141
Company								
Balance at 01 July 2006	1,150,000	–	1,150,000	162,275	6,205,179	7,517,454	–	7,517,454
Changes in equity								
Profit for the year	–	–	–	–	12,657,859	12,657,859	–	12,657,859
Dividends	–	–	–	–	(10,000,000)	(10,000,000)	–	(10,000,000)
Total changes	–	–	–	–	2,657,859	2,657,859	–	2,657,859
Balance at 01 July 2007	1,150,000	–	1,150,000	162,275	8,863,038	10,175,313	–	10,175,313
Changes in equity								
Profit for the year	–	–	–	–	7,000,007	7,000,007	–	6,999,907
Issue of shares	500,000	49,500,000	50,000,000	–	–	50,000,000	–	50,000,000
Share issue costs	–	(2,195,307)	(2,195,307)	–	–	(2,195,307)	–	(2,195,307)
Total changes	500,000	47,304,693	47,804,693	–	7,000,007	54,804,700	–	54,804,600
Balance at 30 June 2008	1,650,000	47,304,693	48,954,693	162,275	15,863,045	64,980,013	–	64,979,913

Cash flow statement

		Group		Company	
		Year ended 30 June	Year ended 30 June	**Year ended 30 June**	Year ended 30 June
Figures in Rand	Note(s)	**2008**	2007	**2008**	2007
Cash flows from operating activities					
Cash receipts from customers		**142,601,543**	120,016,239	**142,601,543**	120,016,239
Cash paid to suppliers and employees		**(180,783,707)**	(96,819,156)	**(180,783,708)**	(96,814,853)
Cash (used in) generated from operations	23	**(38,182,164)**	23,197,083	**(38,182,165)**	23,201,386
Interest income		**983,216**	145,519	**983,216**	145,519
Dividends received		**–**	–	**64,880**	–
Finance costs		**(611,612)**	(914,106)	**(611,612)**	(914,106)
Tax paid	24	**(3,005,637)**	(7,772,543)	**(3,005,637)**	(7,772,410)
Net cash inflow/(outflow) from operating activities		**(40,816,197)**	14,655,953	**(40,751,318)**	14,660,389
Cash flows from investing activities					
Purchase of plant and equipment	2	**(20,144,030)**	(25,386,991)	**(20,144,030)**	(25,386,991)
Sale of plant and equipment	2	**4,889,636**	6,046,422	**4,889,636**	6,046,422
Acquisition of subsidiaries		**–**	(50)	**100**	(50)
Loans to group companies repaid		**–**	–	**–**	(3,756)
Repayment of loans from group companies		**–**	–	**–**	(22,278)
Purchase of financial assets		**(4,295,650)**	–	**(4,295,650)**	–
Sale of financial assets		**–**	303,322	**–**	303,322
Net cash inflow/(outflow) from investing activities		**(19,550,044)**	(19,037,297)	**(19,549,944)**	(19,063,331)
Cash flows from financing activities					
Proceeds on share issue	10	**47,804,693**	–	**47,804,693**	–
Repayment of other financial liabilities		**(517,337)**	22,218	**(517,337)**	22,218
Proceeds from shareholders loan		**2,645,188**	6,929,708	**2,580,209**	6,991,277
Proceeds from instalment sale		**15,666,139**	9,906,816	**15,666,139**	9,906,816
Dividends paid	25	**–**	(10,000,000)	**–**	(10,000,000)
Net cash inflow from financing activities		**65,598,683**	6,858,742	**65,533,704**	6,920,311
Total cash movement for the year		**5,232,442**	2,477,398	**5,232,442**	2,517,369
Cash at the beginning of the year		**4,666,756**	2,189,358	**4,666,756**	2,149,387
Total cash at end of the year	9	**9,899,198**	4,666,756	**9,899,198**	4,666,756

Accounting policies

1. PRESENTATION OF GROUP ANNUAL FINANCIAL STATEMENTS

The group annual financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act of South Africa, 1973. The group annual financial statements have been prepared on the historical cost basis, except for certain financial instruments at fair value and incorporate the principal accounting policies set out below.

These accounting policies are consistent with the previous period.

1.1 Underlying concepts

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

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

Financial assets and financial liabilities are offset, and the net amount reported only when a currently legally enforceable right to offset the amounts exist and the intention is either to settle on a net basis or to realise the asset and liability simultaneously.

Changes in accounting policies are accounted for in accordance with the transitional provisions in the standard. If no such guidance is given, they are applied retrospectively – unless it is impracticable to do so, in which case they are applied prospectively.

Changes in accounting estimates are recognised prospectively by including the change in profit or loss in the period of the change and future periods, if it affects both.

Prior period errors are retrospectively restated unless it is impracticable to do so, in which case they are applied prospectively.

Accounting policies are not applied when the effect of applying them would be immaterial.

1.2 Basis of consolidation

The consolidated group annual financial statements incorporate the financial statements of the company and all enterprises controlled by the company up to 30 June 2008 each year. Control is achieved where the group has the power to govern the financial and operating policies of an enterprise so as to obtain economic benefits from its activities.

The operating results of the entities have been included from the effective dates of acquisition to the effective dates of disposal. All significant inter company transactions, balances, income and expenses have been eliminated in full on consolidation.

On acquisition, the assets and liabilities of a subsidiary are measured at fair values at the date of acquisition. To the extent that the cost of acquisition, in excess of the fair value of the net assets acquired, is attributable to intangible assets that the entity holds for its own use or for rental to others, this value is recognised as an intangible asset. Any additional difference between the cost of acquisition and the total net asset value of the entity is recognised as goodwill. The interest of the minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised.

1.3 Recognition of assets and liabilities

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

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

Financial instruments are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities as a result of firm commitments are only recognised when one of the parties has performed under the contract.

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

Accounting policies

1.4 Derecognition of assets and liabilities

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

The gain or loss arising from the derecognistion of an asset is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an asset is determined as the difference between the net disposal proceeds, if any, and the carrying amount of them.

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

1.5 Significant judgements

In preparing the group annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the group annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the group annual financial statements. Significant judgements include:

Trade Receivables And Loans And Receivables

At balance sheet date the company assesses whether there is any objective evidence that debtors or loans are impaired. Accounts are written off when they are irrecoverable.

Allowance for slow moving, damaged and obsolete stock

Any inventory that is physically identified as damaged, slow moving or obsolete is written off in full.

Provisions

Provisions were raised and management determined an estimate based on the information available.

Taxation

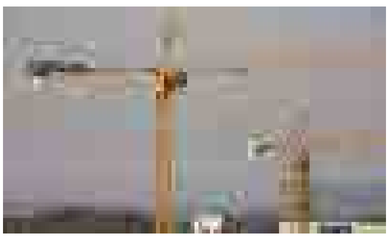
Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The group recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the group to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the group to realise the net deferred tax assets recorded at the balance sheet date could be impacted.

1.6 Plant and equipment

The cost of an item of plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the company; and
- the cost of the item can be measured reliably.



Accounting policies

Costs include costs incurred initially to acquire or construct an item of plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of plant and equipment, the carrying amount of the replaced part is derecognised. The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment.

Plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to equity in the revaluation reserve. The increase is recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in profit or loss in the current period. The decrease is debited directly to equity in the revaluation reserve to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

Depreciation is provided on all plant and equipment to write down the cost less residual value on a straight line basis over their estimated useful lives as follows:

Item	**Average useful life**
Leasehold improvements	Period of lease
Rental equipment	5 – 20 years
Plant and machinery	5 years
Tools and machinery	5 years
Commercial vehicles and trailers	5 years
IT equipment	3 years
Furniture and fixtures	6 years
Office equipment	6 years

Used tower cranes acquired are depreciated over their remaining useful lives. The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

1.7 Investments in subsidiaries

Group annual financial statements

The group annual financial statements include those of the holding company and its subsidiaries. The results of the subsidiaries are included from the effective date of acquisition.

On acquisition the group recognises the subsidiary's identifiable assets, liabilities and contingent liabilities at fair value, except for assets classified as held for sale, which are recognised at fair value less costs to sell.

Intercompany transactions and balances between group companies are eliminated on consolidation.

Company annual financial statements

In the company's separate group annual financial statements, investments in subsidiaries are carried at cost less any accumulated impairment.

Accounting policies

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.

An adjustment to the cost of a business combination contingent on future events is included in the cost of the combination if the adjustment is probable and can be measured reliably.

1.8 Financial instruments

Initial recognition

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

Financial assets and financial liabilities are recognised on the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Loans to/(from) group companies

These include loans to (from) holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Subsequently these loans are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

Loans to/(from) shareholders, directors, managers and employees

These financial assets or liabilities are initially recognised at fair value plus direct transaction costs.

Subsequently these loans are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

Trade and other receivables

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

Trade and other payables

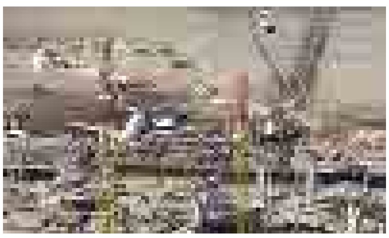
Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Held to maturity loans and receivables

These financial assets are initially measured at fair value plus direct transaction costs.



Accounting policies

At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Hedging activities

The group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge)
- hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge);

The group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The full fair value of a hedging derivative is classified as a non current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within 'other income'.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place).

The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within 'finance costs'. The gain or loss relating to the ineffective portion is recognised in the income statement within 'other income'.

However, when the forecast transaction that is hedged results in the recognition of a non financial asset (for example, inventory or fixed assets) the gains and losses previously deferred in equity are recycled in the income statement when the non financial assets affects profit or loss.

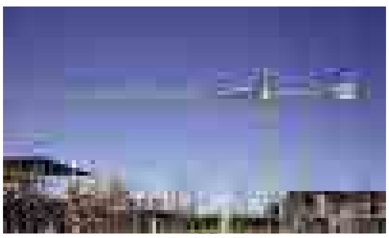
When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within 'other income'.

1.9 Tax

Current tax assets and liabilities

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



Accounting policies

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

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- the initial recognition of goodwill; or
- the initial recognition of an asset or liability in a transaction which:
  - is not a business combination; and
  - at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax liability is recognised for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures, except to the extent that both of the following conditions are satisfied:

- the parent, investor or venturer is able to control the timing of the reversal of the temporary difference; and
- it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:

- is not a business combination; and
- at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences arising from investments in subsidiaries, branches and associates, and interests in joint ventures, to the extent that it is probable that:

- the temporary difference will reverse in the foreseeable future; and
- taxable profit will be available against which the temporary difference can be utilised.

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

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

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, directly in equity, or
- a business combination.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

Accounting policies

1.10 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

1.11 Inventories

Inventories are measured at the lower of cost and net realisable value on the weighted average cost method.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write down or loss occurs. The amount of any reversal of any write down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.12 Impairment of assets

The group assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the group also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

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

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

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

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

An impairment loss is recognised for cash generating units if the recoverable amount of the unit is less than the carrying amount of the units. The impairment loss is allocated to reduce the carrying amount of the assets of the unit in the following order:

Accounting policies

- first, to reduce the carrying amount of any goodwill allocated to the cash generating unit and
- then, to the other assets of the unit, pro rata on the basis of the carrying amount of each asset in the unit.

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

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

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

1.13 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

If the group reacquires its own equity instruments, those treasury shares are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the group's own equity instruments. Consideration paid or received shall be recognised directly in equity.

1.14 Share based payments

Goods or services received or acquired in a share based payment transaction are recognised when the goods or as the services are received. A corresponding increase in equity is recognised if the goods or services were received in an equity settled share based payment transaction or a liability if the goods or services were acquired in a cash settled share based payment transaction.

When the goods or services received or acquired in a share based payment transaction do not qualify for recognition as assets, they are recognised as expenses.

For equity settled share based payment transactions, the goods or services received are measured, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably.

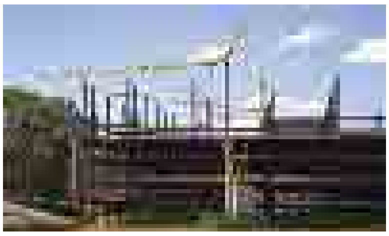
If the fair value of the goods or services received cannot be estimated reliably, their value and the corresponding increase in equity, indirectly, are measured by reference to the fair value of the equity instruments granted.

For cash-settled share based payment transactions, the goods or services acquired and the liability incurred are measured at the fair value of the liability. Until the liability is settled, the fair value of the liability is re measured at each reporting date and at the date of settlement, with any changes in fair value recognised in profit or loss for the period.

If the share based payments granted do not vest until the counterparty completes a specified period of service, group accounts for those services as they are rendered by the counterparty during the vesting period, (or on a straight line basis over the vesting period).

If the share-based payments vest immediately the services received are recognised in full.

For share based payment transactions in which the terms of the arrangement provide either the entity or the counterparty with the choice of whether the entity settles the transaction in cash (or other assets) or by issuing equity instruments, the components of that transaction are recorded, as a cash-settled share-based payment transaction if, and to the extent that, a liability to settle in cash or other assets has been incurred, or as an equity settled share based payment transaction if, and to the extent that, no such liability has been incurred.



Accounting policies

1.15 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.16 Provisions and contingencies

Provisions are recognised when:

- the group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

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

Provisions are not recognised for future operating losses.

1.17 Revenue

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

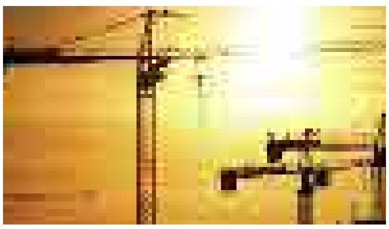
- the group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the balance sheet date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the group;
- the stage of completion of the transaction at the balance sheet date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue shall be recognised only to the extent of the expenses recognised that are recoverable.

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates, and value added tax.



Accounting policies

1.18 Cost of sales

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The related cost of providing services recognised as revenue in the current period is included in cost of sales.

1.19 Borrowing costs

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

1.20 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At each balance sheet date:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous group annual financial statements are recognised in profit or loss in the period in which they arise.

Notes to the annual financial statements

Figures in Rand	2008 Cost / Valuation	2008 Accumulated depreciation	2008 Carrying value	2007 Cost/ Valuation	2007 Accumulated depreciation	2007 Carrying value
2. PLANT AND EQUIPMENT						
Group						
Leasehold improvements	709,708	(119,762)	589,946	281,991	(48,698)	233,293
Rental equipment	35,081,500	(3,301,260)	31,780,240	24,190,559	(772,908)	23,417,651
Plant and machinery	3,343,379	(1,647,070)	1,696,309	3,394,842	(1,071,552)	2,323,290
Tools and machinery	814,486	(486,887)	327,599	690,056	(259,116)	430,940
Commercial vehicles and trailers	3,488,680	(453,702)	3,034,978	839,634	(57,572)	782,062
IT equipment	812,545	(362,753)	449,792	355,899	(187,859)	168,040
Furniture and fixtures	684,059	(215,663)	468,396	244,261	(91,114)	153,147
Office equipment	106,375	(100,870)	5,505	99,274	(84,170)	15,104
Total	45,040,732	(6,687,967)	38,352,765	30,096,516	(2,572,989)	27,523,527
Company						
Leasehold improvements	709,708	(119,762)	589,946	281,991	(48,698)	233,293
Rental equipment	35,081,500	(3,301,260)	31,780,240	24,190,559	(772,908)	23,417,651
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Total	45,040,732	(6,687,967)	38,352,765	30,096,516	(2,572,989)	27,523,527

	Opening Balance	Additions	Disposals	Transfers	Depreciation	Total
Reconciliation of plant and equipment						
Group – 2008						
Leasehold improvements	233,293	427,718	–	–	(71,065)	589,946
Rental equipment	23,417,651	15,576,467	(4,863,321)	454,993	(2,805,550)	31,780,240
Plant and machinery	2,323,290	419,086	–	(454,993)	(591,074)	1,696,309
Tools and machinery	430,940	124,430	–	–	(227,771)	327,599
Commercial vehicles and trailers	782,062	2,692,784	(37,176)	–	(402,692)	3,034,978
IT equipment	168,040	456,646	–	–	(174,894)	449,792
Furniture and fixtures	153,147	439,798	–	–	(124,549)	468,396
Office equipment	15,104	7,101	–	–	(16,700)	5,505
	27,523,527	20,144,030	(4,900,497)	–	(4,414,295)	38,352,765

Notes to the annual financial statements

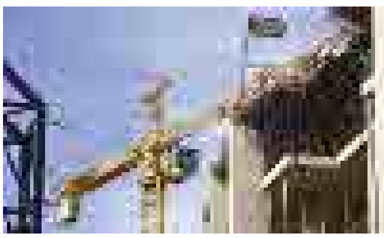
	Opening Balance	Additions	Disposals	Transfers	Depreciation	Total
Reconciliation of plant and equipment						
Company – 2008						
Leasehold improvements	233,293	427,718	–	–	(71,065)	589,946
Rental equipment	23,417,651	15,576,467	(4,863,321)	454,993	(2,805,550)	31,780,240
Plant and machinery	2,323,290	419,086	–	(454,993)	(591,074)	1,696,309
Tools and machinery	430,940	124,430	–	–	(227,771)	327,599
Commercial vehicles and trailers	782,062	2,692,784	(37,176)	–	(402,692)	3,034,978
IT equipment	168,040	456,646	–	–	(174,894)	449,792
Furniture and fixtures	153,147	439,798	–	–	(124,549)	468,396
Office equipment	15,104	7,101	–	–	(16,700)	5,505
	27,523,527	20,144,030	(4,900,497)	–	(4,414,295)	38,352,765

	Group		Company	
Figures in Rand	**2008**	2007	**2008**	2007
Pledged as security				
Carrying value of assets pledged as security:				
Plant and equipment	**36,136,835**	10,901,794	**36,136,835**	10,901,794
(Refer to Note 13 for details)				

3. INVESTMENTS IN SUBSIDIARIES

Name of company	Held by	**% holding 2008**	% holding 2007	**Carrying amount 2008**	Carrying amount 2007
M & S Crane Rental (Pty) Ltd	SA French Ltd	**–%**	100.00%	**–**	100
Construction Handling Equipment (Pty) Ltd	SA French Ltd	**50.00%**	50.00%	**200**	200
				200	300

	Group		Company	
Figures in Rand	**2008**	2007	**2008**	2007
4. LOANS TO (FROM) SHAREHOLDERS				
SA French Group Trust	**(9,568,376)**	(6,923,188)	**(9,565,366)**	(6,985,157)
The loan is unsecured, interest free and is repayable within the next 12 months.				
Current assets	**–**	64,979	**–**	–
Current liabilities	**(9,568,376)**	(6,988,167)	**(9,565,366)**	(6,985,157)
	(9,568,376)	(6,923,188)	**(9,565,366)**	(6,985,157)



Notes to the annual financial statements

		Group		Company	
	Figures in Rand	**2008**	2007	**2008**	2007
5.	**OTHER FINANCIAL ASSETS**				
	Loans and receivables				
	SA French Economic Empowerment Trust	**3,600,000**	–	**3,600,000**	–
	SA French Share Purchase Scheme	**695,650**	–	**695,650**	–
		4,295,650	–	**4,295,650**	–
	The loans are unsecured, interest free and have no fixed terms of repayment.				
	Non-current assets				
	Loans and receivables	**4,295,650**	–	**4,295,650**	–
6.	**DEFERRED TAX**				
	Deferred tax liability				
	Deferred tax	**(1,171,733)**	(417,794)	**(1,171,733)**	(417,794)
	Reconciliation of deferred tax asset (liability)				
	At beginning of the year	**(417,794)**	(410,238)	**(417,794)**	(410,238)
	Originating temporary difference on tangible fixed assets	**–**	(108,715)	**–**	(108,715)
	Originating temporary difference on provisions	**(753,939)**	101,159	**(753,939)**	101,159
		(1,171,733)	(417,794)	**(1,171,733)**	(417,794)
7.	**INVENTORIES**				
	Merchandise	**109,255,059**	40,866,793	**109,255,059**	40,866,793
	Work in progress	**78,074**	3,774	**78,074**	3,774
	Inventories (write downs)	**(575,140)**	(573,193)	**(575,140)**	(573,193)
		108,757,993	40,297,374	**108,757,993**	40,297,374
8.	**TRADE AND OTHER RECEIVABLES**				
	Trade receivables	**18,968,811**	5,413,862	**18,968,811**	5,413,862
	Deposits	**360,333**	5,000	**360,333**	5,000
	Prepayments	**342,026**	5,325	**342,026**	5,325
	Staff loans	**221,455**	158,412	**221,455**	158,412
	Other receivables	**219,817**	–	**219,817**	–
	VAT	**–**	5,083,991	**–**	5,083,991
		20,112,442	10,666,590	**20,112,442**	10,666,590

The carrying value of trade and other receivables approximates their fair value.

Notes to the annual financial statements

Figures in Rand	Group 2008	Group 2007	Company 2008	Company 2007
9. CASH AND CASH EQUIVALENTS				
Cash and cash equivalents consist of:				
Bank balances	**10,088,018**	4,665,937	**10,088,018**	4,665,937
Bank overdraft	**(231,200)**	–	**(231,200)**	–
Cash on hand	**42,380**	819	**42,380**	819
	9,899,198	4,666,756	**9,899,198**	4,666,756
Current assets	**10,130,398**	4,666,756	**10,130,398**	4,666,756
Current liabilities	**(231,200)**	–	**(231,200)**	–
	9,899,198	4,666,756	**9,899,198**	4,666,756

Trade and other receivables, the Sanlam insurance policy and the loan account of Q.C.A. van Breda was ceded as security for the bank overdraft and acceptances of the company.
Current bank overdraft facilities are secured by General Notarial Covering Bond over Inventory to the amount of R7 000 000 as well as a cession of book debts.

Figures in Rand	Group 2008	Group 2007	Company 2008	Company 2007
10. SHARE CAPITAL				
Authorised				
500,000,000 Ordinary shares of R0,01 each (2007: 1,150,000 Ordinary shares of R1 each)	**5,000,000**	1,150,000	**5,000,000**	1,150,000
Reconciliation of number of shares issued:				
Reported as at 01 July 2007	**1,150,000**	1,150,000	**1,150,000**	1,150,000
Issue of shares – ordinary shares	**500,000**	–	**500,000**	–
	1,650,000	1,150,000	**1,650,000**	1,150,000

335,000,000 unissued ordinary shares are under the control of the directors in terms of a resolution of members passed at the last annual general meeting. This authority remains in force until the next annual general meeting.

Figures in Rand	Group 2008	Group 2007	Company 2008	Company 2007
Issued				
165,000,000 Ordinary shares of R0,01 each (2007: 1,150,000 Ordinary shares of R1 each)	**1,650,000**	1,150,000	**1,650,000**	1,150,000
Share premium	**49,500,000**	–	**49,500,000**	–
Share issue costs written off against share premium	**(2,195,307)**	–	**(2,195,307)**	–
	48,954,693	1,150,000	**48,954,693**	1,150,000
11. REVALUATION RESERVE				
Arising on the revaluation of certain items of plant and equipment in 2005				
Revaluation of plant and equipment	**190,000**	190,000	**190,000**	190,000
Deferred taxation – prior year adjustment	**(48,000)**	(48,000)	**(48,000)**	(48,000)
Deferred taxation	**20,275**	20,275	**20,275**	20,275
	162,275	162,275	**162,275**	162,275

Notes to the annual financial statements

Figures in Rand	Group 2008	Group 2007	Company 2008	Company 2007
12. OTHER FINANCIAL LIABILITIES				
Held at amortised cost				
Q.C.A. van Breda	**–**	517,337	**–**	517,337
The loan is unsecured, interest free and was repaid during the current year.				
Current liabilities				
At amortised cost	**–**	517,337	**–**	517,337
13. INSTALMENT SALE AGREEMENTS				
Non-current liabilities	**25,050,258**	12,076,460	**25,050,258**	12,076,460
Current liabilities	**8,366,743**	2,060,023	**8,366,743**	2,060,023
	33,417,001	14,136,483	**33,417,001**	14,136,483

The liabilities are secured by certain plant and equipment and commercial vehicles, bear interest at effective interest rates ranging between 14.00% and 15.50% per annum and are repayable in monthly instalments of R998,226.
The carrying value of the assets held under instalment sale agreements are R36,136,835

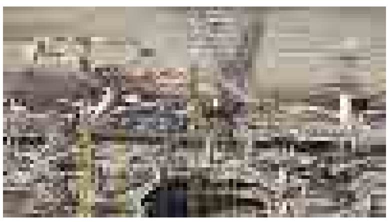
	Opening Balance	Additions	Reversed during the year	Total
14. PROVISIONS				
Reconciliation of provisions				
Group – 2008				
Bonus provision	226,544	84,214	–	310,758
Leave pay provision	327,859	–	(327,859)	–
	554,403	84,214	(327,859)	310,758
Reconciliation of provisions				
Company – 2008				
Bonus provision	226,544	84,214	–	310,758
Leave pay provision	327,859	–	(327,859)	–
	554,403	84,214	(327,859)	310,758

Figures in Rand	Group 2008	Group 2007	Company 2008	Company 2007
15. TRADE AND OTHER PAYABLES				
Trade payables	**68,475,958**	44,708,967	**68,475,953**	44,708,961
Accrued employee benefits	**1,710,636**	2,918,685	**1,710,636**	2,918,687
Accrued employee deductions	**1,048,477**	–	**1,048,477**	–
Accrued expenses	**693,739**	1,719,656	**693,739**	1,719,656
Deposits received	**64,300**	–	**64,300**	–
VAT	**19,016**	–	**19,016**	–
	72,012,126	49,347,308	**72,012,121**	49,347,304

The carrying value of trade and other payables approximates their fair value.

Notes to the annual financial statements

	Group		Company	
Figures in Rand	**2008**	2007	**2008**	2007
16. REVENUE				
Sale of goods	**129,438,534**	116,096,618	**129,438,534**	116,096,618
Rendering of services	**22,601,295**	4,840,483	**22,601,295**	4,840,483
Training fees	**7,566**	33,347	**7,566**	33,347
	152,047,395	120,970,448	**152,047,395**	120,970,448
17. OPERATING PROFIT				
Operating profit for the year is stated after accounting for the following:				
Operating lease charges				
Premises				
• Contractual amounts	**2,548,207**	578,821	**2,548,207**	578,821
Equipment				
• Contractual amounts	**106,483**	79,991	**106,483**	79,991
	2,654,690	658,812	**2,654,690**	658,812
(Loss) profit on sale of plant and equipment	**(10,861)**	1,192,024	**(10,861)**	1,192,024
Profit (loss) on exchange differences	**3,475,201**	(773,872)	**3,475,201**	(773,872)
Depreciation on plant and equipment	**3,192,755**	1,060,221	**3,192,755**	1,060,221
Employee costs	**17,618,703**	7,958,046	**17,618,703**	7,958,046
18. INVESTMENT REVENUE				
Dividend revenue				
Subsidiaries – Local	**–**	–	**64,880**	–
Interest revenue				
Bank	**777,389**	–	**777,389**	–
Other interest	**205,827**	145,519	**205,827**	145,519
	983,216	145,519	**983,216**	145,519
	983,216	145,519	**1,048,196**	145,519
19. FINANCE COSTS				
Bank	**116,899**	12,431	**116,899**	12,431
Instalment sale agreements	**3,614,379**	1,220,411	**3,614,379**	1,220,411
Other interest paid	**404,376**	10,307	**404,376**	10,307
Shareholders	**90,337**	10,477	**90,337**	10,477
	4,225,991	1,253,626	**4,225,991**	1,253,626

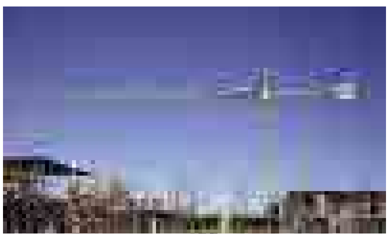


Notes to the annual financial statements

	Group		Company	
Figures in Rand	**2008**	2007	2008	2007
20. TAXATION				
Major components of the tax expense				
Current				
Local income tax – current period	**1,946,237**	5,347,441	**1,946,237**	5,347,441
STC	**–**	1,250,000	**–**	1,250,000
	1,946,237	6,597,441	**1,946,237**	6,597,441
Deferred				
Originating and reversing temporary differences	**753,939**	7,556	**753,939**	7,556
	2,700,176	6,604,997	**2,700,176**	6,604,997
Reconciliation of the tax expense				
Reconciliation between applicable tax rate and average effective tax rate.	%	%	%	%
Applicable tax rate	**28.00**	29.00	**28.00**	29.00
Exempt income	**–**	(5.31)	**(0.16)**	(5.31)
Capital gains tax	**–**	2.90	**–**	2.90
Disallowable charges	**0.02**	1.20	**–**	1.20
Current years losses in subsidiaries	**–**	0.01	**–**	–
Secondary tax on companies	**–**	6.50	**–**	6.50
	28.02	34.30	**27.84**	34.29
The income tax rate of 29% in 2007 was reduced to 28% in 2008.				
21. EARNINGS PER SHARE				
Reconciliation of attributable earnings to headline earnings:				
Profit for the year attributable to equity holders of the parent	**6,935,027**	12,686,164	**6,999,907**	12,657,859
(Gain) / loss on disposal of plant and equipment	**10,861**	(1,192,024)	**10,861**	(1,192,024)
Tax effect	**(3,041)**	148,985	**(3,041)**	148,985
Headline earnings	**6,942,847**	11,643,125	**7,007,727**	11,614,821

Basic earnings per share of 4.68 cents (2007: 11.03 cents) is calculated on the weighted average number of shares in issue during the year of 148,333,333 (2007:115,000,000), based on earnings to ordinary shareholders.

Headline earnings per share of 4.68 cents (2007: 10.12 cents) is calculated on the weighted average number of shares in issue during the year of 148,333,333 (2007: 115,000,000), based on the headline profit of R6,942,847 (2007: R11,643,126).



Notes to the annual financial statements

Figures in Rand	Group 2008	Group 2007	Company 2008	Company 2007
22. AUDITORS' REMUNERATION				
Fees	**120,812**	19,710	**120,812**	18,000
Consulting	**95,735**	–	**95,735**	–
Tax services	**4,000**	2,700	**4,000**	1,000
	220,547	22,410	**220,547**	19,000
23. CASH (USED IN) GENERATED FROM OPERATIONS				
Profit before taxation	**9,635,203**	19,291,161	**9,700,083**	19,262,856
Adjustments for:				
Depreciation and amortisation	**4,414,293**	1,060,221	**4,414,293**	1,060,221
Loss (profit) on sale of assets	**10,861**	(1,192,024)	**10,861**	(1,192,024)
Profit on foreign exchange	**–**	(646,317)	**–**	(646,317)
Income from equity accounted investments	**–**	(32,608)	**–**	–
Dividends received	**–**	–	**(64,880)**	–
Interest received	**(983,216)**	(145,519)	**(983,216)**	(145,519)
Finance costs	**4,225,991**	1,253,626	**4,225,991**	1,253,626
Movements in provisions	**(243,645)**	322,824	**(243,645)**	322,824
Changes in working capital:				
Inventories	**(68,460,619)**	(30,366,773)	**(68,460,619)**	(30,366,773)
Trade and other receivables	**(9,445,852)**	(613,733)	**(9,445,852)**	(613,733)
Trade and other payables	**22,664,820**	34,266,225	**22,664,819**	34,266,225
	(38,182,164)	23,197,083	**(38,182,165)**	23,201,386
24. TAX PAID				
Balance at beginning of the year	**(1,021,313)**	(2,196,415)	**(1,020,756)**	(2,195,725)
Current tax for the year recognised in income statement	**(1,946,237)**	(6,597,441)	**(1,946,237)**	(6,597,441)
Balance at end of the year	**(38,087)**	1,021,313	**(38,644)**	1,020,756
	(3,005,637)	(7,772,543)	**(3,005,637)**	(7,772,410)
25. DIVIDENDS PAID				
Dividends	**–**	(10,000,000)	**–**	(10,000,000)

26. CAPITALISATION AWARD WITH A CASH DIVIDEND ALTERNATIVE

As announced on SENS on Wednesday, 1 October 2008, the directors of SA French resolved to fully issue fully paid ordinary shares in the company as a capitalisation award to ordinary shareholders in lieu of a dividend and the subsequent change of salient dates announced on SENS on Wednesday, 5 November 2008. Ordinary shareholders will be entitled, in respect of all or part of their shareholding, to elect to receive new fully paid ordinary shares, which will be issued only to those ordinary shareholders who elect in respect of all or part of their shareholding, on or before 12:00 on Friday, 5 December 2008, to receive the capitalisation award shares. Shareholders not electing to receive new fully paid ordinary shares in respect of all or part of their shareholding will be entitled to receive a cash dividend alternative of 1 cent per ordinary share ("the cash dividend alternative").

Notes to the annual financial statements

Figures in Rand	Group 2008	Group 2007	Company 2008	Company 2007
27. NET ASSET VALUE PER SHARE				
Number of shares issued	**165,000,000**	115,000,000	**165,000,000**	115,000,000
Net asset value per share	**39.38**	8.90	**39.38**	8.85
Net tangible asset value per share	**39.38**	8.90	**39.38**	8.85
28. COMMITMENTS				
Operating leases – as lessee (expense)				
Minimum lease payments due				
– within one year	**676,712**	858,129	**676,712**	858,129
– in second to fifth year inclusive	**923,264**	745,484	**923,264**	745,484
	1,599,976	1,603,613	**1,599,976**	1,603,613

Operating lease payments represent rentals payable by the group for certain of its office properties. Leases are negotiated for an average term of three years and rentals are fixed for an average of three years. No contingent rent is payable.

29. RELATED PARTIES

Relationships

Shareholder with significant influence	SA French Group Trust
Subsidiaries	Refer to note 3
Members of key management	Q.C.A. van Breda
	W. van Breda
	J.C. Prinsloo
	J.D. Xaba
	W.M. Mashaba

Figures in Rand	Group 2008	Group 2007	Company 2008	Company 2007
Related party transactions				
Rent paid to (received from) related parties				
Speedprops 70 (Pty) Ltd			**1,200,000**	578,821
Compensation to directors and other key management				
Short-term employee benefits	**3,461,888**	912,185	**3,461,888**	912,185

2008	Emoluments	Travel allowance	Fringe benefits	Total
30. DIRECTORS' EMOLUMENTS				
Executive				
Q.C.A. van Breda	1,188,880	114,820	227,687	1,531,387
W. van Breda	649,300	70,700	133,546	853,546
J.C. Prinsloo	551,500	61,000	145,073	757,573
J.D. Xaba	215,555	–	8,563	224,118
W.M. Mashaba	76,354	6,000	12,910	95,264
	2,681,589	252,520	527,779	3,461,888
2007				
Q.C.A. van Breda	501,280	88,920	88,757	678,957
K.E. van Breda	162,125	54,000	17,103	233,228
	663,405	142,920	105,860	912,185

Notes to the annual financial statements

31. COMPARATIVE FIGURES

Certain comparative figures have been reclassified.

32. RISK MANAGEMENT

The group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Liquidity risk

The group's risk to liquidity is a result of the funds available to cover future commitments. The group manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

Interest rate risk

Deposits and all investments attract interest at rates that vary with prime. The group policy is to manage interest rate so that fluctuations in variables do not have a material impact on profit (loss).

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. Credit guarantee insurance is purchased when deemed appropriate.

Foreign exchange risk

The group operates locally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Euro.

Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The company is required to hedge their entire foreign exchange risk exposure with the company's bankers. To manage their foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, the company uses forward contracts, transacted with the company's bankers. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

The company's risk management policy is to hedge 100% of anticipated cash flows (imported purchases of inventory and plant and equipment for rental and resale) in each major foreign currency for the subsequent 12 months.

	Group		Company	
Figures in Rand	**2008**	2007	**2008**	2007
Foreign currency exposure at balance sheet date				
Liabilities				
Current, Euro	**67,498,141**	29,910,330	**67,498,141**	29,910,330
Current, USD	**1,014,290**	–	**1,014,290**	–
Exchange rates used for conversion of foreign items were:				
Euro	**12.52**	9.54	**12.52**	9.54
USD	**7.93**	7.08	**7.93**	7.08

Notes to the annual financial statements

33. STATEMENTS AND INTERPRETATIONS NOT YET EFFECTIVE

* The following standards and interpretations are not regarded to be applicable to the SA French Group due to the nature of standards or interpretation:

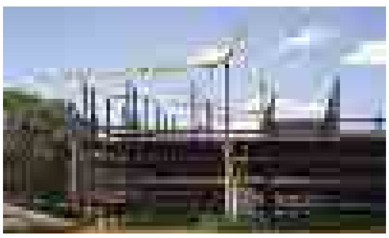
Standard/Interpretation		Effective date
Amended IAS 32 and IAS 1	IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation	01 January 2009
Amendments to IFRS 2	IFRS 2 Share based Payment – Vesting Conditions and Cancellations	01 January 2009
IFRIC 13	Customer Loyalty Programmes	01 July 2008
Revised IFRS 3	Business Combinations	01 July 2009

* The group has not early adopted any of the standards and interpretations listed below. The impact of the implementation of these standards and interpretations have not been assessed in detail. However, it is expected that the application of these standards and interpretations will not have a significant impact on the group's reported results, financial position and cash flows.

Standard/Interpretation		Effective date
Amendments to IFRS 1 and IAS 27	IFRS 1 First time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	01 January 2009
Amended IAS 27	Consolidated and Separate Financial Statements	01 July 2009
IFRS 8	Operating Segments	01 January 2009
Revised IAS 1	Presentation of Financial Statements	01 January 2009
Revised IAS 23	Borrowing Costs	01 January 2009
Various	Improvements to International Reporting Standards 2008	01 January 2009

34. SEGMENTAL REPORTING

IAS 8 has not been early adopted and will be implemented on 01 January 2009. Management have not presented segment reporting during the year under review.



Analysis of Shareholders

Register date: 27 June 2008				
Issued Share Capital: 165,000,000 shares				
SHAREHOLDER SPREAD	**No. of shareholders**	**%**	**No. of Shares**	**%**
1 - 1,000 shares	88	12.34	69,592	0.04
1,001 - 10,000 shares	383	53.72	2,026,169	1.23
10,001 - 100,000 shares	188	26.37	5,959,972	3.61
100,001 - 1,000,000 shares	40	5.61	14,365,877	8.71
1,000,001 shares and over	14	1.96	142,578,390	86.41
	713	**100**	**165,000,000**	**100**
DISTRIBUTION OF SHAREHOLDERS	**No. of shareholders**	**%**	**No. of Shares**	**%**
Banks	3	0.42	2,615,430	1.59
Close Corporations	17	2.38	238,390	0.14
Empowerments	2	0.28	36,800,000	22.30
Individuals	600	84.15	10,043,691	6.09
Investment Companies	8	1.12	2,253,076	1.37
Mutual Funds	10	1.40	25,750,409	15.61
Nominees and Trusts	36	5.05	3,449,197	2.09
Other Corporations	10	1.40	2,373,606	1.44
Pension Funds	4	0.56	8,908,298	5.40
Private Companies	20	2.81	6,017,903	3.65
Public Companies	2	0.28	350,000	0.21
Share Trusts	1	0.14	66,200,000	40.12
	713	**100**	**165,000,000**	**100**
PUBLIC / NON - PUBLIC SHAREHOLDERS	**No. of shareholdings**	**%**	**No. of Shares**	**%**
Non-Public shareholders	**8**	**1.12**	**105,461,923**	**63.90**
Directors	4	0.56	39,380,923	23.86
The SA French Group Trust	1	0.14	33,100,000	20.06
Mowana Investments (Proprietary) Limited	1	0.14	20,631,000	12.50
Share Trusts	2	0.28	12,350,000	7.48
Public	**705**	**98.88**	**59,538,077**	**36.10**
	713	**100.00**	**165,000,000**	**100.00**
			No. of Shares	**%**
The SA French Group Trust			**66,200,000**	**40.12**
Mowana Investments (Proprietary) Limited			**26,450,000**	**16.03**
The SAF Economic Empowerment Trust			**10,350,000**	**6.27**
Coronation Optimum Growth Fund			**7,103,292**	**4.31**
Advantage Aggressive Small Cap Value Fund			**6,862,350**	**4.16**
Public Investment Corporation			**6,513,516**	**3.95**

Director's interests in securities as at 30 June 2008

Director	Direct Beneficial	Indirect Beneficial	%
Q C van Breda*	-	16,550,000	10.03
W van Breda*	-	16,550,000	10.03
L B Mophatlane	-	3,174,000	1.92
J M Poluta	-	3,106,923	1.88
Total	**-**	**39,380,923**	**23.86**
* Directors holding is through The SA French Group Trust			

Notice of Annual General Meeting

SA French Limited

Incorporated in the Republic of South Africa
(Registration number 1982/009174/06)
Share code: SFH   ISIN: ZAE000108890
("SA French" or " the company")

If you are in any doubt as to what action you should take in respect of the following resolutions, please consult your Central Securities Depository Participant ("CSDP"), broker, banker, attorney, accountant or other professional adviser immediately.

Notice is hereby given that the annual general meeting of shareholders of the company will be held at the offices of the company, 56-58 Rigger Road, Spartan, Kempton Park, at 10:00 on Thursday, 15 January 2009 to conduct the following business:

1. To receive, consider and adopt the annual financial statements of the company and the group for the financial year ended 30 June 2008, including the directors' report and the report of the auditors therein.
2. To re-elect, Mr W van Breda who, in terms of Article 117 of the company's articles of association, retires by rotation at this annual general meeting but, being eligible to do so, offers himself for re-election.
3. To re-elect, Mr J C Prinsloo who, in terms of Article 117 of the company's articles of association, retires by rotation at this annual general meeting but, being eligible to do so, offers himself for re-election.

   An abbreviated curriculum vitae in respect of each director offering himself for re-election appears on page 4 of the annual report to which this notice is attached.
4. To authorise the directors, on recommendation by the audit committee in terms of section 270A of the Companies Act, 1973 (Act 61 of 1973), as amended, to appoint an auditor who is registered as such on JSE Limited's ("JSE") register of auditors in terms of paragraph 3.86 of the JSE Listings Requirements, for the ensuing financial year.
5. To confirm that no remuneration is to be paid to the non-executive directors for the year ended 30 June 2008 as reflected in note 30 to the annual financial statements.

   As special business, to consider and, if deemed fit, to pass, with or without modification, the following resolutions:

ORDINARY RESOLUTION NUMBER 1
Control of authorised but unissued ordinary shares

6. **"Resolved** by way of a general authority that the authorised but unissued ordinary shares in the capital of SA French Limited ("the company") be and are hereby placed under the control and authority of the directors of the company ("directors") and that the directors be and are hereby authorised and empowered to allot and issue all or any of such ordinary shares, or to issue any options in respect of all or any of such ordinary shares, to such person/s on such terms and conditions and at such times as the directors may from time to time and in their discretion deem fit, subject to the provisions of sections 221 and 222 of the Companies Act, 1973 (Act 61 of 1973), as amended, the articles of association of the company and the Listings Requirements of JSE Limited from time to time."

ORDINARY RESOLUTION NUMBER 2
Approval to issue ordinary shares, and to sell treasury shares, for cash

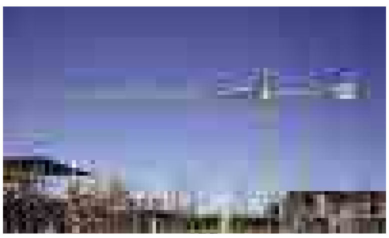
7. "**Resolved that** the directors of SA French Limited ("the company") and/or any of its subsidiaries from time to time be and are hereby authorised, by way of a general authority, to -

   - allot and issue, or to issue any options in respect of, all or any of the authorised but unissued ordinary shares in the capital of the company; and/or
   - sell or otherwise dispose of or transfer, or issue any options in respect of, ordinary shares in the capital of the company purchased by subsidiaries of the company,

   for cash, to such person/s on such terms and conditions and at such times as the directors may from time to time in their discretion deem fit, subject to the Companies Act, 1973 (Act 61 of 1973), as amended, the articles of association of the company and its subsidiaries and the Listings Requirements of JSE Limited ("the JSE Listings Requirements") from time to time.

   The JSE Listings Requirements currently provide, *inter alia*, that:

   - the securities which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue;
   - any such issue may only be made to "public shareholders" as defined in the JSE Listings Requirements and not to related parties;
   - the number of ordinary shares issued for cash shall not in any one financial year in the aggregate exceed 50% (fifty percent) of the number of issued ordinary shares. The number of ordinary shares which may be issued shall be based, *inter alia*, on the number of ordinary shares in issue, added to those that may be issued in future (arising from the conversion of options/convertibles) at the date of such application,



Notice of Annual General Meeting (continued)

less any ordinary shares issued, or to be issued in future arising from options/convertible ordinary shares issued during the current financial year; plus any ordinary shares to be issued pursuant to a rights issue which has been announced, is irrevocable and is fully underwritten, or an acquisition which has had final terms announced;

- this general authority will be valid until the earlier of the company's next annual general meeting or the expiry of a period of 15 (fifteen) months from the date that this authority is given;
- an announcement giving full details, including the impact on net asset value per share, net tangible asset value per share, earnings per share and headline earnings per share and, if applicable, diluted earnings and headline earnings per share, will be published when the company has issued ordinary shares representing, on a cumulative basis within 1 (one) financial year, 5% (five per cent) or more of the number of ordinary shares in issue prior to the issue;
- in determining the price at which an issue of ordinary shares may be made in terms of this authority, the maximum discount permitted will be 10% (ten per cent) of the weighted average traded price on the JSE Limited of the ordinary shares over the 30 (thirty) business days prior to the date that the price of the issue is agreed between the issuer and the party subscribing for the securities; and
- whenever the company wishes to use ordinary shares, held as treasury stock by a subsidiary of the company, such use must comply with the JSE Listings Requirements as if such use was a fresh issue of ordinary shares."

Under the JSE Limited ("the JSE") Listings Requirements, ordinary resolution number 2 must be passed by a 75% (seventy five) majority of the votes cast in favour of the resolution by all members present or represented by proxy at the annual general meeting.

SPECIAL RESOLUTION NUMBER 1
General approval to acquire shares

8. **"Resolved,** by way of a general approval that SA French Limited ("the company") and/or any of its subsidiaries from time to time be and are hereby authorised to acquire ordinary shares in the company in terms of sections 85 to 89 of the Companies Act, 1973 (Act 61 of 1973), as amended, the articles of association of the company and its subsidiaries and the Listings Requirements of JSE Limited ("the JSE") from time to time.

The JSE Listings Requirements currently provide, *inter alia,* that:

- the acquisition of the ordinary shares must be effected through the order book operated by the JSE trading system and done without any prior understanding or arrangement between the company and the counter party;
- this general authority shall only be valid until the earlier of the company's next annual general meeting or the expiry of a period of 15 (fifteen) months from the date of passing of this special resolution;
- in determining the price at which the company's ordinary shares are acquired in terms of this general authority, the maximum premium at which such ordinary shares may be acquired will be 10% (ten per cent) of the weighted average of the market value at which such ordinary shares are traded on the JSE, as determined over the 5 (five) business days immediately preceding the date on which the transaction is effected;
- the acquisitions of ordinary shares in the aggregate in any one financial year may not exceed 20% (twenty per cent) of the company's issued ordinary share capital;
- the company or its subsidiaries may not acquire ordinary shares during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements;
- the repurchase of ordinary shares may only be undertaken if, after such repurchase, the company will still comply with paragraphs 3.37 to 3.41 of the JSE Listings Requirements concerning shareholder spread;
- an announcement will be published once the company has cumulatively repurchased 3% (three per cent) of the number of the ordinary shares in issue at the time this general authority is granted ("initial number"), and for each 3% (three percent) in aggregate of the initial number acquired thereafter; and
- at any point in time, the company may only appoint one agent to effect any acquisition/s on its behalf."

Notice of Annual General Meeting (continued)

8.1 Reason for and effect of special resolution number 1

The reason for and effect of this special resolution number 1 is to obtain an authority for, and to authorise, the company and the company's subsidiaries, by way of a general authority, to acquire the company's issued ordinary shares.

It is the intention of the directors of the company to use such authority should prevailing circumstances (including tax dispensations and market conditions) in their opinion warrant it.

8.2 Other disclosure in terms of Section 11.26 of the JSE Listings Requirements

The JSE Listings Requirements require the following disclosure, which are contained in the annual report of which this notice forms part:

- directors and management – page 13;
- major shareholders of SA French – page 45;
- directors' interests in securities – page 45;
- share capital of the company – page 37; and

8.3 Litigation statement

There are no legal or arbitration proceedings against the group or, as far as the directors are aware, are there any legal or arbitration proceedings pending or threatened against the group which may have, or have had, in the 12 months preceding the date of this annual report a material effect on the company's financial position.

8.4 Material change

There have been no material changes in the affairs or financial position of SA French and its subsidiaries since SA French's financial year end and the date of this notice.

8.5 Directors' responsibility statement

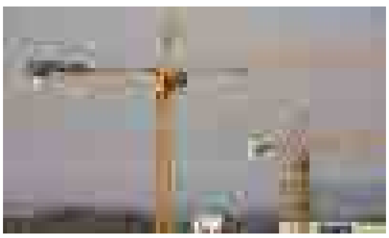
The directors, whose names are given on page 13 of the annual report of which this notice forms part, collectively and individually accept full responsibility for the accuracy of the information pertaining to special resolution number 1 and certify that to the best of their knowledge and belief there are no facts in relation to special resolution number 1 that have been omitted which would make any statement in relation to special resolution number 1 false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that special resolution number 1 together with this notice contains all information required by law and the JSE Listings Requirements in relation to special resolution number 1.

8.6 Adequacy of working capital

At the time that the contemplated repurchase is to take place, the directors will ensure that, after considering the effect of the maximum repurchase and for a period of twelve months after the date of this notice of annual general meeting:

- the company and its subsidiaries will be able to pay their debts as they become due in the ordinary course of business;
- the consolidated assets of the company and its subsidiaries, fairly valued in accordance with International Financial Reporting Standards, will be in excess of the consolidated liabilities of the company and its subsidiaries;
- the issued share capital and reserves of the company and its subsidiaries will be adequate for the purpose of the ordinary business of the company and its subsidiaries; and
- the working capital available to the company and its subsidiaries will be sufficient for the group's requirements.

The company may not enter the market to proceed with the repurchase until its Designated Adviser, Merchantec (Proprietary) Limited, has discharged of all of its responsibilities in terms of the JSE Listings Requirements insofar as they apply to working capital statements for the purposes of undertaking an acquisition of its issued ordinary shares.



Notice of Annual General Meeting (continued)

ORDINARY RESOLUTION NUMBER 3
Signature of documents

9. "**Resolved that** each director of SA French Limited ("the company") be and is hereby individually authorised to sign all such documents and do all such things as may be necessary for or incidental to the implementation of those resolutions to be proposed at the annual general meeting convened to consider the resolutions which are passed, in the case of ordinary resolutions, or are passed and registered by the Companies and Intellectual Property Registration Office (formerly the Registrar of Companies), in the case of special resolutions."

10. Other business

To transact such other business as may be transacted at the annual general meeting of the company.

Voting and proxies

A shareholder entitled to attend and vote at the annual general meeting is entitled to appoint a proxy or proxies to attend and act in his/her stead. A proxy need not be a member of the company. For the convenience of registered members of the company, a form of proxy is attached hereto.

The attached form of proxy is only to be completed by those ordinary shareholders who:

- hold ordinary shares in certificated form; or
- are recorded on the sub-register in "own name" dematerialised form.

Ordinary shareholders who have dematerialised their ordinary shares through a CSDP or broker without "own name" registration and who wish to attend the annual general meeting, must instruct their CSDP or broker to provide them with the relevant Letter of Representation to attend the meeting in person or by proxy and vote. If they do not wish to attend in person or by proxy, they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.

Proxy forms should be forwarded to reach the transfer secretaries, Computershare Investor Services (Proprietary) Limited, at least 48 hours, excluding Saturdays, Sundays and public holidays, before the time of the meeting.

By order of the Board

W van Breda
Company secretary

12 December 2008
Johannesburg

Comments

Form of proxy

SA French Limited

Incorporated in the Republic of South Africa

(Registration number 1982/009174/06)

Share code: SFH ISIN: ZAE000108890

("SA French" or " the company")

For use only by ordinary shareholders who:

- hold ordinary shares in certificated form ("certificated ordinary shareholders"); or
- have dematerialised their ordinary shares ("dematerialised ordinary shareholders") and are registered with "own-name" registration,

at the annual general meeting of ordinary shareholders of the company to be held at the offices of the company, 56-58 Rigger Road, Spartan, Kempton Park, at 10:00 on Thursday, 15 January 2009 and any adjournment thereof.

Dematerialised ordinary shareholders holding ordinary shares other than with "own-name" registration who wish to attend the annual general meeting must inform their Central Securities Depository Participant ("CSDP") or broker of their intention to attend the annual general meeting and request their CSDP or broker to issue them with the relevant Letter of Representation to attend the annual general meeting in person or by proxy and vote. If they do not wish to attend the annual general meeting in person or by proxy, they must provide their CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker. **These ordinary shareholders must not use this form of proxy.**

I/We (BLOCK LETTERS please)

of (address)

Telephone work ( ) Telephone home ( )

being the holder/custodian of ordinary shares in the company, hereby appoint (see note):

1. or failing him / her,

2. or failing him / her,

3. the Chairperson of the meeting,

as my/our proxy to attend and act for me/us on my/our behalf at the annual general meeting of the company convened for purpose of considering and, if deemed fit, passing, with or without modification, the special and ordinary resolutions to be proposed thereat ("resolutions") and at each postponement or adjournment thereof and to vote for and/or against such resolutions, and/or abstain from voting, in respect of the ordinary shares in the issued share capital of the company registered in my/our name/s in accordance with the following instructions:

		Number of ordinary shares		
1.	To receive, consider and adopt the annual financial statements of the company and group for the financial year ended 30 June 2008			
2.	To approve the re-election as director of Mr W van Breda who retires by rotation			
3.	To approve the re-election as director of Mr J C Prinsloo who retires by rotation			
4.	To authorise the directors to appoint an auditor who is registered as such on the JSE Limited's register of auditors			
5.	To confirm that no remuneration is to be paid to the non-executive directors for the financial year ended 30 June 2008			
6.	**Ordinary resolution number 1** Control of authorised but unissued ordinary shares			
7.	**Ordinary resolution number 2** Approval to issue ordinary shares, and to sell treasury shares, for cash			
8.	**Special resolution number 1** General approval to acquire shares			
9.	**Ordinary resolution number 3** Signature of documents			

Please indicate instructions to proxy in the space provided above by the insertion therein of the relevant number of votes exercisable.

A member entitled to attend and vote at the annual general meeting may appoint one or more proxies to attend and act in his stead. A proxy so appointed need not be a member of the company.

Signed at on 2008/2009

Signature

Assisted by (if applicable)

Notes

1. The form of proxy must only be completed by shareholders who hold shares in certificated form or who are recorded on the sub-register in electronic form in "own name".
2. All other beneficial owners who have dematerialised their shares through a CSDP or broker and wish to attend the annual general meeting must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.
3. A shareholder entitled to attend and vote at the annual general meeting may insert the name of a proxy or the names of two alternate proxies of the shareholder's choice in the space provided, with or without deleting "the Chairperson of the meeting". The person whose name stands first on this form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those proxy(ies) whose names follow.
4. A shareholder is entitled to one vote on a show of hands and, on a poll, one vote in respect of each ordinary share held. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by that shareholder in the appropriate space provided. If an "X" has been inserted in one of the blocks to a particular resolution, it will indicate the voting of all the shares held by the shareholder concerned. Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the shareholder's votes exercisable thereat. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholders or by the proxy, but the total of the votes cast and in respect of which abstention is recorded may not exceed the total of the votes exercisable by the shareholder or the proxy.
5. A vote given in terms of an instrument of proxy shall be valid in relation to the annual general meeting notwithstanding the death, insanity or other legal disability of the person granting it, or the revocation of the proxy, or the transfer of the ordinary shares in respect of which the proxy is given, unless notice as to any of the aforementioned matters shall have been received by the transfer secretaries not less than forty-eight hours before the commencement of the annual general meeting.
6. If a shareholder does not indicate on this form that his/her proxy is to vote in favour of or against any resolution or to abstain from voting, or gives contradictory instructions, or should any further resolution(s) or any amendment(s) which may properly be put before the annual general meeting be proposed, such proxy shall be entitled to vote as he/she thinks fit.
7. The Chairperson of the annual general meeting may reject or accept any form of proxy which is completed and/or received other than in compliance with these notes.
8. A shareholder's authorisation to the proxy including the Chairperson of the annual general meeting, to vote on such shareholder's behalf, shall be deemed to include the authority to vote on procedural matters at the annual general meeting.
9. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof.
10. Documentary evidence establishing the authority of a person signing the form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the company's transfer secretaries or waived by the Chairperson of the annual general meeting.
11. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by the transfer secretaries of the company.
12. Where there are joint holders of ordinary shares:
    - any one holder may sign the form of proxy;
    - the vote(s) of the senior ordinary shareholders (for that purpose seniority will be determined by the order in which the names of ordinary shareholders appear in the company's register of ordinary shareholders) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint shareholder(s).
13. **Forms of proxy should be lodged with or mailed to Computershare Investor Services (Proprietary) Limited:**

    Hand deliveries to:
    Computershare Investor Services (Proprietary) Limited
    Ground Floor, 70 Marshall Street
    Johannesburg, 2001

    Postal deliveries to:
    Computershare Investor Services (Proprietary) Limited
    PO Box 61051
    Marshalltown, 2107

    to be received by no later than 10:00 on Tuesday, 13 January 2009 (or 48 hours before any adjournment of the annual general meeting which date, if necessary, will be notified on SENS).
14. A deletion of any printed matter and the completion of any blank space need not be signed or initialled. Any alteration or correction must be signed and not merely initialled.