



SEPHAKU
HOLDINGS LTD

Sephaku Holdings Ltd and its Subsidiaries
Group Annual Financial Statements
for the year ended 28 February 2007

Sephaku Holdings Ltd and its Subsidiaries

(Registration number 2005/003306/06)

Group Annual Financial Statements for the year ended 28 February 2007

General Information

Country of incorporation and domicile	South Africa	
Nature of business and principal activities	Mining and development	
Directors	L Mohuba	
	NR Crafford-Lazarus	
	CR de Wet de Bruin	
	RR Matjiu	
	ME Smit	
	GS Mahlati	
	J Bennette	Alternate director to RR Matjiu
	D Twist	Alternate director to CRD de Bruin
Registered office	4A Manhattan Office Park 16 Pieter Road Highveld Technopark Centurion 0169	
Postal address	PO Box 68149 Highveld 0169	
Bankers	ABSA Centurion	
Auditors	PKF (Pretoria) Incorporated Registered Auditors	
Secretary	Sephaku Management (Pty) Ltd	
Company registration number	2005/003306/06	

Sephaku Holdings Ltd and its Subsidiaries

(Registration number 2005/003306/06)

Group Annual Financial Statements for the year ended 28 February 2007

Index

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

Index	Page
Report of the Independent Auditors	3
Directors' Responsibilities and Approval	4
Directors' Report	5 - 6
Balance Sheet	7
Income Statement	8
Statement of Changes in Equity	9 - 10
Cash Flow Statement	11
Accounting Policies	12 - 19
Notes to the Group Annual Financial Statements	20 - 35
The following supplementary information does not form part of the group annual financial statements and is unaudited:	
Statement from secretary	36

Report of the Independent Auditors

Previously

Fisher Hoffmann PKF

To the shareholder of Sephaku Holdings Ltd and its Subsidiaries

We have audited the accompanying group annual financial statements of Sephaku Holdings Ltd and its Subsidiaries, which comprise the directors' report, the balance sheet as at 28 February 2007, 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 5 to 35.

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 South African Companies Act, 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 28 February 2007, 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 South African Companies Act, 1973.

Supplementary Information

We draw your attention to the fact that the supplementary information set out on page 36 does not form part of the group annual financial statements and is presented as additional information. We have not audited this information and accordingly do not express an opinion thereon.

PKF (Pta) Inc.

PKF (Pretoria) Incorporated
Registered Auditors
Per: JF Grobler

01 February 2008

Tel +27 12 460 9000 | Fax +27 12 346 2380

Email info@pkfpta.co.za | www.pkf.co.za

Ground Floor 105 Club Avenue | Waterkloof Heights | Pretoria 0065

P.O. Box 98060 | Waterkloof Heights | Pretoria 0065

PKF (Pta) Inc Registered Auditors Chartered Accountants (SA) A member firm of PKF International Ltd Reg No. 2000/026635/21

Directors RP Badenhorst (Managing) JF Grobler M Manilal S Ranchhoojee A Salickram J Tromp

Sephaku Holdings Ltd and its Subsidiaries

(Registration number 2005/003306/06)

Group Annual Financial Statements for the year ended 28 February 2007

Directors' Responsibilities and Approval

The directors are required by the South African Companies Act, 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.

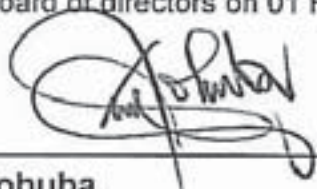
The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards 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 29 February 2008 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's 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 3.

The group annual financial statements set out on pages 5 to 36, which have been prepared on the going concern basis, were approved by the board of directors on 01 February 2008 and were signed on its behalf by:



L Mohuba



ME Smit

Centurion, South Africa

01 February 2008

Sephaku Holdings Ltd and its Subsidiaries

(Registration number 2005/003306/06)

Group Annual Financial Statements for the year ended 28 February 2007

Directors' Report

The directors submit their report for the year ended 28 February 2007.

1. Review of activities

Main business and operations

The group is engaged in mining and development and operates principally in South Africa.

The operating results and state of affairs of the company 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 R 12 712 876 (2006: loss R 226 326), after taxation of R 2 303 458 (2006: R -).

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 matter or circumstance arising since the end of the financial year that will have any negative impact on the financial statements.

4. Directors' interest in contracts

Tanton Investments (Pty) Ltd - during the year under review the company rendered services to Sephaku Management (Pty) Ltd at market related prices to the value of R600 000. CRD de Bruin is a director of both Tanton Investments (Pty) Ltd and Sephaku Holdings Ltd, of which Sephaku Management (Pty) Ltd is a wholly owned subsidiary.

The Makings (Pty) Ltd - during the year under review the company rendered services to Sephaku Management (Pty) Ltd at market related prices to the value of R771 000. ME Smit is a director of both The Makings (Pty) Ltd and Sephaku Holdings Ltd of which Sephaku Management (Pty) Ltd is a wholly owned subsidiary.

5. Authorised and issued share capital

During the year under review the company issued a total of 28 947 333 ordinary shares of R0.001 each and 4 920 000 non-voting convertible preference shares of R0.001 each.

During 2007 it was resolved that the Memorandum of Association of Sephaku Holdings Ltd ("the Company") be amended by subdividing the existing authorised share capital of R1 000 consisting of 1 000 ordinary shares of R1 each into 1 000 000 ordinary shares of R0.001 each and increasing the authorised share capital of R200 000 divided into 150 000 000 ordinary shares of R0.001 each and 50 000 000 non-voting convertible preference shares of R0.001 each.

6. Non-current assets

Details of major changes in the nature of the non-current assets of the company during the year were as follows:

Additions to intangible assets of the group amounted to R4 328 174.

Additions to property, plant and equipment amounted to R730 461.

7. Dividends

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

Sephaku Holdings Ltd and its Subsidiaries

(Registration number 2005/003306/06)

Group Annual Financial Statements for the year ended 28 February 2007

Directors' Report

8. Directors

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

Name	Changes
L Mohuba	
NR Crafford-Lazarus	Appointed 01 June 2007
CR de Wet de Bruin	Appointed 19 September 2006
RR Matjiu	Appointed 23 August 2005
ME Smit	Appointed 01 November 2005
GS Mahlati	Appointed 19 September 2006
J Bennette	
D Twist	Alternate director to RR Matjiu Alternate director to CRD de Bruin

9. Secretary

The secretary of the company is Sephaku Management (Pty) Ltd, appointed 09 April 2007.

Business address

Suite 4A Manhattan Office Park
16 Pieter Street
Highveld Technopark
Centurion
0169

Postal address

PO Box 68149
Highveld
0169

10. Interest in subsidiaries

Name of subsidiary	Net income (loss) after tax
Sephaku Exploration Holdings (Pty) Ltd	(450)
Sephaku Gold Holdings (Pty) Ltd	(1 339)
Sephaku PGM Holdings (Pty) Ltd	(1 075)
Sephaku Developments (Pty) Ltd	(1 426)
Sephaku Coal Holdings (Pty) Ltd	(4 939)
Sephaku Management (Pty) Ltd	(5 398)

Details of the company's investment in subsidiaries are set out in note 7.

11. Auditors

PKF (Pretoria) Incorporated will continue in office in accordance with section 270(2) of the Companies Act.

Sephaku Holdings Ltd and its Subsidiaries

(Registration number 2005/003306/06)

Group Annual Financial Statements for the year ended 28 February 2007

Balance Sheet

Figures in Rand	Notes	Group		Company	
		2007	2006	2007	2006
Assets					
Non-Current Assets					
Property, plant and equipment	4	728 513	103 497	-	-
Goodwill	5	748 900	748 900	-	-
Intangible assets	6	4 359 838	50 090	-	-
Investments in subsidiaries	7	-	-	10 580	10 380
Investments in associates	8	280	208	26	26
Deposit for rehabilitation	12	184 000	118 000	-	-
		6 021 531	1 020 695	10 606	10 406
Current Assets					
Loans to group companies	9	4 173 343	505 000	16 443 988	1 792 499
Loans to directors, managers and employees	13	553 176	1 100	1 100	1 100
Other financial assets	10	1 036 259	-	30 217	-
Trade and other receivables	14	8 935 120	85 318	201 425	-
Prepayments		45 600	-	-	-
Cash and cash equivalents	15	24 931 956	2 349 815	23 447 126	2 274 260
		39 675 454	2 941 233	40 123 856	4 067 859
Total Assets		45 696 985	3 961 928	40 134 462	4 078 265
Equity and Liabilities					
Equity					
Equity Attributable to Equity Holders of Parent					
Share capital	16	23 854 266	4 130 500	23 854 266	4 130 500
Accumulated loss		12 486 550	(226 326)	(396 817)	(211 647)
Minority interest		25	25	-	-
		36 340 841	3 904 199	23 457 449	3 918 853
Liabilities					
Current Liabilities					
Loans from group companies	9	52	526	16 676 934	-
Current tax payable	19	2 303 458	-	-	-
Finance lease obligation	17	95 600	20 582	-	-
Trade and other payables	20	4 927 835	16 084	79	159 412
Provisions	18	2 008 699	-	-	-
Loans payable		20 500	20 500	-	-
Bank overdraft	15	-	37	-	-
		9 356 144	57 729	16 677 013	159 412
Total Equity and Liabilities		45 696 985	3 961 928	40 134 462	4 078 265
Net asset value per share (cents)	26	45.11			
Tangible net asset value per share (cents)	26	38.77			

Sephaku Holdings Ltd and its Subsidiaries

(Registration number 2005/003306/06)

Group Annual Financial Statements for the year ended 28 February 2007

Income Statement

Figures in Rand	Notes	Group		Company	
		2007	2006	2007	2006
Other income		31 481 595	159 864	-	-
Operating expenses		(16 972 087)	(385 519)	(676 376)	(211 684)
Operating profit (loss)	22	14 509 508	(225 655)	(676 376)	(211 684)
Investment revenue	23	516 011	37	491 206	37
Finance costs	24	(9 185)	(708)	-	-
Profit (loss) before taxation		15 016 334	(226 326)	(185 170)	(211 647)
Taxation	25	(2 303 458)	-	-	-
Profit (loss) for the year		12 712 876	(226 326)	(185 170)	(211 647)
Basic earnings per share (cents)	26	24.89			
Diluted earnings per share (cents)	26	24.89			
Headline earnings per share (cents)	26	(11.01)			
Diluted headline earnings per share (cents)	26	(11.01)			

Sephaku Holdings Ltd and its Subsidiaries

Formerly -

(Registration number 2005/003306/06)

Group Annual Financial Statements for the year ended 28 February 2007

Statement of Changes in Equity

Figures in Rand	Share capital	Share premium	Total share capital	Accumulated loss	Total attributable to equity holders of the group / company	Minority interest	Total equity
Group							
Balance at 01 March 2005	210	-	210	-	210	25	235
Changes in equity							
Loss for the year	-	-	-	(226 326)	(226 326)	-	(226 326)
Issue of shares	28 737	2 851 553	2 880 290	-	2 880 290	-	2 880 290
Issue of preference shares	4 920	1 225 080	1 230 000	-	1 230 000	-	1 230 000
Ordinary shares in the process of being issued	40	19 960	20 000	-	20 000	-	20 000
Total changes	33 697	4 096 593	4 130 290	(226 326)	3 903 964	-	3 903 964
Balance at 01 March 2006	33 907	4 096 593	4 130 500	(226 326)	3 904 174	25	3 904 199
Changes in equity							
Profit for the year	-	-	-	12 712 876	12 712 876	-	12 712 876
Issue of shares	31 734	11 023 417	11 055 151	-	11 055 151	-	11 055 151
Issue of preference shares	14 917	8 246 698	8 261 615	-	8 261 615	-	8 261 615
Ordinary shares in the process of being issued	204	406 796	407 000	-	407 000	-	407 000
Total changes	46 855	19 676 911	19 723 766	12 712 876	32 436 642	-	32 436 642
Balance at 28 February 2007	80 762	23 773 504	23 854 266	12 486 550	36 340 816	25	36 340 841
Note(s)	16	16	16				

Sephaku Holdings Ltd and its Subsidiaries

Formerly -

(Registration number 2005/003306/06)

Group Annual Financial Statements for the year ended 28 February 2007

Statement of Changes in Equity

	Share capital	Share premium	Total share capital	Accumulated loss	Total attributable to equity holders of the group / company	Minority interest	Total equity
Figures in Rand							
Company							
Balance at 01 March 2005	-	-	-	-	-	-	-
Changes in equity							
Loss for the year	-	-	-	(211 647)	(211 647)	-	(211 647)
Issue of shares	28 947	2 851 553	2 880 500	-	2 880 500	-	2 880 500
Purchase of own / treasury shares	4 920	1 225 080	1 230 000	-	1 230 000	-	1 230 000
Preference shares in the process of being issued	40	19 960	20 000	-	20 000	-	20 000
Total changes	33 907	4 096 593	4 130 500	(211 647)	3 918 853	-	3 918 853
Balance at 01 March 2006	33 907	4 096 593	4 130 500	(211 647)	3 918 853	-	3 918 853
Changes in equity							
Loss for the year	-	-	-	(185 170)	(185 170)	-	(185 170)
Issue of shares	31 734	11 023 417	11 055 151	-	11 055 151	-	11 055 151
Issue of preference shares	14 917	8 246 698	8 261 615	-	8 261 615	-	8 261 615
Preference shares in the process of being issued	204	406 796	407 000	-	407 000	-	407 000
Total changes	46 855	19 676 911	19 723 766	(185 170)	19 538 596	-	19 538 596
Balance at 28 February 2007	80 762	23 773 504	23 854 266	(396 817)	23 457 449	-	23 457 449
Note(s)	16	16	16				

Sephaku Holdings Ltd and its Subsidiaries

(Registration number 2005/003306/06)

Group Annual Financial Statements for the year ended 28 February 2007

Cash Flow Statement

Figures in Rand	Notes	Group		Company	
		2007	2006	2007	2006
Cash flows from operating activities					
Cash used in (generated from) operations	27	(9 341 573)	(290 411)	(1 037 134)	(52 400)
Interest income		516 011	37	491 206	37
Finance costs		(9 185)	(708)	-	-
Net cash from operating activities		(8 834 747)	(291 082)	(545 928)	(52 363)
Cash flows from investing activities					
Purchase of property, plant and equipment	4	(730 461)	(108 208)	-	-
Purchase of other intangible assets	6	(4 328 174)	(50 090)	-	-
Loans (advanced to) / received from group companies		(3 186 044)	(504 297)	(14 651 540)	(1 792 422)
Loans to group companies		-	-	16 676 985	-
Movement in other financial assets		20 490 056	-	(30 217)	-
Purchase of deposit for rehabilitation		(66 000)	(118 000)	-	-
Increase in investments in associates		(52)	(27)	(10 380)	(10 355)
Net cash from investing activities		12 179 325	(780 622)	1 984 848	(1 802 777)
Cash flows from financing activities					
Proceeds on share issue	16	11 462 151	2 131 600	11 462 151	2 880 500
Preference share issue	16	8 261 595	1 249 790	8 271 795	1 250 000
Movement in loans to directors, managers and employees		(552 026)	(1 100)	-	(1 100)
Repayment of shareholders loan		-	20 510	-	-
Finance lease payments		65 843	19 906	-	-
Net cash from financing activities		19 237 563	3 420 706	19 733 946	4 129 400
Total cash movement for the year		22 582 141	2 349 002	21 172 866	2 274 260
Cash at the beginning of the year		2 349 815	776	2 274 260	-
Total cash at end of the year	15	24 931 956	2 349 778	23 447 126	2 274 260

Sephaku Holdings Ltd and its Subsidiaries

(Registration number 2005/003306/06)

Group Annual Financial Statements for the year ended 28 February 2007

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 South African Companies Act, 1973. The group annual financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below.

These accounting policies are consistent with the previous period.

1.1 Critical accounting estimates and 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:

Critical accounting estimates and assumptions

Impairment testing

The group reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time.

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.

Critical judgements in applying the entity's accounting policies

Exploration expenses capitalised

Exploration and evaluation expenses are those expenses incurred in connection with acquisition of rights to explore, investigate, examine and evaluate an area of mineralization including related overhead costs. The directors exercise judgment to determine if the costs associated with a specific project must be capitalised against the specific project or written off.

Exploration assets are reviewed at balance sheet date, and where the directors consider there to be indicators of impairment, impairment tests will be performed on the capitalised costs and any impairments will be recognised through the income statement.

Site restoration cost

Provision for future site restoration costs are based on the estimate made of the expenditure needed to settle the present obligation arising. When site restoration occurs on an on-going basis during prospecting, the cost of this restoration is included in the prospecting expenses and no provision for future restoration costs are required.

Sephaku Holdings Ltd and its Subsidiaries

(Registration number 2005/003306/06)

Group Annual Financial Statements for the year ended 28 February 2007

Accounting Policies

1.2 Property, plant and equipment

The cost of an item of property, 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.

Costs include costs incurred initially to acquire or construct an item of property, 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 property, 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.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Item	Average useful life
Furniture and fixtures	6
Motor vehicles	5
Office equipment	6
IT equipment	3
Computer software	3

The residual value and the useful life of each asset are reviewed at each financial period-end.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

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.

1.3 Goodwill

Goodwill is initially measured at cost, being the excess of the business combination over the company's interest of the net fair value of the identifiable assets, liabilities and contingent liabilities.

Subsequently goodwill is carried at cost less any accumulated impairment.

The excess of the company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of the business combination is immediately recognised in profit or loss.

Internally generated goodwill is not recognised as an asset.

1.4 Intangible assets

Intangible assets are initially recognised at cost.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

Exploration assets are carried at cost less any impairment losses. All costs, including administration and other general overhead costs directly associated with the specific project are capitalised. The directors evaluate each project at each period end to determine if the carrying value should be written off. In determining whether expenditure meet the criteria to be capitalised, the directors use information from several sources, depending on the level of exploration. Purchased exploration and evaluation assets are recognised at the cost of acquisition or at the fair value if purchased as part of a business combination. Exploration assets are not amortised as it will only be available for use once transferred to the development cost of the project.

When the technical and commercial feasibility of a project has been established, the relevant exploration assets are transferred to development costs. No further exploration costs for the project will be capitalised. The costs transferred to development costs will be amortised over the life of the project based on the expected flow of economic resources associated with the project.

Purchased software is amortised over the useful life of the software. Management reviews the useful life and carrying value annually.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software, other	2 years
Deferred exploration cost	Not amortised

Sephaku Holdings Ltd and its Subsidiaries

(Registration number 2005/003306/06)

Group Annual Financial Statements for the year ended 28 February 2007

Accounting Policies

1.5 Investments in subsidiaries

Group annual financial statements

The group 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.

Company annual financial statements

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.

1.6 Investments in associates

Group annual financial statements

An investment in an associate is accounted for using the equity method, except when the asset is classified as held-for-sale. Under the equity method, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the group's share of the profits or losses of the investee after acquisition date. The use of the equity method is discontinued from the date the group ceases to have significant influence over an associate.

Any impairment losses are deducted from the carrying amount of the investment in associate.

Distributions received from the associate reduce the carrying amount of the investment.

Profits and losses resulting from transactions with associates are recognised only to the extent of unrelated investors' interests in the associate.

The excess of the group's interest of the net fair value of an associate's identifiable assets, liabilities and contingent liabilities over the cost is accounted for as goodwill, and is included in the carrying amount of the associate.

The excess of the group's share of the net fair value of an associate's identifiable assets, liabilities and contingent liabilities over the cost is excluded from the carrying amount of the investment and is instead included as income in the period in which the investment is acquired.

Company annual financial statements

An investment in an associate is carried at fair value and classified as fair value through profit or loss.

1.7 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.

Fair value determination

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

Sephaku Holdings Ltd and its Subsidiaries

(Registration number 2005/003306/06)

Group Annual Financial Statements for the year ended 28 February 2007

Accounting Policies

1.7 Financial instruments (continued)

Loans to (from) group companies

These include loans to and from holding companies, fellow subsidiaries, subsidiaries 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. Where the loans carry no interest and no fixed terms of repayment have been set, the loans are classified as current assets and are carried at fair value.

On loans receivable an impairment loss is recognised in profit or loss when there is objective evidence that it is impaired. The impairment 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.

Loans to shareholders, directors, managers and employees

These financial assets 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.

On loans receivable an impairment loss is recognised in profit or loss when there is objective evidence that it is impaired. The impairment 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.

Trade and other receivables

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

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

Trade and other receivables are classified as loans and receivables.

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.

Sephaku Holdings Ltd and its Subsidiaries

(Registration number 2005/003306/06)

Group Annual Financial Statements for the year ended 28 February 2007

Accounting Policies

1.7 Financial instruments (continued)

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the group's accounting policy for borrowing costs.

Available for sale financial assets

These financial assets are non-derivatives that are either designated in this category or not classified elsewhere.

Investments are recognised and derecognised on a trade date basis where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned.

These investments are measured initially and subsequently at fair value. Gains and losses arising from changes in fair value are recognised directly in equity until the security is disposed of or is determined to be impaired.

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

Impairment losses recognised in profit or loss for equity investments classified as available-for-sale are not subsequently reversed through profit or loss. Impairment losses recognised in profit or loss for debt instruments classified as available-for-sale are subsequently reversed if an increase in the fair value of the instrument can be objectively related to an event occurring after the recognition of the impairment loss.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss, while translation differences on non-monetary securities are recognised in equity. Changes in the fair value of monetary and nonmonetary securities classified as available-for-sale are recognised in equity.

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

Equity investments for which a fair value is not determinable are held at cost. Impairments on such investments are not reversed.

1.8 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.

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.

Sephaku Holdings Ltd and its Subsidiaries

(Registration number 2005/003306/06)

Group Annual Financial Statements for the year ended 28 February 2007

Accounting Policies

1.8 Tax (continued)

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.

1.9 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.

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the balance sheet at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

The lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

1.10 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.

Sephaku Holdings Ltd and its Subsidiaries

(Registration number 2005/003306/06)

Group Annual Financial Statements for the year ended 28 February 2007

Accounting Policies

1.10 Impairment of assets (continued)

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

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

An 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:

- 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.

1.11 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.

Ordinary shares are classified as equity.

If the group reacquires its own equity instruments, the consideration paid, including any directly attributable incremental costs (net of income taxes) on those instruments are deducted from equity until the shares are cancelled or reissued. 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.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

1.12 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.

1.13 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.

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

Provisions are not recognised for future operating losses.

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

Sephaku Holdings Ltd and its Subsidiaries

(Registration number 2005/003306/06)

Group Annual Financial Statements for the year ended 28 February 2007

Accounting Policies

1.13 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

1.14 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

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

1.15 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.

When a gain or loss on a non-monetary item is recognised directly in equity, any exchange component of that gain or loss is recognised directly in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Rands by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

Sephaku Holdings Ltd and its Subsidiaries

(Registration number 2005/003306/06)

Group Annual Financial Statements for the year ended 28 February 2007

Notes to the Group Annual Financial Statements

	Group		Company	
Figures in Rand	2007	2006	2007	2006

2. Changes in accounting policy

The group annual financial statements have been prepared in accordance with International Financial Reporting Standards on a basis consistent with the prior year except for the adoption of the following new or revised standards.

Standards, interpretations and amendments to published standards that are effective for the first-time for the February 2008 year-end and were adopted by the group:

- IAS 1 (Amendment) - Amendment to IAS 1 Presentation of Financial Statements - Capital Disclosures (effective from 1 January 2007). The amendments to IAS 1 introduces disclosures about the level of an entity's capital and how it manages capital.
- IFRS 7 and consequential amendments to IFRS 4 Implementation Guide. Financial Instruments: Disclosures and IFRS 4: Revised Implementation Guidance (effective from 1 January 2007). The standard requires disclosure of the significance of financial instruments for an entity's financial position and performance. Disclosure of the qualitative and quantitative information about exposure to risk arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk. As this is a disclosure standard, the adoption of this will have no material effect on the group's financial statements.
- IFRIC 10, Interim Financial reporting and Impairment (effective from 1 November 2006). The interpretation statement provides clarification on impairment recognised in interim reporting periods. This interpretation statement prohibits the reversal of an impairment loss recognised in a previous interim period in relation to goodwill, investments in equity instruments of financial assets carried at cost. The adoption of this interpretation had no material effect on the group's financial statements.
- IFRIC 11, IFRS 2 - Group and Treasury Share Transactions (effective from 1 March 2007). This interpretation addresses how to apply IFRS 2 - Share-based payments to share-based payments arrangements involving an entity's own equity instruments of another equity within the same group. The adoption of this interpretation has no material effect on the group's financial statement.

Standards not relevant:

- Amendments to IAS19 (1 January 2006) - Amendments to IAS19 Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures.
- Amendments to IAS21 (1 January 2006) - Amendment to IAS21 the Effect of Changes in Foreign Exchange Rates - Net Investments in a Foreign Operation.
- IFRIC4, Determining Whether an Arrangement Contain a Lease (effective from 1 January 2006).
- IFRIC6, Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment (effective from December 2005).
- IFRIC7, Applying the Restatement Approach under IAS29 Financial Reporting in Hyperinflationary Economies (effective from 1 May 2006).
- IFRIC8, Scope of IFRS2 (effective from 1 May 2006).
- IFRIC9, Re-assessment of Embedded Derivatives (effective from 1 June 2006).

Sephaku Holdings Ltd and its Subsidiaries

(Registration number 2005/003306/06)

Group Annual Financial Statements for the year ended 28 February 2007

Notes to the Group Annual Financial Statements

3. New standards and interpretations

3.1 Standards and interpretations effective and adopted in the current year

In the current year, the group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

3.2 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the group's accounting periods beginning on or after 01 March 2007 or later periods but are not relevant to its operations:

IAS 1 Presentation of Financial Statements: Capital Disclosures

The amendment introduces new disclosure requirements relating to capital management, in terms of providing information enabling users to evaluate the group's objectives, policies and processes for managing capital.

The effective date of the amendment is for years beginning on or after 01 January 2007.

The group expects to adopt the amendment for the first time in the 2008 group annual financial statements.

It is unlikely that the amendment will have a material impact on the company's group annual financial statements.

IFRS 8 Operating segments

IFRS 8 (AC 145) replaces IAS 14 (AC 115) Segment Reporting. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes.

The effective date of the standard is for years beginning on or after 01 January 2009.

The group expects to adopt the standard for the first time in the 2010 group annual financial statements.

It is unlikely that the standard will have a material impact on the company's group annual financial statements.

Sephaku Holdings Ltd and its Subsidiaries

(Registration number 2005/003306/06)

Group Annual Financial Statements for the year ended 28 February 2007

Notes to the Group Annual Financial Statements

Figures in Rand	Group		Company	
	2007	2006	2007	2006

4. Property, plant and equipment

Group	2007			2006		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Furniture and fixtures	203 651	(23 807)	179 844	61 590	(2 530)	59 060
Motor vehicles	209 755	(26 513)	183 242	-	-	-
Office equipment	135 469	(16 019)	119 450	36 992	(1 510)	35 482
IT equipment	227 164	(40 473)	186 691	9 626	(671)	8 955
Field equipment	62 630	(3 344)	59 286	-	-	-
Total	838 669	(110 156)	728 513	108 208	(4 711)	103 497

Reconciliation of property, plant and equipment - Group - 2007

	Opening Balance	Additions	Depreciation	Total
Furniture and fixtures	59 060	142 061	(21 277)	179 844
Motor vehicles	-	209 755	(26 513)	183 242
Office equipment	35 482	98 477	(14 509)	119 450
IT equipment	8 955	217 538	(39 802)	186 691
Field equipment	-	62 630	(3 344)	59 286
	103 497	730 461	(105 445)	728 513

Reconciliation of property, plant and equipment - Group - 2006

	Opening Balance	Additions	Depreciation	Total
Furniture and fixtures	-	61 590	(2 530)	59 060
Office equipment	-	36 992	(1 510)	35 482
IT equipment	-	9 626	(671)	8 955
	-	108 208	(4 711)	103 497

5. Goodwill

Group	2007			2006		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Goodwill on acquisition of subsidiaries	748 900	-	748 900	748 900	-	748 900

Reconciliation of goodwill - Group - 2007

	Opening Balance	Total
Goodwill	748 900	748 900

Reconciliation of goodwill - Group - 2006

	Opening Balance	Additions	Total
Goodwill	-	748 900	748 900

Sephaku Holdings Ltd and its Subsidiaries

(Registration number 2005/003306/06)

Group Annual Financial Statements for the year ended 28 February 2007

Notes to the Group Annual Financial Statements

	Group		Company	
Figures in Rand	2007	2006	2007	2006

6. Intangible assets

Group	2007			2006		
	Cost / Valuation	Accumulated amortisation	Carrying value	Cost / Valuation	Accumulated amortisation	Carrying value
Computer software, other	113 262	(18 426)	94 836	-	-	-
Exploration assets	4 265 002	-	4 265 002	50 090	-	50 090
Total	4 378 264	(18 426)	4 359 838	50 090	-	50 090

Reconciliation of intangible assets - Group - 2007

	Opening Balance	Additions	Amortisation	Total
Computer software, other	-	113 262	(18 426)	94 836
Exploration assets	50 090	4 214 912	-	4 265 002
	50 090	4 328 174	(18 426)	4 359 838

Summary of deferred exploration costs:

	Opening balance	Additions	Closing balance
Limestone	33 928	2 577 755	2 611 683
Tin	-	250 479	250 479
Coal	-	88 894	88 894
Fluorspar	5 162	997 409	1 002 571
Other	11 000	300 375	311 375

Reconciliation of intangible assets - Group - 2006

	Opening Balance	Additions	Total
Exploration assets	-	50 090	50 090

Purchasing of prospecting rights

On 18 August 2005 Sephaku Development (Pty) Ltd ("Sephaku") entered into a Notarial Prospecting Contract with Anglo Operations Ltd ('AOL') in terms of which, AOL, as holder of the Old Order Right granted to Sephaku the opportunity to prospect and search for limestone in, on, under and in respect of the farms: Good Hope 96JO, Lucydale 105JO, Stiglingspan 73IO and Klein Westerford 78IO. During the 2008 fiscal year Sephaku exercised its rights and paid an amount of R3,000,000 for the purchase of the Prospecting Rights when the Prospecting Right was notorially registered in the name of Sephaku Development (Pty) Ltd.

Sephaku Holdings Ltd and its Subsidiaries

(Registration number 2005/003306/06)

Group Annual Financial Statements for the year ended 28 February 2007

Notes to the Group Annual Financial Statements

Figures in Rand	Group		Company		
	2007	2006	2007	2006	
7. Investments in subsidiaries					
Name of company	Held by	% holding 2007	% holding 2006	Carrying amount 2007	Carrying amount 2006
Sephaku Exploration Holdings (Pty) Ltd	Sephaku Holdings Ltd	100.00 %	100.00 %	10 000	10 000
Sephaku Cement (Pty) Ltd	Sephaku Holdings Ltd	100.00 %	- %	100	-
Sephaku PGM Holdings (Pty) Ltd	Sephaku Holdings Ltd	100.00 %	100.00 %	100	100
Sephaku Developments (Pty) Ltd	Sephaku Holdings Ltd	100.00 %	100.00 %	100	100
Sephaku Coal Holdings (Pty) Ltd	Sephaku Holdings Ltd	100.00 %	100.00 %	70	70
Sephaku Management (Pty) Ltd	Sephaku Holdings Ltd	100.00 %	100.00 %	10	10
Sephaku Tin (Pty) Ltd	Sephaku Holdings Ltd	100.00 %	- %	100	-
Sephaku Gold Holdings (Pty) Ltd	Sephaku Holdings Ltd	100.00 %	100.00 %	100	100
				10 580	10 380

The carrying amounts of subsidiaries are shown net of impairment losses.
All the subsidiaries are registered and operate within South Africa.
Refer to note 9 for information regarding loans to subsidiaries.

8. Investments in associates

Name of company	% holding 2007	% holding 2006	Carrying amount 2007	Carrying amount 2006	Fair value 2007	Fair value 2006
Taung Gold Holdings (Pty) Ltd	26.00 %	- %	26	26	26	26
Sephaku Gold Exploration (Pty) Ltd	26.00 %	- %	26	-	26	-
Defacto Investments 275 (Pty) Ltd	26.00 %	- %	176	130	176	130
Private Preview Investments 39 (Pty) Ltd	26.00 %	26.00 %	26	26	26	26
African Nickel Ltd	26.00 %	- %	26	26	26	26
			280	208	280	208

The carrying amounts of Associates are shown net of impairment losses.
All the associates are unlisted.

Fair value

The fair values investments were determined annually at balance sheet date using the cost basis.

Sephaku Holdings Ltd and its Subsidiaries

(Registration number 2005/003306/06)

Group Annual Financial Statements for the year ended 28 February 2007

Notes to the Group Annual Financial Statements

Figures in Rand	Group		Company	
	2007	2006	2007	2006
8. Investments in associates (continued)				
Summary of groups interest in associate				
Taung Gold Holdings (Pty) Ltd and its Subsidiaries				
Total assets			4 877 942	1 816 171
Total liabilities			(6 863 056)	(2 040 554)
Profit or (loss)			(1 317 443)	(230 183)
Private Preview Investments 39 (Pty) Ltd				
Total assets			870 537	459 086
Total liabilities			(876 137)	(464 786)
Profit or (loss)			(5 700)	(5 700)
Sephaku Gold Exploration (Pty) Ltd				
Total assets			466 546	-
Total liabilities			(469 176)	-
Profit or (loss)			(2 730)	-
African Nickel Holdings (Pty) Ltd and its Subsidiaries				
Total assets			396 880	-
Total liabilities			(636 557)	-
Profit or (loss)			(880 708)	-

Unrecognised share of losses of associates

The group has discontinued recognising its share of the losses of associates, as the investments are held at levels which are much lower than the proportionate value of net assets of these companies based on fair value. The group has no obligation for any losses of the associates. The associates do not fair value their exploration assets and therefore any change in value is not reflected in the income statement. Should these exploration assets have been fair valued, such fair value adjustments would have negated any losses in these companies.

9. Loans to (from) group companies

Subsidiaries

Sephaku Developments (Pty) Ltd	-	-	(16 676 934)	91 217
Sephaku Management (Pty) Ltd	-	-	12 905 532	392 610
Sephaku Exploration Holdings (Pty) Ltd	-	-	943 303	769 350
Sephaku PGM Holdings (Pty) Ltd	-	-	11 417	1 052
Sephaku Gold Holdings (Pty) Ltd	-	-	1 239	1 239
Sephaku Coal Holdings (Pty) Ltd	-	-	11 252	4 869
Callin Investments (Pty) Ltd	-	-	183 886	27 162
Sephaku Tin (Pty) Ltd	-	-	13 933	-
	-	-	(2 606 372)	1 287 499

These loans are unsecured, bear no interest and are repayable on demand.

Sephaku Holdings Ltd and its Subsidiaries

(Registration number 2005/003306/06)

Group Annual Financial Statements for the year ended 28 February 2007

Notes to the Group Annual Financial Statements

Figures in Rand	Group		Company	
	2007	2006	2007	2006
9. Loans to (from) group companies (continued)				
Associates				
Taung Gold Ltd	2 302 778	504 974	2 209 768	505 000
Taung Gold Exploration West (Pty) Ltd	1 376 348	-	-	-
African Nickel Holdings (Pty) Ltd	120 482	-	-	-
Sephaku Gold Exploration (Pty) Ltd	373 683	-	163 658	-
	4 173 291	504 974	2 373 426	505 000

The loans are unsecured, bear no interest and are repayable on demand.

Current assets	4 173 343	505 000	16 443 988	1 792 499
Current liabilities	(52)	(526)	(16 676 934)	-
	4 173 291	504 474	(232 946)	1 792 499

10. Other financial assets

Loans and receivables

African Precious Minerals Ltd	59 105	-	-	-
African Nickel Ltd	893 525	-	-	-
Platmin Investments Ltd	53 412	-	-	-
Kgodiso Coal (Pty) Ltd	30 217	-	30 217	-
	1 036 259	-	30 217	-

The loans are unsecured, bear no interest and are repayable on demand.

The fair values of the financial assets were determined as follows:

- The fair values of listed or quoted investments are based on the quoted market price.
- The fair values on investments not listed or quoted are estimated using the discounted cash flow analysis.

Fair values are determined annually at balance sheet date.

There were no gains or losses realised on the disposal of held to maturity financial assets in 2007 and 2006, as all the financial assets were disposed of at their redemption date.

Sephaku Holdings Ltd and its Subsidiaries

(Registration number 2005/003306/06)

Group Annual Financial Statements for the year ended 28 February 2007

Notes to the Group Annual Financial Statements

Figures in Rand	Group		Company	
	2007	2006	2007	2006

11. Financial assets by category

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

Group - 2007

	Loans and receivables	Held to maturity investments	Total
Loans to group companies	4 173 343	-	4 173 343
Loans to directors, managers and employees	553 176	-	553 176
Trade and other receivables	8 935 120	-	8 935 120
Cash and cash equivalents	24 931 956	-	24 931 956
Rehabilitation guarantee	-	184 000	184 000
	38 593 595	184 000	38 777 595

Company - 2007

	Loans and receivables	Held to maturity investments	Total
Loans to group companies	16 443 988	-	16 443 988
Loans to directors, managers and employees	1 100	-	1 100
Trade and other receivables	201 425	-	201 425
Cash and cash equivalents	23 447 126	-	23 447 126
Other	30 217	-	30 217
	40 123 856	-	40 123 856

12. Deposit for rehabilitation

In terms of section 41 of the Minerals and Petroleum Development Act an applicant for a prospecting right, mining right or mining permit must make the prescribed financial provision for the rehabilitation or management of negative environmental impacts. The group made deposits with the Department of Minerals and Energy in compliance herewith.

13. Loans to directors, managers and employees

Loans to directors, managers and employees

At beginning of the year	1 100	-	1 100	1 100
Advances	600 076	1 100	-	-
Repayments	(48 000)	-	-	-
	553 176	1 100	1 100	1 100

The loans to directors, managers and employees bear no interest and are repayable on demand.

14. Trade and other receivables

Trade receivables	8 363 348	85 288	201 425	-
Deposits	15 055	30	-	-
VAT	556 717	-	-	-
	8 935 120	85 318	201 425	-

Sephaku Holdings Ltd and its Subsidiaries

(Registration number 2005/003306/06)

Group Annual Financial Statements for the year ended 28 February 2007

Notes to the Group Annual Financial Statements

	Group		Company	
Figures in Rand	2007	2006	2007	2006

15. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	581 690	989	-	-
Bank balances	24 350 266	2 348 826	23 447 126	2 274 260
Bank overdraft	-	(37)	-	-
	24 931 956	2 349 778	23 447 126	2 274 260
Current assets	24 931 956	2 349 815	23 447 126	2 274 260
Current liabilities	-	(37)	-	-
	24 931 956	2 349 778	23 447 126	2 274 260

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

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

Credit rating				
AAA	24 350 266	2 348 826	23 447 126	2 274 260

16. Share capital

Authorised

150 000 000 Ordinary shares of R0.001 each	150 000	150 000	-	150 000
50 000 000 non-voting convertible Preference shares of R0.001 each	50 000	50 000	-	50 000
	200 000	200 000	-	200 000

The unissued ordinary shares are under the control of the directors.

Issued

Ordinary	60 681	28 947	60 681	28 947
Preference	19 877	4 920	19 877	4 920
Ordinary shares to be issued	204	40	204	40
Share premium	23 773 504	4 096 593	23 773 504	4 096 593
	23 854 266	4 130 500	23 854 266	4 130 500

17. Finance lease obligation

Minimum lease payments due

- within one year	57 957	21 737	-	-
- in second to fifth year inclusive	50 609	-	-	-
	108 566	21 737	-	-
less: future finance charges	(12 966)	(1 155)	-	-
Present value of minimum lease payments	95 600	20 582	-	-

It is group policy to lease certain office equipment under an installment sale agreement.

Sephaku Holdings Ltd and its Subsidiaries

(Registration number 2005/003306/06)

Group Annual Financial Statements for the year ended 28 February 2007

Notes to the Group Annual Financial Statements

	Group		Company	
Figures in Rand	2007	2006	2007	2006

18. Provisions

Reconciliation of provisions - Group - 2007

	Opening Balance	Additions	Total
Provision for cost of drilling data from Anglo Operations Ltd	-	2 008 699	2 008 699

19. Current tax payable (receivable)

The amount of R2 303 458 relates to current tax payable for the current year under review.

20. Trade and other payables

Trade payables	4 541 314	16 084	79	159 412
VAT	386 521	-	-	-
	<u>4 927 835</u>	<u>16 084</u>	<u>79</u>	<u>159 412</u>

21. Financial liabilities by category

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

Group - 2007

	Financial liabilities at amortised cost	Total
Loans from group companies	52	52
Trade and other payables	4 927 835	4 927 835
	<u>4 927 887</u>	<u>4 927 887</u>

Company - 2007

	Financial liabilities at amortised cost	Total
Loans from group companies	16 676 934	16 676 934
Trade and other payables	79	79
	<u>16 677 013</u>	<u>16 677 013</u>

22. Operating profit (loss)

Operating profit for the year is stated after accounting for the following:

Operating lease charges

Premises				
• Contractual amounts	332 581	60 888	16 095	11 250
Equipment				
• Contractual amounts	26 459	5 182	-	-
	<u>359 040</u>	<u>66 070</u>	<u>16 095</u>	<u>11 250</u>
Profit on sale of non-current assets	(22 000 000)	-	-	-
Amortisation on intangible assets	18 426	-	-	-
Depreciation on property, plant and equipment	105 445	4 711	-	-
Employee costs	<u>3 877 956</u>	<u>54 759</u>	<u>-</u>	<u>-</u>

Sephaku Holdings Ltd and its Subsidiaries

(Registration number 2005/003306/06)

Group Annual Financial Statements for the year ended 28 February 2007

Notes to the Group Annual Financial Statements

Figures in Rand	Group		Company	
	2007	2006	2007	2006
23. Investment revenue				
Interest revenue				
Loans	24 803	-	-	-
Bank	490 413	37	490 411	37
Interest -other	795	-	795	-
	516 011	37	491 206	37
24. Finance costs				
Finance leases	9 175	676	-	-
Bank	10	32	-	-
	9 185	708	-	-
25. Taxation				
Major components of the tax expense				
Current				
Capital Gains Tax	2 303 458	-	-	-
Reconciliation of the tax expense				
Reconciliation between applicable tax rate and average effective tax rate.				
Applicable tax rate	29.00 %	- %	- %	- %
Portion of capital gain not taxed	(21.30)%	- %	- %	- %
Deferred tax asset on tax losses not raised	7.60 %	- %	- %	- %
	15.30 %	- %	- %	- %

No provision has been made for 2007 tax as the group has no taxable income. The estimated tax loss available for set off against future taxable income is R426 940.

Sephaku Holdings Ltd and its Subsidiaries

(Registration number 2005/003306/06)

Group Annual Financial Statements for the year ended 28 February 2007

Notes to the Group Annual Financial Statements

Figures in Rand	Group		Company	
	2007	2006	2007	2006

26. Net asset value per share and earnings per share

Net asset value and tangible net asset value per share

Total assets	45 696 985
Total liabilities	(9 356 144)
Minority interest	(25)
Net asset value	36 340 816
Goodwill	(748 900)
Intangible assets	(4 359 838)
Tangible net asset value	31 232 078
Ordinary and preference shares in issue *	80 558 000
Net asset value per share (cents)	45.11
Tangible net asset value per share (cents)	38.77

Earnings and headline earnings per ordinary share

<i>Reconciliation of basic earnings to diluted earnings and headline earnings:</i>	
Basic earnings and diluted earnings	12 712 876
Profit on sale of non-current assets	(18 337 000)
Loss on non-current assets held for sale and disposal groups	-
Impairment of intangible assets	-
Headline earnings attributable to ordinary shareholders	(5 624 124)

Reconciliation of basic weighted average number of shares to diluted weighted average number of shares:

Basic weighted average number of ordinary and preference shares *	51 086 113
Dilutive effect of share options	-
Diluted weighted average number of ordinary shares	51 086 113

Basic earnings per share (cents)	24.89
Diluted earnings per share (cents)	24.89
Headline earnings per share (cents)	(11.01)
Diluted headline earnings per share (cents)	(11.01)

* Preference shares are included in the number of shares as they rank pari passu with the ordinary shares.

Basic earnings per ordinary share

The calculation of basic earnings per share of 24.89 cents is based on the earnings attributable to equity holders of the parent of R12 712 876 and the weighted average of 51 086 113 ordinary and preference shares in issue during the year. The preference shares are included as they rank pari passu with the ordinary shares.

Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share of 24.89 cents is based on earnings attributable to ordinary shareholders of R12 712 876 and the diluted weighted average of 51 086 113 ordinary and preference shares. The preference shares are included as they rank pari passu with the ordinary shares.

Headline earnings per ordinary share

The calculation of headline earnings per ordinary share of (11.01) cents is based on the headline earnings attributable to equity holders of the parent of (R5 624 124) and the weighted average of 51 086 113 ordinary and preference shares in issue during the year. The preference shares are included as they rank pari passu with the ordinary shares.

Diluted headline earnings per ordinary share

The calculation of diluted headline earnings per ordinary share of (11.01) cents is based on headline earnings attributable to equity holders of the parent of (R5 624 124) and the diluted weighted average of 51 086 113 ordinary shares.

Sephaku Holdings Ltd and its Subsidiaries

(Registration number 2005/003306/06)

Group Annual Financial Statements for the year ended 28 February 2007

Notes to the Group Annual Financial Statements

	Group		Company	
Figures in Rand	2007	2006	2007	2006
27. Cash used in operations				
Profit (loss) before taxation	15 016 334	(226 326)	(185 170)	(211 647)
Adjustments for:				
Depreciation and amortisation	123 871	4 711	-	-
Income from equity accounted investments	(22 000 000)	-	-	-
Interest received	(516 011)	(37)	(491 206)	(37)
Finance costs	9 185	708	-	-
Movements in provisions	2 008 699	-	-	-
Changes in working capital:				
Trade and other receivables	(8 895 402)	(85 318)	(201 425)	-
Trade and other payables	4 911 751	15 851	(159 333)	159 284
	(9 341 573)	(290 411)	(1 037 134)	(52 400)

28. Tax refunded

Current tax for the year recognised in income statement	(2 303 458)	-	-	-
Balance at end of the year	2 303 458	-	-	-
	-	-	-	-

29. Commitments

Authorised capital expenditure

During the year the group entered into an agreement with Alchemy Property Management to lease premises from 1 October 2007. The lease period is 2 years with the termination date 30 September 2009. The group will have the option to extend the lease to 31 March 2010.

Sephaku Management has entered into a lease agreement with Emergent Investments (Pty) Ltd in respect of the offices leased by the Sephaku Group, which are situated in Centurion. This lease agreement terminates on 30 September 2009 and the total monthly rental is R152 535. Sephaku Holdings reimburses Sephaku Management on a cost recovery basis for this rental.

Operating leases – as lessee (expense)

Minimum lease payments due

- within one year	596 718	-	-	-
- in second to fifth year inclusive	3 554 979	-	-	-
	4 151 697	-	-	-

Operating lease payments represent rentals payable by the group for certain of its office properties. Leases are negotiated on an annual basis. No contingent rent is payable.

Sephaku Holdings Ltd and its Subsidiaries

(Registration number 2005/003306/06)

Group Annual Financial Statements for the year ended 28 February 2007

Notes to the Group Annual Financial Statements

Figures in Rand	Group		Company	
	2007	2006	2007	2006

30. Related parties

Relationships	
Subsidiaries	Refer to note 7
Associates	Refer to note 8
Subsidiaries of associates	Taung Gold Exploration West (Pty) Ltd Taung Gold Exploration Ltd
Key members with joint control	Mali Gold African Precious Minerals Ltd African Nickel Ltd
Members of key management	CRdW de Bruin ME Smit D Twist J Bennette

Related party balances

Loan accounts - Owing (to) by related parties

Taung Gold Ltd and subsidiaries	3 679 126	504 974
Sephaku Gold Exploration (Pty) Ltd	373 683	-
African Nickel Holdings (Pty) Ltd and subsidiaries	120 482	-

Amounts included in Trade Receivable (Trade Payable) regarding related parties

Taung Gold Ltd and subsidiaries	(1 547 750)	(24 333)
Sephaku Gold Exploration (Pty) Ltd	(95 468)	-
African Nickel Holdings (Pty) Ltd and subsidiaries	(2 379 532)	(34 637)
African Precious Minerals Ltd	-	-

Related party transactions

Administration fees paid to (received from) related parties

African Nickel Holdings (Pty) Ltd and subsidiaries	261 541	6 025
--	---------	-------

31. Directors' emoluments

Executive

2007	Emoluments	Total
In connection with the affairs of the company or its subsidiaries	7 666 126	7 666 126

Non-executive

2007	Emoluments	Total
In connection with the affairs of the company or its subsidiaries	1 954 609	1 954 609

Details of service contracts

None of the directors of the company have written service contracts with the company. Directors are employed by the board and rotate in terms of the Articles of Association. Certain key directors of the subsidiaries are employed on 5 year contracts.

Sephaku Holdings Ltd and its Subsidiaries

(Registration number 2005/003306/06)

Group Annual Financial Statements for the year ended 28 February 2007

Notes to the Group Annual Financial Statements

	Group		Company	
Figures in Rand	2007	2006	2007	2006

32. Risk management

Financial 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.

The group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance. The group uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central treasury department (group treasury) under policies approved by the board of directors. Group treasury identifies, evaluates and hedges financial risks in close co-operation with the group's operating units. The board of directors provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

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

The group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the group calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies.

Credit risk

Credit risk is managed on a group basis.

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

Foreign exchange risk

The group does not hedge foreign exchange fluctuations.

The group reviews its foreign currency exposure, including commitments on an ongoing basis. The company expects its foreign exchange contracts to hedge foreign exchange exposure.

Sephaku Holdings Ltd and its Subsidiaries

(Registration number 2005/003306/06)

Group Annual Financial Statements for the year ended 28 February 2007

Notes to the Group Annual Financial Statements

Figures in Rand	Group		Company	
	2007	2006	2007	2006

33. Segment information

Management has determined the operating segments based on the information used by the board to make strategic decisions. The board considers the business primarily from a commodity perspective. The gold and nickel operations are not classified as separate sectors, since the company is not primarily responsible for the strategic decisions to be made in those businesses. The reportable operating segments will derive their revenue primarily from the mining, beneficiation and sale of the relevant minerals. Other services included refer to the revenue gained from supplying infrastructure and services in mining and exploration activities to related companies as well as the commodities which have not yet reached strategic emphasis.

Segment information for the Group - 2007

	Cement	Fluorspar	Tin	Coal	Other	Consolidation adjustment and elimination	Total
Segment revenue	22 000 000	-	-	-	13 469 184	(3 987 589)	31 481 595
Segment expense	3 546 244	-	450	-	17 412 984	(3 987 589)	16 972 089
Segment result	(18 453 756)	-	450	-	3 943 801	-	(14 509 506)
Depreciation	-	-	-	-	123 871	-	123 871
Interest received	-	-	-	-	516 011	-	516 011
Finance cost	2	-	-	-	9 185	-	9 185
Income tax expense	2 303 458	-	-	-	-	-	2 303 458
Segment assets	3 289 579	335 812	(169 371)	77 642	28 872 824	13 290 219	45 696 704
Total assets includes additions to non-current assets	2 611 683	497 698	1 045 727	88 894	844 349	-	5 088 351
Investment in associates	-	-	176	-	104	-	280
Segment liabilities	3 817 540	251 567	525 473	74 612	5 320 818	(633 866)	9 356 145

Business segments for management purposes are those minerals and commodities regarded as key to the company's business model and which are actively managed by the company. The company has two associates in Gold and Nickel, but these associates are primarily managed by the majority shareholder and therefore the company does not yet regard these as reportable segments.

The company operates only in South Africa and does not regard geographical segments as reportable.

The Other section includes:

- unallocated management expenditure and other assets and liabilities;
- revenue from other non-group companies for expenditure charged to these companies;
- any revenue and expenditure and assets and liabilities in respect of the associate companies exploring for Gold and Nickel; and
- any revenue and expenditure and assets and liabilities in respect of the smaller operations in Vanadium, Platinum, Chrome and Diamonds.

Sephaku Holdings Ltd and its Subsidiaries

(Registration number 2005/003306/06)

Group Annual Financial Statements for the year ended 28 February 2007

Statement from the Secretary

We conducted the duties of company secretary for Sephaku Holdings Ltd and its Subsidiaries . The secretarial matters are the responsibility of the company's directors. Our responsibility is providing the directors collectively and individually with guidance as to their duties, responsibilities and powers.

OPINION

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



Sephaku Management (Pty) Ltd

Company Secretary

Centurion, South Africa

01 February 2008