PUBLIC INVESTMENT
CORPORATION

Annual Report 07

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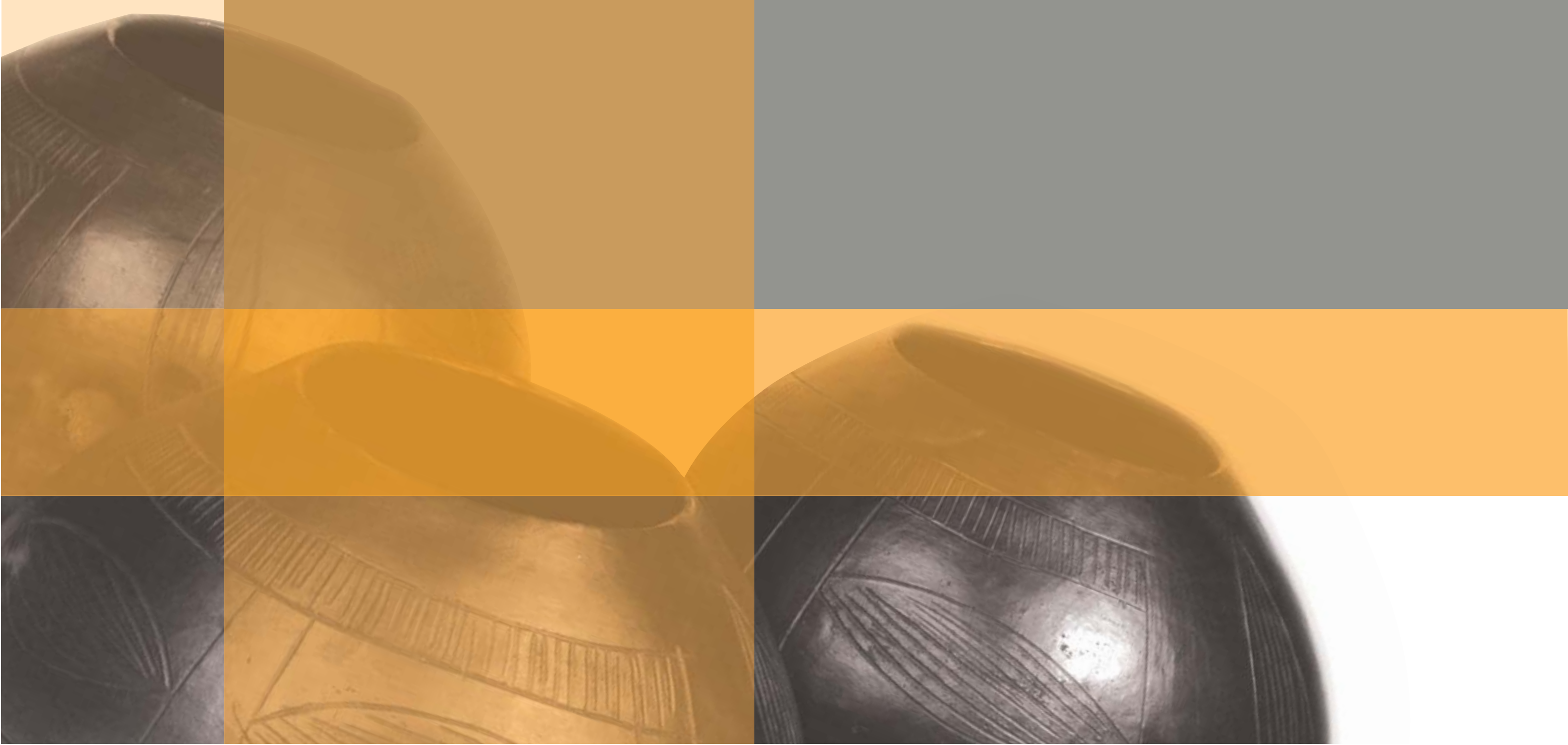


PROFILE

An asset to South Africa

Public Investment Corporation Limited (PIC) manages assets valued at R719,8 billion, making us one of the largest investment managers on the African continent. Our clients are public sector entities, most of which are pension, provident, social security or guardian funds. PIC's role is to invest funds on behalf of these clients, based on investment mandates set by each client and approved by the Financial Services Board (FSB), with which we are registered as a financial services provider.

PIC is wholly owned by the South African Government, with the Minister of Finance as shareholder representative. PIC was established as a corporation on 1 April 2005 in accordance with the Public Investment Corporation Act, 2004. Corporatisation has enabled us to structure our investment activities and operations in a manner comparable to that of private sector investment managers. Apart from pursuing FSB-compliant mandates, we benchmark our investment performance against market-driven indices, enabling our clients and shareholder to compare PIC's returns to those achieved in the marketplace.

PIC's clients

Client	% of assets under PIC management
Government Employees Pension Fund (GEPF)	92,3
Unemployment Insurance Fund (UIF)	2,8
Associated Institutions Pension Fund (AIPF)	1,6
Compensation Commissioner: Pension Fund (CC: PF)	0,9
Compensation Fund (CF)	1,1
Guardian Funds	0,6
Other*	0,7
	100,0

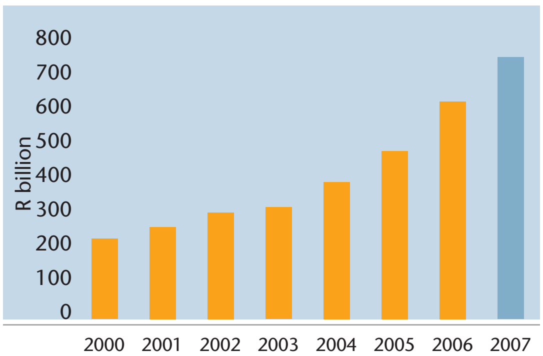
* *Constitutes a number of clients with smaller portfolios*

The nature of investments

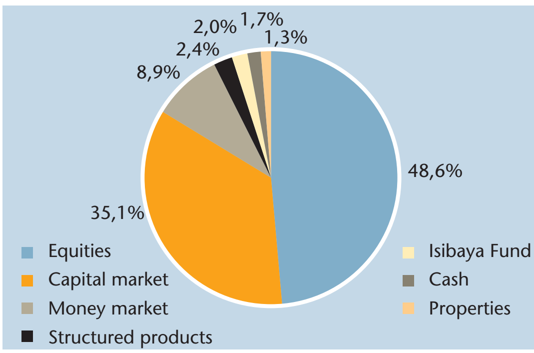
PIC invests in four broad asset classes: equities, fixed income, properties and the Isibaya Fund, which invests in black economic empowerment initiatives, infrastructure and third-party managed private equity funds.

Assets are allocated depending on each client's investment mandate, which is in turn based on specific investment requirements and risk appetite. The graphs below show the value and allocation of assets under management as at 31 March 2007.

Growth of PIC assets under management 2000 to 2007



Percentage of assets under management



PIC met all the performance benchmarks set and in some cases outperformed them.

HIGHLIGHTS OF THE YEAR

Funds under management grew from R599,5 billion to R719,8 billion

Conclusion of property-related investments worth R1,6 billion

Supporting economic transformation: the Isibaya Fund approved R1,7 billion in infrastructure-related, Fund of Funds and private equity investments

Performance of client portfolios met or exceeded benchmarks

PIC operations returned to profitability: achieving a net income of R18,9 million. This was accomplished through implementing a sustainable fee structure, placing a greater emphasis on managing costs and diversifying sources of revenue

The launch of Advent: a PIC subsidiary focusing on asset and property management in townships and rural areas. At year-end, Advent had R1,2 billion in assets under management

Equities move in-house: In December 2006, R146 billion of externally managed equities were brought under internal management. This was an important step in implementing PIC's long-term strategy for the management of the equities portfolio

Mandate milestone: PIC engaged in negotiations with its clients and concluded mandates that comply fully with the requirements of the FSB

Shareholder activism: PIC intensified its efforts to focus attention on issues related to corporate governance, and in particular, transformation in the companies in which it invests

Growing talent pool for the future: In January 2007, PIC launched its graduate programme to contribute to the pool of investment management talent within the Corporation and the country

Investing in Africa: Post-year-end the Pan Africa Infrastructure Development Fund (PAIDF) achieved first close with US$625 million in commitments. PAIDF is anchored by a US$250 million commitment from the GEPF, with the balance of funds coming from other African institutions. This is the largest fund to date focusing on infrastructure development on the continent. The second round of fundraising will also target investors outside Africa

MINISTER'S NOTE TO PARLIAMENT

Trevor Manuel
Minister of Finance

Speaker of Parliament

Madam Speaker

Annual Report of Public Investment Corporation Limited for the period ending 31 March 2007

I have the honour, in terms of section 65 of the Public Finance Management Act, 1999 (Act No 1 of 1999), to present the annual report of Public Investment Corporation Limited for the period 1 April 2006 to 31 March 2007.

TA Manuel, MP
Minister of Finance

September 2007

PIC seeks to play a meaningful role in the economy by **contributing** to growth, job creation and transformation.

CHAIRMAN'S REPORT

PIC delivered a robust investment performance during the year, reflecting the strength of the South African economy and the high level of asset management expertise within the Corporation. In our second year as a corporation, the value of assets under management grew by 20,1%, while producing a total return of 18,7%.

This performance confirms the ability of PIC to execute the strategy set by the Board, which is essentially to outperform the investment mandates specified by clients. Taken alone, these mandates are demanding as they are market driven, meaning that we are expected to perform at least as well as our peers in the private sector. In fact, the Corporation aims higher, seeking to exceed market benchmarks.

This is a formidable task given PIC's vast asset base. Ultimately, the long-term financial security of millions of government employees and their dependants hinges on how successfully we perform. On retirement, they deserve to sustain the standard of living they enjoyed during their working years.

Another reason for the emphasis on exceeding investment mandates is that this enhances PIC's ability to act as a role model in fulfiling a broader responsibility to society. We seek to play a meaningful role in the economy by contributing to growth, job creation and transformation. We achieve this in two ways: The first is to practise shareholder activism by ensuring that the entities PIC invests in are well managed, accountable and representative. Understandably, this is a role that we can only play if our own house is in exemplary order in all respects. Secondly, PIC contributes by participating in developmental initiatives that underpin economic growth, specifically black economic empowerment and infrastructure development.

> PIC's investment performance in the past year confirms management's ability to execute the strategy set by the Board, which is essentially to outperform the investment mandates provided by clients.

During the year under review, PIC was a powerful role model of effective shareholder activism. Through platforms such as company annual general meetings, which our representatives attended diligently, the Corporation drew attention to issues of importance to shareholders, notably management accountability, shareholder participation and executive remuneration. Led by the Chief Executive Officer Brian Molefe, PIC argued against the removal of measures that promote public participation in companies and continued to participate in the development or refinement of various sector charters.

In contributing to economic development, a major achievement was the progress made with the Pan African Infrastructure Development Fund (PAIDF).

Whereas PIC was initially the sole advocate of PAIDF, created to raise US$1,0 billion for African infrastructure development, we have since been joined by a range of public and private sector investors convinced of PAIDF's viability. Among them are the African Development Bank, African pension funds and a number of South African banks and institutional investors. By the end of the year, investors had committed US$625,0 million to PAIDF.

In the light of President Thabo Mbeki's call to African organisations to start investing some of their own savings in infrastructure development on the continent, PIC is proud to be playing a leading role in the PAIDF. Once formally launched in the coming financial year, PAIDF will invest in energy, transport and other infrastructure projects that will support the vision of Africa becoming a generator of wealth rather than a recipient of aid.

Within South Africa, PIC's Isibaya Fund continued to promote the participation of black economic empowerment entrepreneurs in the mainstream economy. Initially, Isibaya-facilitated transactions were largely focused on assisting BEE investors to acquire equity in established listed companies. This is shifting towards a more developmental focus, with the Fund targeting opportunities not yet leveraged by existing investors, particularly in relatively untapped markets such as consumer services, agro-processing and mineral beneficiation. This developmental emphasis will strengthen as the Isibaya Fund continues to grow in confidence and capacity.

Since corporatisation, the Board has worked actively to enhance capacity within PIC, notably in strategic but previously under-resourced divisions such as the Isibaya Fund, Properties and Equities. These enhancements are delivering sound results. In December 2006, PIC took the step of bringing the management of some R146,0 billion in equities in-house, where previously these had been managed externally. This change is expected to reap quantifiable benefits for our clients through cost savings on equities transactions and improved asset performance, and is a firm vote of confidence in the Corporation's internal asset management capabilities.

Trust is an important part of PIC's corporate culture and the cornerstone of the good relationships we enjoy with our clients. Much of the credit for this is due to the focus, dedication and passion of the Corporation's management and staff, who have performed above expectations despite the challenges they confront as part of an evolving organisation. On behalf of the Board, I wish to thank the management and employees of PIC for their loyalty in the face of constant change and ever-increasing workloads and performance demands.

I also extend my appreciation to my colleagues on the Board.

Jabu Moleketi, MP
Chairman
Deputy Minister of Finance

September 2007

CEO'S REPORT

The first priority of PIC is to prudently manage clients' investments and deliver returns that not only meet but preferably exceed the targets set by clients in investment mandates given to PIC. It is a privilege to report that for the period ended 31 March 2007, our second year as a corporation, PIC met all the performance benchmarks set and in some cases outperformed them.

In the 12 months to 31 March 2007, the fair value of funds under management increased from R599,5 billion to R719,8 billion. The total return on investments for the year was 18,7%, against 27,6% in the previous 12 months. Within PIC's four asset classes, the highest return, 32,5%, was generated by equities, which grew in value by 31,8%, or R84,3 billion, and totalled R349,8 billion on 31 March 2007.

Properties, although one of the smallest asset classes, performed strongly, recording a return of 31,1%. At year-end, this portfolio had assets valued at R8,5 billion, up from R5,5 billion (0,9%) in the prior period.

Bonds delivered a return of 5,7%, with cash and money markets delivering the best return in this asset class, of 8,2%. The total value of these assets rose by 11,4% to R328,7 billion, representing 45,8% of all assets under PIC management.

The Isibaya Fund, which facilitates and funds black economic empowerment and infrastructure development transactions, achieved a return of 36,0% against the prior year's return of 26,0%.

Post 31 March 2007, the Pan African Infrastructure Development Fund achieved first close with commitments of US$625,0 million from private and public sector investors on the African continent.

Investing for sustainability

PIC's clients have very diverse investment objectives. These range from clients whose mandates allow for very limited risk and are more focused on short-term liquidity to the GEPF and other pension funds for whom the long-term nature of their liabilities and the size of funds under management requires very long-term investment horizons, a focus on diversification and a higher risk appetite. During the year, we undertook a number of initiatives aimed at catering for the long-term requirements of our clients. In doing so,

** The calculations and disclosure of fair values are based on standard market practise and have not been amended to take into account consolidation, equity accounting and fair value adjustments as required by SA GAAP*

PIC reviewed and enhanced our own operating model to ensure that we are able to meet these requirements and sustain our operations in the long term.

Pan African Infrastructure Development Fund

A key strategic initiative that reflects the renewed emphasis on long-term sustainability is PAIDF. This is a 15-year fund focusing on commercially viable infrastructure projects on the African continent. PIC initiated PAIDF from the conviction that Africa's shortage of infrastructure represents an attractive investment opportunity that can be harnessed to the benefit of the continent and our clients.

Post 31 March 2007, PAIDF achieved first close with commitments of US$625,0 million from private and public sector investors on the African continent. This is almost two-thirds of the US$1,0 billion being targeted, confirming PIC's view of the strong investment potential in African infrastructure development. The GEPF is an investor in PAIDF, having committed US$250,0 million. Going forward, PIC will be the majority shareholder in the management company being established to manage PAIDF.

Investing in properties in the second economy

Another strategic initiative was the launch of Advent Asset Management (Pty) Limited. Advent is a property management subsidiary owned 60,0% by PIC, which will focus on retail property investments in townships, rural and peri-urban areas.

The main business of Advent is to manage the Community Property Fund (CPF), which has invested R1,0 billion in townships and rural areas on behalf of the GEPF and other investors. As at year-end, CPF had investments in over 13 retail properties. These investments in township and rural properties not only contribute to socio-economic transformation in the country, but also meet the performance requirements of CPF clients.

Equities strategy

A third initiative that reflected the strategic focus on sustainability was the decision to restructure the equities component that we manage on behalf of the GEPF. In December 2006, equities valued at R146,0 billion were moved from external to internal management, resulting in a 72/28 split between internally and externally managed equities.

> Investments in township and rural properties not only contribute to socio-economic transformation in the country but also meet the performance requirements of our clients.

The rationale for the change was two-fold. Firstly, given the large size of the equities portfolios that were allocated to the external managers relative to the market capitalisation of the JSE, it was becoming increasingly difficult for the external managers to continue to successfully manage these funds on an active basis and outperform the agreed benchmarks. A strategy was adopted whereby the bulk of the funds would be managed on an enhanced index or "passive" basis internally by PIC and the external managers would focus their skill on the active management of the reduced portfolios. Secondly, passive management of the bulk of the portfolio internally by PIC has enabled the GEPF to benefit from the significant saving in management fees, without sacrificing performance.

Sustainability of PIC operations

The focus on sustainability was carried through to PIC's operations. In line with the commitment made by PIC to our clients and the regulatory authorities, we focused on concluding FSB-compliant mandates with clients. By the end of the year under review, we had negotiated mandates with our top ten clients, representing 99,9% of funds under management. Client mandates are key in ensuring that we meets clients' investment requirements.

CEO'S REPORT (CONTINUED)

From the perspective of financial sustainability, the main focus for the year was on putting in place measures to ensure that we will be able to continue meeting our clients' investment needs at the lowest possible cost and without relying on our shareholder for financial support. The three initiatives undertaken to address PIC's financial sustainability were cost containment, developing other sources of income and revising the fee structure for our services.

> The revised fee structure, whilst significantly lower than market-related fees, will enable PIC to improve our operations for the benefit of all clients and to become self-sustaining.

In terms of costs, we introduced stringent cost containment measures to reduce operating expenses relative to the three-year budget approved by National Treasury. These measures were embraced by our employees and were successful.

A third focus area was on generating additional sources of income. As stated earlier in my report, PIC successfully launched Advent during this financial year. It employs 11 people who manage a property portfolio valued at R1,2 billion. This subsidiary has already proven itself in the marketplace. In 2007, after only one year in operation, Advent generated R8,6 million in net profit before tax and declared its first dividend of R5,4 million.

As a result of all these initiatives, I am pleased to report that PIC returned to profitability during this financial year. We achieved a net surplus of R18,9 million after tax, compared to a net loss of R7,0 million in the previous financial year.

During the year, PIC also began actively measuring and monitoring the cost-effectiveness of our fund management activities. Through the baseline developed during this financial year, we will in future financial periods be able to determine the trend of the total cost of fund management, per client and per asset class, taking into account the returns generated.

Skills the key to the future

As the value of the assets under management grows, along with our responsibilities, PIC will focus strongly on ensuring that internal capacity matches the demand for our services. It is well known that investment professionals are in short supply in South Africa yet, despite having to compete with the private sector for such skills, we have successfully developed a core base of expertise that is being supplemented through planned growth.

According to PIC's human resources plan, the ideal staff component should reach 140 over the next three to five years, with incremental growth every year. During the year, our headcount rose from 86 to 91 through the recruitment of high-level skills in a number of investment and operational divisions.

However, we are also growing our own timber through the graduate recruitment programme. This two-year programme, targeting university graduates in financial disciplines, will see PIC offering graduates unique experience and training, to the benefit of PIC and the broader skills pool within South Africa. The first graduates joined the programme in January 2007 and are being mentored by PIC executives and exposed to the full spectrum of our investment activities. The second intake of graduates will be accepted in January 2008.

Another achievement of which we are extremely proud is our status as one of South Africa's most transformed organisations. In total, 69,0% of our employees are black (African, Coloured and Indian) and 56,0% women, a trend that cuts across all levels of PIC. Of the 11 executives, 64,0% are black and 44,0% women, making us one of the most representative employers in the domestic investment community.

Performance against predetermined objectives

We set ourselves a number of objectives during the 2007 financial year, which included but were not limited to the following:

- meeting our clients' return objectives;
- ensuring the financial sustainability of our operations;

PIC returned to profitability, achieving a net surplus of R18,9 million after tax compared to a net loss of R7,0 million in the previous financial year.

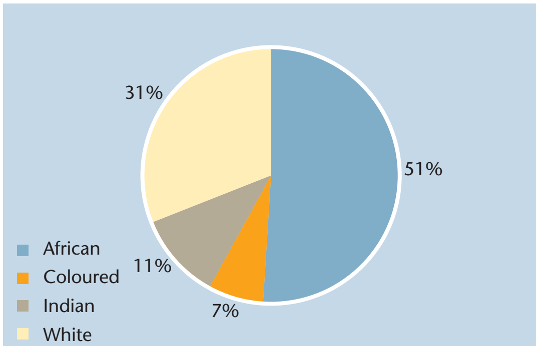
- improving risk management;
- business process re-engineering;
- strengthening the internal audit department;
- negotiating FSB-compliant mandates;
- implementing a graduate recruitment programme; and
- ongoing skills development.

PIC's performance against these objectives was reviewed by the Board of Directors and as highlighted in the rest of the report, the portfolio performance review, the risk management statement, the report of the Audit and Risk Committee and the group financial statements, these objectives were achieved.

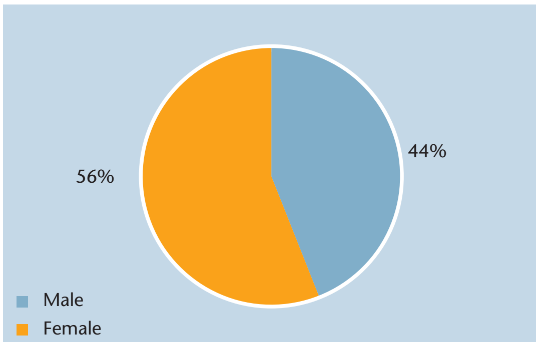
Appreciation

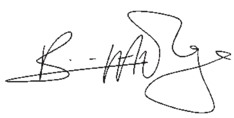
PIC's performance during the review period has again demonstrated our ability to effectively manage the assets of a client base with diverse investment objectives and, at the same time, to ensure our own financial and operational sustainability. The consistency of PIC's delivery record in the two years since corporatisation attests to the synergy achieved between strategy and execution, and to the high level of trust between PIC and our stakeholders. In particular, I wish to express appreciation to our clients and the shareholder for the confidence shown in our investment capabilities. I also wish to thank the PIC Board, which has so ably set the strategic direction of the Corporation and been both a source of inspiration and guidance to top management in executing strategy. Finally, it is critical to acknowledge the contribution of PIC's staff for their commitment and dedication to developing the corporation into the standard bearer for asset management in South Africa.

Overall race



Overall gender





Brian Molefe
CEO

September 2007

BOARD OF DIRECTORS

1. **Mr Jabu Moleketi, MP**
Chairman of the PIC Board
- Postgraduate Diploma in Economic Principles (University of London)
- MSc in Financial Economics, (University of London)
- Advanced Management Programme (Harvard Business School)
- Member of the Gauteng Province Executive Council responsible for Finance and Economic Affairs from 1994 to 2004
- Deputy Minister of Finance since 2004
- Member of the National Executive Committee of the African National Congress since 1997

2. **Ms Albertinah Kekana**
- CA(SA)
- Postgraduate Diploma in Accounting (University of Cape Town)
- Bachelor of Commerce (University of Cape Town)
- Serves on the Investment Committee of the Eskom Pension and Provident Fund
- Serves on the boards of ACSA, Pareto and Advent
- Serves on the PIC Board as an executive member

3. **Mr Brian Molefe**
- BCom (Unisa)
- Postgraduate Diploma in Economics (University of London)
- Master of Business Leadership (Unisa)
- Advanced Management Programme, (Harvard Business School)
- Deputy Director-General: Asset and Liability Management, National Treasury 2000 – 2003
- Board member of ACSA
- Serves on the PIC Board as an executive member

4. **Ms Ntombifuthi Mtoba**
- Member of the Board and Chairman of the Investment Committee of the PIC
- CA(SA)
- BA Econ (Hons), BCompt (Hons), HDip (Banking Law)
- Partner and Chairman of Deloitte
- Member of the Standing Committee on the Revision of the Banks Act
- Recipient of the 2004 Business Woman of the Year Award
- Member of the Board of the United Nations Global Compact

5. **Mr Veli Ntombela**
- Member of the Board, Member of the Audit and Risk Committee and the Investment Committee of the PIC
- BA (Law), LLB, LLM (Tax Law), HDip Tax Law
- Tax Specialist and Director in charge of Sizwe Ntsaluba VSP Taxation Services
- Previously worked for Ebony Financial Services (Pty) Limited, Arthur Andersen and Ernst & Young

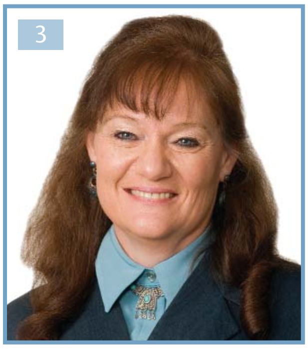
6. **Mr Ignatius Sehoole**
- Member of the Board, Chairman of the Audit and Risk Committee and Chairman of the Human Resources and Remunerations Committee of the PIC
- CA(SA)
- Chairman, the Developing Nations Committee of the International Federation of Accountants (IFAC)
- Committee member, Public Interest Advisory Group of IFAC
- Board member, Global Accounting Alliance (GAA)
- Committee member, King Committee on Corporate Governance
- Committee Chairman, Audit Committee for the National Treasury
- Committee member, Accounting Standards Board (ASB)
- Member, Ministerial Review Panel for the Accounting Professions Bill
- Trustee member, Thuthuka Project

7. **Mr Zakhele Sithole**
- Member of the Board, Member of the Audit and Risk Committee and the Human Resources and Remunerations Committee of the PIC
- CA(SA)
- BCom Accounting (University of Zululand)
- B Accountancy (University of Witwatersrand)
- HDip Tax Law (University of Witwatersrand)
- HDip Company Law (University of Witwatersrand)
- Member of SAICA
- Member of Public Accounts and Auditors Board
- Member of the Institute of Commercial and Financial Accounts of South Africa
- Member of the Association for Advancement of Black Accountants of South Africa
- Board of Governors of the University of Zululand
- Board and Audit Committee Chairman of SANParks
- Audit Committee member of EDI Holdings
- Member of the Finance Committee of Catholic Dioceses – Johannesburg

8. **Mr Jan Strydom**
- Member of the Board, Member of the Investment Committee and the Human Resources and Remunerations Committee of the PIC
- BCom (Acc), MCom (Acc), CA(SA)
- Founder member of Strydoms Inc, Chartered Accountants, specialising in business valuations and litigation support
- Member of Board and Audit Committee of MTN Group Limited
- Member of Board, BEE Committee and Audit Committee and Chairman of Risk Committee of Growthpoint Properties Limited
- Member of the Special Income Tax Court for Taxation Appeals

9. **Mr Younaid Waja**
- Member of the Board, Member of the Audit and Risk Committee and the Investment Committee of the PIC
- BCom, BCompt (Hons), CA(SA) and HDip Tax Law
- Practising tax and business consultant
- Senior partner and chairman of APF Chartered Accountants Inc.
- Member of the Board, Audit Committee and Procurement Committee of Pareto Limited
- Member of the Board, Audit Committee and Remuneration Committee of Imperial Holdings Limited
- Trustee of the Diabo (Telkom Employees' Share) Trust
- Member of the Special Income Tax Court
- Black Business Council founding member and former vice-president of the Association for the Advancement of Black Accountants in Southern Africa (ABASA)

EXECUTIVE COMMITTEE



1. **Mr Brian Molefe**
Chief Executive Officer
- BCom (Unisa)
- Postgraduate Diploma in Economics, (University of London)
- Master of Business Leadership, (Unisa)
- Advanced Management Programme, (Harvard Business School)
- Deputy Director-General: Asset and Liability Management, National Treasury 2000 – 2003
- Board member of ACSA
- Serves on PIC Board as an executive member

2. **Mr Walter Baloyi**
Head of Information Management
- Certified Novell Engineer (CNE)
- Certificate in Project Management (Wits Business School)
- Postgraduate Diploma in Management (Wits Business School)
- Board member of Music for the Children Foundation

3. **Dr Alida Herbst**
Head of Quantitative Analysis
- BSc (University of Pretoria)
- BSc (Hons) in Mathematical Statistics (Unisa)
- MSc in Applied Statistics (University of Pretoria)
- PhD in Applied Statistics (University of Pretoria)
- Member of the Investment Analyst Society
- Member of the South African Statistical Society

4. **Ms Albertinah Kekana**
Chief Operating Officer
- CA(SA)
- Postgraduate Diploma in Accounting (University of Cape Town)
- Bachelor of Commerce (University of Cape Town)
- Serves on the Investment Committee of the Eskom Pension and Provident Fund
- Serves on the boards of ACSA, Pareto and Advent
- Serves on the PIC Board as an executive member

5. **Ms Pamela Mmaphakane Macheka**
Head of Legal and Company Secretary
- BProc, LLB (University of Witwatersrand
- LLM Commercial Law (Unisa)
- Certificate in Banking and Financial Markets Law (University of Witwatersrand)
- Admitted Attorney of the High Court of South Africa

6. **Dr Daniel Mmushi Matjila**
Chief Investment Officer
- BSc (Hons) in Applied Mathematics (Fort Hare University)
- MSc Applied Mathematics, (Rhodes University)
- PhD in Mathematics (University of Witwatersrand)
- Postgraduate Diploma in Mathematical Finance (Oxford University)
- Senior Management Programme (University of Pretoria)

7. **Mr Leon Smit**
Head of Fixed Income and Dealing
- BCom
- Certificate in Treasury Management
- RPE Qualification

8. **Mr Andrzej Szczesniak**
Head of Equities
- MBA (Finance) (Heriot Watt University Edinburgh Business School)
- BCompt (Hons) (Unisa), CA(SA)
- Member of the South African Institute of Chartered Accountants

9. **Ms Pani Tyalimpi**
Head of Isibaya Fund
- BCom (Hons) (Unisa)
- Masters in Business Leadership (MBL) (SBL)
- Member of the Board of Alfred Teves
- Member of the Board of Legend Lodges
- Member of the Trustees of Pitseng Women's Fund

10. **Mr Wayne van der Vent**
Head of Properties
- BA (Law) (University of Cape Town) (Majored in Politics and Private Law)
- Chairperson, Build a Better Society
- Trustee, Partners in Afterschool Care Projects
- Member of the Board of ACSA, Pareto, Community Property Company and Advent

11. **Ms Rolandi van der Westhuizen**
Chief Financial Officer
- CA(SA)
- BCom (Hons) Accounting Science (University of Pretoria)
- Certificate in the Theory of Accounting (CTA) (University of Pretoria)
- Advanced Certificate in Auditing (University of Johannesburg)
- Serves on the Board of Advent and is a member of the Audit Committee

CORPORATE GOVERNANCE STATEMENT

Approach to governance

PIC is an investment management company and approved financial services provider that currently invests funds on behalf of South African public sector entities. The largest of PIC's clients is the Government Employees Pension Fund (GEPF) which accounts for more than 90% of assets under management. As South Africa's largest investment manager and custodian of pension funds and other public sector funds, we are fully committed to the highest standards of governance.

While the PIC Board of Directors is responsible for the maintenance of sound corporate governance, the Board believes that implementation is best managed at executive management level.

The PIC Board of Directors endorses the code of corporate practices and conduct (the "King Code II") contained within the King Report on Corporate Governance for South Africa 2002 and believes that we have, in all material respects, complied with King II.

Board of Directors

Composition

The PIC Board comprises a majority of non-executive Directors and is chaired by a non-executive Director. The majority of the non-executive Directors are also independent directors as defined in the King Code II. A process of appointing additional members to the Board is under way.

The Directors are individuals of a high calibre with diverse backgrounds and expertise, facilitating independent judgement and effective deliberations in the decision-making process. The roles of Chairman and Chief Executive Officer are clearly separated.

Remuneration

The remuneration of Directors is disclosed in note 5 of the annual financial statements.

Board attendance

Director	Attended	Held
Mr J Moleketi, MP	7	7
Mr I Sehoole	5	7
Mr J Strydom*	3	7
Mr V Ntombela	7	7
Mr Y Waja	7	7
Ms N Mtoba	6	7
Mr Z Sithole	7	7
Mr B Molefe	7	7
Ms A Kekana*	4	7

* *Extended leave of absence*

Access to information

The Board has access to all information it may require and may, at the cost of PIC, seek independent professional advice if necessary. Management provides the Board and Board subcommittee members with timeous, accurate information and documentation to fulfil its responsibilities.

Board charter and responsibilities

The Board has a fiduciary duty to act in good faith, with due care and diligence, and in the best interests of its stakeholders. The Board is the primary body responsible for corporate governance values. While control is delegated to management and various Board subcommittees, the Board retains full and effective control over the performance of PIC.

The Board's responsibilities include the appointment of the executive management, formulation and approval of the corporate strategies, ensuring a proper governance framework, overseeing risk management and ensuring that PIC's business is managed appropriately and prudently.

Executive sessions and meetings of non-executive Directors

Non-executive Directors meet separately to discuss issues of significance to the Board and its operations. The Board and its subcommittees also hold executive sessions with management where issues pertinent to business operations are identified. These issues are addressed with the relevant management representatives.

Board meetings

The Board meets at least four times a year. However, should an important matter arise between scheduled meetings, additional meetings are convened. Apart from these meetings, the Board also meets once a year for a strategic Board breakaway to discuss strategic issues.

Board subcommittees

Audit and Risk Committee

Composition

On 1 December 2006, the Board approved the dissolution of the Audit Committee and the Risk Committee respectively, and resolved to establish the Audit and Risk Committee (ARC) in their place. The ARC is an advisory committee to the Board and is accountable to the Board.

The ARC consists of four independent non-executive Directors. The Chairman of the Board of Directors is not eligible to be appointed as chairman of the ARC.

The overall purpose of the ARC is to assist the Board in discharging its duties relating to, among others:

- the safeguarding of assets;
- the operation of adequate systems and controls;
- effective risk management;
- ensuring the preparation of accurate reporting and statements in compliance with legal requirements and accounting standards;
- ensuring good corporate governance; and
- ensuring compliance with all statutory and regulatory legislation.

The external auditors and representatives from the Office of the Auditor-General are invited to attend all ARC meetings.

During the period under review, nothing came to the attention of the ARC to suggest that any material breakdown occurred in the functioning of PIC's controls, procedures and systems, which could result in material losses, contingencies or uncertainties that would require disclosure in the financial statements.

Audit Committee attendance prior to dissolution

Director	Attended	Held
Mr I Sehoole	3	3
Mr Y Waja	3	3
Mr Z Sithole	3	3

Risk Committee attendance prior to dissolution

Director	Attended	Held
Mr V Ntombela	3	3
Mr I Sehoole	3	3
Ms Kekana*	1	3
Dr C Visser	2	3

* *Extended leave of absence*

Details of the ARC meetings, subsequent to the merger held during the financial year ended 31 March 2007, as well as attendance by individual members:

Director	Attended	Held
Mr I Sehoole	1	1
Mr Y Waja	1	1
Mr Z Sithole	1	1
Mr V Ntombela	1	1

Investment Committee

Composition

The Investment Committee (IC) comprises six members, the majority of whom are independent non-executive Directors.

The IC's main objective is to assist the Board in discharging its statutory duties and responsibilities with regard to the oversight and monitoring of investment activities and performance.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

The mandate of the IC includes the following key terms of reference:

- ensuring compliance with client mandates;
- overseeing the criteria for and selection of external equity managers, third-party fund managers, external property managers and custodians;
- reviewing the risk management framework and policies with regard to investment management, including the establishment of credit limits, counterparty approvals and derivatives policy;
- overseeing PIC's deal-making policies and procedures; and
- approval of investment decisions as per the delegation of authority

Investment Committee attendance

Director	Attended	Held
Ms N Mtoba (Chairman)	11	11
Mr J Strydom	9	11
Mr V Ntombela	9	11
Mr Y Waja	8	11
Mr B Molefe	11	11
(Ms A Kekana alternate to Mr B Molefe)		
Dr D Matjila	11	11

Human Resources and Remuneration Committee

Composition

The Human Resources and Remuneration Committee (HR and Remco) comprises four independent non-executive Directors.

The main purpose of HR and Remco is to assist the Board in the oversight of PIC's remuneration structure and to ensure that it is in line with corporate principles, as well as to ensure that the reward and remuneration programme is market related and that the remuneration structure complies with local laws and regulations.

PIC's human resources strategy is to attract and retain the best people from South Africa's diverse population base. People are empowered, held accountable for their actions and rewarded accordingly. Remuneration takes into account a number of factors including scarcity of skills, experience, performance of PIC as a corporation and individual performance. We use the balanced scorecard methodology to measure, manage and reward performance.

The mandate of the HR and Remco includes the following key terms of reference:

- ensuring a formal and transparent procedure for developing remuneration policies for all PIC employees;
- recommending remuneration packages for non-executive Directors to the shareholder;
- considering policies on the conditions of employment, remuneration and benefits of PIC employees and all aspects related to these conditions; and
- approving policies and principles of the performance bonus scheme and criteria to be applied within PIC.

Details of the HR and Remco meetings held during the financial year ended 31 March 2007, as well as attendance by individual members:

Director	Attended	Held
Mr V Ntombela	3	3
Mr I Sehoole (Chairman)	3	3
Mr Z Sithole	3	3
Mr J Strydom	3	3

Company Secretary

PIC's Company Secretary, Mr Moya Satekge, resigned in August 2006. Subsequently, the Board of Directors appointed Ms Pamela Macheka as Company Secretary. She administers the proceedings and affairs of the Board and is also a central source of guidance and advice on business ethics and issues pertaining to good governance.

To enable the Company Secretary to fulfil her duties, she has been fully empowered by the Board and has complete access to people and resources to facilitate her function. The Company Secretary also has direct and unfettered access to the Chairman of the Board and to the Directors and is not restricted in any way.

Annual general meeting

The second annual general meeting was held on 1 December 2006 at the PIC offices.

Code of Ethics

In accordance with our commitment to good corporate citizenship practices and organisational integrity in the direction, control and stewardship of PIC's affairs, the Board of Directors has adopted a Code of Ethics which commits us and our employees to the highest standards of behaviour in dealing with stakeholders, including clients, suppliers and customers. This commitment provides the shareholder and our clients with the assurance that our affairs are being managed in an ethical and disciplined manner.

An Insider Trading Policy has also been adopted by the Board of Directors which commits our employees to act in the exclusive interest of PIC and prohibits management and employees from dealing in securities when in possession of price-sensitive information that has not yet been made public. In business dealings on behalf of PIC, employees are also expected to avoid activities that might give rise to conflicts of interest. Procedures have been put in place to deal with conflicts of interest which may arise in the course of employees' day-to-day activities.

The Code of Ethics and the Insider Trading Policy are reviewed regularly to ensure that they remain abreast of developments inside and outside PIC, and reflect current best practices.

Fraud Prevention Policy

The Board has adopted a Fraud Prevention Policy to protect the organisation, and the assets under our management, from any form of dishonest or unethical conduct, including financial and/or other unlawful gains. The Board expects management and all employees to adopt the highest standards of honesty, propriety, personal integrity and accountability, and to be fully attentive to any irregular transactions and other unlawful conduct affecting PIC. These standards are also expected from all people with whom we have business dealings, including consultants, vendors, contractors, members of the public and outside agencies conducting business with our employees. To promote the achievement of this, management has contracted with a "whistle blowing" company.

Delegation of authority

Even though the Board has formally agreed to the delegation of certain of its authorities to its subcommittees where applicable, and also to the CEO and the Executive Committee (Exco), the Board retains full and effective control over the operations of PIC through well-formulated governing structures. Regular reports are submitted to the Board by the chairpersons of these subcommittees.

To ensure compliance with the approved delegation of authority, the terms of the delegations are monitored closely.

Compliance

In line with the FSB's requirements, a Compliance Manager has been appointed to oversee the adoption of governance and other best practices by PIC's business units. We aspire to a compliance approach that endorses the following principles and commitments:

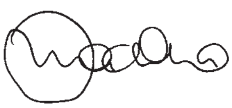
- high standards of integrity and fair dealings in the conduct of PIC's business;

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

- compliance with the letter and the spirit of the law;
- accountability to the shareholder and other stakeholders such as regulators, clients, employees and the business community at large;
- commitment to the duty of care, skill and diligence; and
- embracing the principles of integrity, transparency and accountability.

Declaration by the Company Secretary

In terms of section 268G(d) of the Companies Act, 1973, I hereby declare that, to the best of my knowledge and belief, Public Investment Corporation Limited (PIC) has lodged with the Register of Companies, for the financial year ended 31 March 2007, all such returns as are required of a public company in terms of the Companies Act, and that all such returns are true, correct and up to date.



Ms Pamela Macheka
Company Secretary

September 2007

REPORT OF THE AUDIT AND RISK COMMITTEE

PIC seeks continual improvement in respect of compliance to applicable laws and regulations, the adoption of best accounting practices and the strengthening of internal controls. During the year under review, a number of enhancements were introduced to consolidate the organisation's compliance and oversight capacity.

A significant development was the establishment of the Audit and Risk Committee (ARC), which brought together two previously separate Board subcommittees, namely the Audit Committee and the Risk Committee. In consolidating these two committees into one, the Board's intention was to create a single point of control and so avoid any overlap, duplication or omission.

Clear terms of reference have been set for the ARC, which was formally constituted on 1 December 2006 and comprises the following independent, non-executive Directors:

- I Sehoole (Chairman)
- Y Waja
- Z Sithole
- V Ntombela

The ARC is required to meet at least four times a year to discuss matters relating to the auditing of the financial statements and issues on internal controls, including risk controls, and corporate governance. The ARC (previously the Audit Committee and Risk Committee) has met the meeting requirements as stipulated in the various terms of reference. For more detail, please refer to the Corporate Governance Statement.

Compliance issues

By virtue of our operations and the nature of investments made on behalf of clients, PIC is subject to an extensive body of South African and international legislation and regulations.

PIC has identified various pieces of legislation, which have compliance implications. These acts were assessed in terms of risk level and measures were implemented to ensure full compliance with all of them. These measures included the appointment of a dedicated compliance manager and the implementation of a plan to build relationships with various international regulatory bodies to which PIC is subject.

Another compliance milestone has been the finalisation during the year of client investment mandates that meet the requirements of the Financial Services Board (FSB).

Internal controls

In line with best practice, PIC's internal audit division reports directly to the ARC, ensuring its effectiveness in monitoring internal controls and systems without the mediation or involvement of any third party.

By the end of the financial year, policies and procedure manuals were in place and being enforced across the spectrum of PIC's business to promote the highest level of accountability and transparency on the part of PIC staff in their dealings with suppliers, clients and other stakeholders. These include the PIC Insider Trading Policy, which is designed to ensure that no person or entity involved with PIC has an unfair advantage in the marketplace.

Risk

During the review period, the ARC supported the Board in developing and implementing a Risk Framework and Risk Policy.

Since its inception, internal audit has performed business unit audits. This has assisted internal audit in delivering a Risk Universe. Now that these reviews have been done, the focus of internal audit has shifted to a risk-based audit approach. During the latter part of the financial year under review, internal audit implemented a risk-based approach in developing its audit plan for the new financial

REPORT OF THE AUDIT AND RISK COMMITTEE (CONTINUED)

year, which was largely based on an enterprise-wide risk assessment using the Committee of Sponsoring Organisations of the Treadway Commission (COSO) fundamentals.

Responsibility

The ARC has complied with its responsibilities as stipulated in section 3.1 of the 15 March 2005 Treasury Regulation (Gazette No 27388) and section 77 of the Public Finance Management Act, 1999 (Act No 1 of 1999, as amended) (PFMA). Furthermore, the ARC has regulated its affairs and discharged its responsibilities in accordance with the formal terms of reference in its charter.

Quality of reports submitted in terms of the PFMA

The ARC is satisfied with the content and quality of reports prepared and issued by the Accounting Officer during the year.

Evaluation of financial statements

The annual financial statements of PIC for 2007 have been audited and comprehensively reviewed by ARC, which has:

- discussed the financial statements with the Auditor-General and the accounting authority;
- reviewed the Auditor-General's management letter and management's response;
- reviewed changes in accounting policies and practices; and
- reviewed adjustments resulting from the audit.

The ARC acknowledges the conclusions of the Auditor-General on the annual financial statements and is of the opinion that the statements be accepted and read together with the report of the Auditor-General.

Furthermore, the ARC has evaluated the annual report for the year ended 31 March 2007 and believes it complies, in all material respects, with the requirements of the PFMA and GAAP, unless otherwise indicated. The ARC concurs with the adoption of the going-concern premise in framing the annual financial statements.

At its meeting on 23 July 2007, the ARC recommended the adoption of the annual financial statements by the Board of the PIC.

Ignatius Sehoole
Chairman, Audit and Risk Committee

September 2007

Clients pay far lower fees than they would elsewhere in the sector but receive a service on par with that in the private asset management industry.

ECONOMIC AND MARKET REVIEW

As with any asset manager, PIC's investment activities are affected by economic conditions, monetary and fiscal policies and market fluctuations in interest rates, exchange rates and equities and commodity prices, among others. This necessitates close monitoring of economic and market trends, both nationally and globally. The following is a brief summary of relevant economic and market developments during the financial year under review.

The global economy

Economic activity in the review period moderated compared to the previous year, with marginally stronger economic growth, rising inflation rates, increasing oil prices and general tightening of monetary policy.

The upward trend in world real economic growth stabilised somewhat, with emerging market economies continuing to lead growth. Of the 6,7% average growth rate recorded in emerging economies, Europe grew by 6,0% on an annual basis while Asia excluding Japan recorded a growth rate of 8,2%. China and India, with growth rates of 10,7% and 9,2% respectively, were by far the strongest performers in emerging economies.

The developed economies, especially the G7 economies, improved mainly in the euro area and the United Kingdom, with exports being the main driving force. German economic activity led the euro area in the second half of the year due to solid corporate profits and low interest rates. The United States economy showed signs of slowing due to the declining housing market, but this was offset by higher employment and increased business sector investment, resulting in sideways movement in annual real GDP growth.

Commodity prices rose significantly, supported by strong demand for metals in China and the United States. The price of Brent crude oil increased by US$11,0 per barrel compared to the previous year, while precious metals, specifically gold and platinum, grew by more than 25,0% over the same period.

Despite rising oil prices and the boom in the commodity price cycle, global inflation edged upwards to a somewhat lesser extent than anticipated, thus recording average annual rates similar to 2005. Upward inflationary pressures from high oil prices peaked in the second quarter of 2006 but moderated later in the year. The all-items inflation rate in the United States recorded 4,0% in the second quarter and slowed to 2,0% in the fourth quarter while OECD inflation decreased from 2,7% to 2,0%. The euro area inflation rate also decreased from 2,5% to 1,7% over the same period.

The normalisation of policy rates continued in response to the rising inflation in the second half of 2006. While the Federal Bank paused in June 2006 after 17 increments of 25 basis points each, most of the industrialised economies resumed their policy tightening cycle at that point. The European Central Bank and the Bank of England tightened at least three times in the second half of the year.

Major currencies exchange rates were generally stable. On average, both the dollar/euro and the dollar/pound exchange rates moved sideways. Currency depreciation was experienced in the emerging economies, an example being the dollar/yen exchange rate, which fell from 110,2 to 116,3 in the year under review.

In summary, the year was characterised by positive economic growth amid rising inflation and tightening of policy rates. Short-term economic indicators suggest moderate inflation rates and a marginal slow down in economic growth in 2007.

The domestic economy

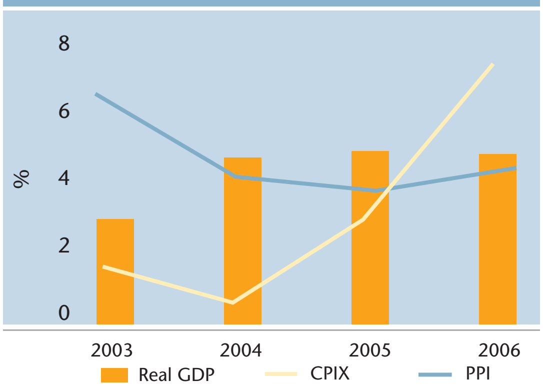
South Africa's economic performance continued on the upside in 2006, although inflation rose and the rand/dollar exchange rate remained volatile. Monetary policy, which had remained unchanged for most of 2005, resumed the tightening cycle. Although adequately financed by capital inflows, the current account deficit ballooned to 6,4% of GDP.

Real economic growth again exceeded expectations, recording 5,0% for the third consecutive year (4,9% in 2004 and 5,1 in 2005), levels last seen in the mid eighties. This firm growth can be attributed to the robust domestic demand expenditure, stimulated by the relaxed monetary policy and buoyant consumer and business confidence indices.

As in the global environment, inflation as measured by the CPI, CPIX and PPI, started edging up in May 2006, with CPIX rising from 4,1% in May to 5,0% in December. The upward trend in inflation was linked to rising food and oil prices. On an annual basis, both CPIX and CPI averaged 4,6% in 2006, compared to 3,9% and 3,4%, respectively, in 2005. PPI surprised on the upside, adding 4,6 percentage points to the total, thus averaging 7,7% in 2006.

In response to rising inflation, the monetary policy stance tightened in the second half of 2006. The monetary policy committee started the tightening cycle in June, increasing by 50 basis points at each meeting and taking the Repo rate to 9,0% by December 2006.

Figure 1: Annual growth rates in real GDP, PPI and CPIX*



* *The targeted rate of inflation*

Rising inflation and the widening current account deficit spilled over to the exchange rate in the third and fourth quarter. The rand/dollar exchange rate depreciated by roughly 10,5% in the second half, moving from R6,12 in the first quarter to R7,29 in the fourth quarter. Overall, this movement translated to an annual depreciation of only 6,1% (from R6,35 in 2005 to R6,74). The benefit of the depreciation was that it stimulated the manufacturing sector, thus improving the domestic export supply.

In brief, the 2006 domestic macroeconomic performance was satisfactory and, due to the recent improvement in the supply-side, the upward trend in economic growth is likely to be sustained.

The markets

The equity asset class outperformed other classes in 2006, buoyed by robust earnings growth delivery, strong foreign interest and private equity participation. Foreigners were net buyers of South African equities to the value of R71,7 billion (US$11,0 billion) in 2006, which was the biggest foreign inflow year into domestic equities on record.

As measured by the all share index, equities delivered superior returns of 41,2% on top of the 47,2% recorded in 2005, outperforming all bond index returns in both rand terms and cash returns. The out-performance in equities came mainly from earnings in industrials which grew 49,2%, followed by basic materials (46% growth) and financials (35,8%). The outlook for equities remains positive based on robust earnings growth prospects for 2007, along with the above-trend domestic economic growth, supportive monetary and fiscal policy conditions, buoyant corporate activity and low funding costs.

Outlook

Sustained economic growth is a precondition for South Africa's continued transformation. One of the government's objectives for removing constraints

ECONOMIC AND MARKET REVIEW (CONTINUED)

on economic growth is to sustain an economic growth rate of 4,5% between 2005 and 2009. This objective has been achieved so far and the medium-term economic outlook remains positive. This is supported by the public investment programme and complementary private-sector investment, favourable domestic environment and moderate international economic conditions.

The increasing expenditure allocation for Government's infrastructure programme, from R327,0 billion to R416,0 billion in 2006, has contributed to a steadily rising gross fixed capital formation ratio. This currently stands at around 18,0% of GDP. Preparations for hosting the 2010 FIFA World Cup through construction and public transport projects will be an important part of the infrastructure programme.

Infrastructure development, however, comes at a price, the widening of the current account deficit. Projections are that the deficit may remain roughly above 6,0% of GDP in the coming three years. Given the positive outlook for domestic economic growth and the fact that foreign capital flows have adequately financed the deficit to date, expectations are that foreign capital inflows could continue.

The conservative fiscal framework and the tightening of monetary policy are aimed mainly at inducing domestic savings to match the rising investment. Thus, the upswing in investment spending together with the improved export supply should offset the negative impact of slowing consumer spending and therefore improve economic growth from the supply side. This path of balanced and sustainable growth should ease investor fears about the sustainability of the current account deficit.

PORTFOLIO PERFORMANCE REVIEW

Fixed income and dealing

Fixed income assets managed on behalf of PIC's top 12 clients totalled R328,7 billion in 2007, accounting for 45,8% of total assets under management.

PIC manages clients' fixed income investments in two main categories: capital and money markets.

Capital market instruments are typically bonds issued by Government, parastatals and listed corporations to raise funds, usually for capital expenditure programmes. We also invest in most instruments traded on the Bond Exchange of South Africa.

In the money markets, PIC uses cash or cash equivalents and money market instruments offered by domestic banks with credit ratings of A2 or higher. Cash refers to short-term investments commonly known as "overnight call", while money market instruments are linked to call terms of up to 365 days.

During the past year, the asset allocation within the fixed income portfolio was:

- Bonds – 35,1% (R252,6 billion)
- Cash – 1,7% (R12,2 billion)
- Money markets – 8,9% (R64,1 billion)

> The magnitude of this portfolio is illustrated by the fact that PIC manages approximately 35,0% of all RSA government bonds in issue.

The top 12 clients, led by the Government Employees Pension Fund, collectively hold R328,7 billion of the total assets in this portfolio.

Every client has a different liability structure and hence unique fixed income needs. Some mostly require short-term, cash-based investments, others are mainly interested in capital preservation and still others seek a mix of short, medium and long-term income streams to cover their liabilities.

All these requirements are managed entirely in-house, with no functions at all outsourced to external asset managers. This has considerable benefits for clients. Clients pay far lower fees than they would elsewhere but receive a service on par with that in the private asset management industry. All investments are based on detailed mandates. PIC reports quarterly on asset performance and returns delivered have consistently met or exceeded the benchmark.

In fact, the division seeks to outperform the market norms, as measured by the following market-driven benchmarks:

- to compare bond performance, PIC generally uses the All Bond Index (ALBI), which captures the 20 most liquid bonds trading on the South African bond market. The bonds tracked through ALBI represent 95,0% of the market, making it an appropriate, relevant benchmark against which to compare PIC's performance; and
- for cash and money markets, the STeFI index is used, standing for short-term fixed interest.

Portfolio performance in 2007

Bonds showed growth of R5,3 billion, or 2,2%, in the 12 months to 31 March 2007. A total return of 5,7% was achieved, compared to 12,7% in the previous year.

This performance should be seen in the context of broad economic and market trends.

During the year, the South African economy experienced an upward trend in inflation, driven by an interplay between a weaker rand/dollar exchange rate and rising oil and food prices. Second-round

** The calculations and disclosure of fair values are based on standard market practice and have not been amended to take into account consolidation, equity accounting and fair value adjustments as required by SA GAAP.*

PORTFOLIO PERFORMANCE REVIEW (CONTINUED)

effects on inflation tapered off from November 2006, when pressure on fuel and food prices eased and CPIX inflation stayed within the targeted range of 3,0% to 6,0%. This was despite the PPI exceeding 10,0% on a year-on-year basis in October.

Given the deteriorating inflation outlook during the year, the South African Reserve Bank hiked interest rates by a cumulative 200 basis points between June and December 2006. From January 2007, there seemed to be an improvement in inflation prospects, giving rise to the view that the interest rate cycle had reached the top.

Capital markets

Bond yields ignored the upward trend in inflation and continued grinding lower during the fourth quarter of 2006. The key drivers to the bond rally were strong tax revenues which allowed the Government to reduce bond issuance, huge buying interest particularly from foreigners, and forced institutional buying due to mandate constraints.

The decline in yields was interrupted in mid-January 2007 when the exchange value of the rand depreciated. Yields then resumed a downward bias on renewed strength in the exchange value of the rand, the release of better-than-expected inflation figures and the unchanged monetary policy stance in February 2007. Expectations that CPIX inflation would remain within the target range over the longer term also limited the potential upside to bond yields during the mild sell-off.

The RSA yield curve turned inverse during the last quarter of 2006. This was due to short-term rates rising as a result of the successive increases in the repo rate and the projected lower overall supply of bonds, which pulled yields lower in the long end of the curve.

Against this backdrop, PIC achieved a return of 5,7% for the year, compared with 12,7% in the previous year. This compares favourably with the overall market performance, as tracked by ALBI. According to this index, the total return in the bond market was 5,0%.

Cash and money markets

Money market interest rates adjusted upwards during the third and fourth quarters of 2006, partly in response to and in anticipation of further increases in the repurchase rate by the Monetary Policy Committee in 2007. The three-month Johannesburg Interbank Agreed Rate (Jibar) increased by 44 basis points from 8,8% in November 2006 to 9,2% in January 2007.

This resulted in an increase in rates offered by issuers in the short end of the market, which benefited various PIC clients as they could then realise higher returns.

According to the STeFI index, total returns in the markets stood at 7,8% as on 31 March 2007. The PIC's returns for the year averaged 8,2%, against 7,1% in the previous year.

Properties investments

After Ireland, South Africa's properties market is the strongest in the world, delivering the second highest total returns in December 2006 and showing every sign of continuing to thrive in the coming years.

This buoyant market was excellent news for our clients, on whose behalf PIC manages one of the country's largest, most attractive properties portfolios, worth R8,5 billion at the end of the financial year.

However, while PIC obviously benefits from – and contributes to – the upbeat conditions in the South African properties market, we do not merely ride

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on the coat-tails of the rest of the industry. Instead, through a proactive investment and management strategy, we are leading the market in a number of ways.

One is the aggressive drive to invest in developments in South Africa's historically underserviced townships, to complement PIC's existing footprint in established complexes such as Johannesburg's Sandton City, Cresta, Southgate and Westgate, the Pavilion in Durban and Tyger Valley in the Western Cape.

Traditionally, many township residents have travelled long distances away from their homes to shop, do their banking and pay their household bills. Besides the personal cost and inconvenience to residents, this trend fuelled the cycle of underdevelopment in the townships in favour of the already affluent suburban sector.

Realising that people want access to retail services on their doorsteps, PIC has been among the first investors to start filling the gap. After the initial success of Central City, Soshanguve's first full-service shopping mall, we have helped bring similar benefits to the residents of Tembisa and GaRankuwa in Gauteng, as well as KaNyamazane, Nelspruit and Thulamahashe in Mpumalanga. As at 31 March 2007, we had invested in a total of 13 retail malls in rural and urban townships across South Africa.

This strategy makes sound business sense, as is clear from the demand for retail and office space at the developments concerned. The tenant occupation rate at GaRankuwa City stood at less than 80,0% before PIC refurbished and re-launched the complex. Occupancy has since climbed to 100,0%.

Another pioneering investment is PIC's 20% stake in the Airports Company of South Africa Limited (ACSA), which manages South Africa's three international airports and six regional airports. Purchased during 2005 for R1,7 billion, this investment is delivering superior returns. In December 2006, the ACSA Board declared an ordinary and special dividend of R241,0 million to PIC, representing an income return of 14,4% since we made the acquisition.

PIC's involvement in ACSA also means that our clients are part of South Africa's preparations for the 2010 World Soccer Cup. In the run-up to the 2010 World Cup, ACSA is undertaking over R19,0 billion of capital expenditure to refurbish and extend key airports such as OR Tambo Airport. The upgrading programme, which started in 2006 will ensure that South Africa has world-class airport facilities for the 2010 World Cup and beyond.

These are only a few of the investments PIC has made to generate sustainable returns for clients while touching the lives of millions of South Africans and contributing to the country's socio-economic transformation.

How the properties portfolio works

Worth R8,5 billion in March 2007, our properties portfolio consists of three categories of property investments: directly held properties, unlisted properties and listed properties.

Directly held properties

This refers to properties in which PIC's clients hold the title deeds. The directly held portfolio comprises retail, office, industrial, residential and specialised properties. It also consists of vacant land purchased for development.

Most of these properties are in the Gauteng province and the North West province and to a lesser extent in the Eastern Cape province and Limpopo province. This spread is due to the fact

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PORTFOLIO PERFORMANCE REVIEW (CONTINUED)

that most of the properties were acquired in 1994, when the pension funds of the former Bophuthatswana and Transkei were incorporated into the Government Employees Pension Fund (GEPF).

Other provinces now being targeted through new acquisitions are the Western Cape and KwaZulu-Natal. The emphasis of new investments will be on community shopping centres, office and industrial property.

Unlisted properties

The unlisted portfolio consists of PIC's strategic investments in the Airports Company of South Africa Limited (ACSA), Pareto Limited and the Community Property Fund.

- ACSA: We own 20,0% of ACSA, which runs nine South African airports, including all three international airports.
- Pareto Limited: This property company owns and co-owns seven of South Africa's largest retail complexes, including Sandton City, Cresta, Pavilion and Tyger Valley. PIC manages 40% of Pareto.
- Community Property Fund (CPF): The CPF owns 13 shopping centres in urban and rural townships across eight provinces. These centres vary in size from 2 000 m^2 to 14 000 m^2 and are typically anchored by supermarket, clothing, banking and furniture tenants, offering a full range of retail services to shoppers.

Listed properties

This portfolio consists of PIC's investments in properties and property investment companies listed on the JSE Limited. Examples are investments in SA Corporate Retail and Emira. Although this is the smallest property category, the listed portfolio gives PIC and its clients good exposure to high-end industrial and retail investments and allows for liquidity, geographical spread and sector spread.

Asset versus property management

With such a large, diversified portfolio, PIC's properties team focuses on asset management while outsourcing the nuts and bolts of property management to external companies.

The division itself manages three key functions in-house:

- Development management: Overseeing new construction projects, refurbishments and extensions.
- Property finance: Managing the flow of funds between the property management companies, PIC and clients, as well as preparing property-related financial statements.
- Asset management: Managing the relationships with and monitoring the performance of the property management companies, and ensuring strategic value add to the properties.

In turn, property management companies are appointed to perform rent collection and debt management and oversee property maintenance, among other things. Their performance is monitored against key performance indicators set by PIC. For example, property managers are expected to keep vacancies in the properties they manage below a certain rate and to manage rental arrears within strict limits.

Portfolio performance in 2006/07

The value of PIC's property portfolio grew by 56,0% in 2007, rising from R5,5 billion to R8,5 billion in the 12 months to 31 March 2007.

Growth in value was experienced across all three property categories with the strongest growth in the listed properties portfolio, followed by the directly held portfolio. The table overleaf illustrates the growth achieved.

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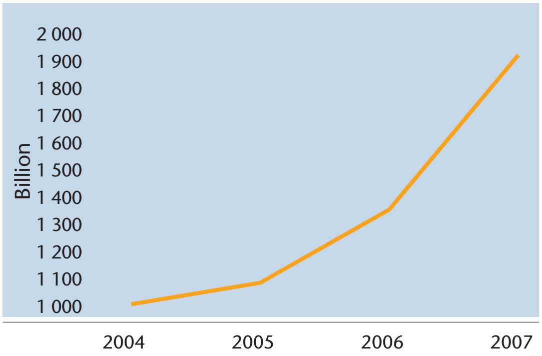
Values of the properties portfolio as at 31 March 2007

	Mar 07 R'million	Mar 06 R'million
Directly held	**1 961**	1 394
Listed	**1 915**	545
Unlisted	**4 636**	3 527
Total value	**8 512**	5 466

PIC's properties portfolio had strong returns in all three sectors of investment. The return for the year was 31,1%.

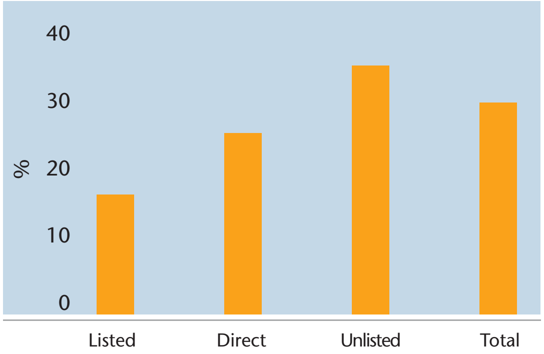
The directly held portfolio was valued at R1,961 billion as at 31 March 2007, showing growth of R567,0 million, or 41,0%. The increase was mainly due to the acquisition in 2007 of 11 properties worth R227,7 million, as well as to capital growth of R257,0 million. The graph below shows the growth in value of this portfolio over the past four years.

Directly held property value



The directly held portfolio yielded a return of 26,7% for the year under review. The income return was 10,4% and the capital return 15,1%. These results are comparable with the general performance of this segment of the market, as measured by the Investment Property Databank ("IPD"). The IPD's total return was 26,7% as at 31 December 2006.

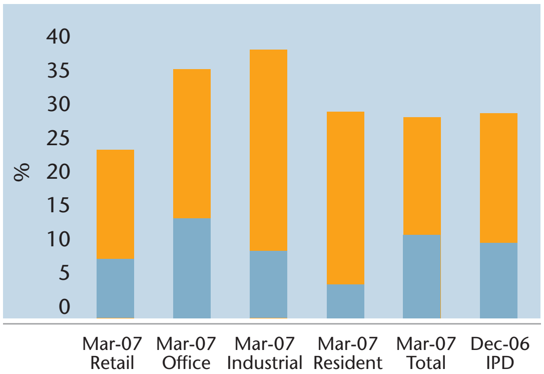
Total return per portfolio – 31 March 2007



The value of the unlisted portfolio, increased to R4,6 billion as at 31 March 2007, representing growth of 31,4%.

The listed portfolio grew from R545,0 million at March 2006 to R1,9 billion at the end of March 2007, through acquisitions and capital growth, as illustrated on the following graph. Listed properties returned 17,6% for the year.

Directly held portfolio total return for the year-end



** The calculations and disclosure of fair values are based on standard market practice and have not been amended to take into account consolidation, equity accounting and fair value adjustments as required by SA GAAP.*

PORTFOLIO PERFORMANCE REVIEW (CONTINUED)

An area of significant impact is in facilitating equities transactions where the BEE client has an active influence on Company strategy and operations beyond participation at director level.

Isibaya Fund

Although South Africa has a number of private equities funds that facilitate and fund BEE transactions, PIC's Isibaya Fund stands out in the marketplace. The Fund has the capacity to grant loans ranging from R50,0 million and in exceptional instances above R1,0 billion. Isibaya is the largest private equity Fund in South Africa. During the year under review, the portfolio made investments totalling R274,5 million in the investment categories listed below.

Transactions approved and implemented in 2007

Investment category	March '07 R million Investments approved	March '07 R million Investments made
Private equity	1 077	74,5
Fund of Funds	275	200
Infrastructure	356	–
Total Isibaya Portfolio (billion)	**1 708**	**274,5**

More compelling even than its financial resources is the Isibaya Fund's approach to BEE transactions. We are passionate about the transformation of the socio-economic landscape of South Africa, not only because contributing to this is our mandate but because we firmly believe in the benefits of an economy in which all citizens participate equitably.

Ensuring mutual value in equity transactions

The Isibaya Fund has been especially successful in lowering the purchase price and transaction costs associated with the transaction payable by BEE clients for acquisitions. This is critical because, if the entry price is exorbitant, it can become a major hurdle for a BEE enterprise down the line when the financing structures are unwound. As has often been demonstrated in South Africa to date, the value of BEE transactions can all too easily be eroded if, at the beginning of the transaction, the buyer is unable to create value that can provide good cover to lower the cost of funding. By supporting our clients to engage in transactions in which they and the seller meet half way to achieve fair value, the Isibaya Fund is contributing to sustainable, commercially viable BEE participation.

A case in point is the Savcon/Aquarius transaction, which two years ago was negotiating for a 26,0% equity share at a price of R860,0 million, with PIC participation of R200,0 million. The Isibaya Fund was able to persuade the seller to increase the stake to 29,5% on the same terms. During 2007/08, the BEE client will be able to prepay a portion of the PIC loan, using the proceeds from the additional 3,0% negotiated.

Another area where the Isibaya Fund has made a significant impact is in facilitating equities transactions where the BEE client has an active influence on Company strategy and operations beyond participation at director level. Executive management involvement is a critical success factor in ensuring that genuine value accrues from BEE transactions, both for the buyer and seller. Although not every equities opportunity offers the BEE client a substantial executive management presence, the Fund's policy is to insist on at least one BEE representative in the underlying asset.

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Sustainable strategy and returns

In adding value to our clients' negotiating positions, the Isibaya Fund undertakes thorough due diligence when evaluating equities opportunities, with strong emphasis on the target company's management composition, competitive position in the marketplace and the sustainability of cash flows (which speak to the business's ability to meet its commitments).

By the same token, BEE clients are expected to have done their own comprehensive analysis of the equities prospect before approaching the Isibaya Fund. In particular, the expectation is that the client has in-depth insight into the proposed asset, with a clear strategy for growing the asset they plan to acquire. The Fund's thinking is that anyone can identify a good opportunity but it can wither through failure to develop a strategy to grow the asset. Furthermore, the Fund has an obligation to the Government Employees Pension Fund (GEPF), whose assets are entrusted to us, to invest in BEE transactions that will generate returns which meet or exceed the benchmark set by the GEPF mandate.

According to the mandate in effect during the year, the Isibaya Fund performance was benchmarked at R157 plus 400 basis points. The actual return was almost 37,0%, meaning that we outperformed the benchmark.

Infrastructure funding

Apart from providing direct private equity funding, the Isibaya Fund accelerates economic empowerment through infrastructure funding, especially in sectors that support broader economic development, such as transportation, construction, agro-processing and beneficiation in the mining sector. This facilitates the creation of new assets and the rehabilitation of existing assets, promotes job creation and supports Government's efforts to accelerate service delivery through investment in public private partnership (PPP) projects.

Isibaya is planning to increase exposure to infrastructure projects over the medium term as such projects take longer to prepare to a bankable status. Internal capacity is being strengthened and resources have been allocated to seize opportunities available over the infrastructure boom period to 2010 and in the favourable environment of a rapidly growing South African economy.

In addition, through PAIDF, the Isibaya Fund is spearheading infrastructure development on the African continent, with a focus on building roads, ports and telecommunications networks and enhancing power-generation and water-provision capacity.

Conceived in 2006, the PAIDF set the target of US$1,0 billion (R7,0 billion) in commitments to the fund. The Isibaya Fund is proud to report that, post 31 March 2007, the PAIDF achieved first close with commitments of US$625,0 million. Over the next 18 months PAIDF will pursue investments on the continent and will endeavour to raise additional funds to achieve its target of US$1,0 billion in commitments.

Fund of Funds

A third focus area of the Isibaya Fund is investment into third-party managed private equity funds. The main reason for this investment is to improve the risk and reward profile of the investment portfolio and to diversify it in terms of sectors, industries, geographic spreads and investment styles.

Investments into third-party private equity fund managers are premised on an approach that sees fund managers as an extension of PIC. For this reason, it is critical that the mandate of the fund managers supported by PIC should fit in with the mandate and policy of the Isibaya Fund.

* *The calculations and disclosure of fair values are based on standard market practice and have not been amended to take into account consolidation, equity accounting and fair value adjustments as required by SA GAAP.*

PORTFOLIO PERFORMANCE REVIEW (CONTINUED)

In December 2006, PIC took the decision to restructure the equities portfolio, resulting in equities worth R146,0 billion being brought under internal management

Equities

Equities was the single biggest asset class within PIC during the year, worth a total of R349,7 billion and representing 48,6% of all net assets under management.

This position reflects the robust performance of the domestic equities market and the rising confidence of investors in the asset class.

The equities managed by PIC accounted for 9,1% of the market capitalisation of the JSE Limited, with the main client being the GEPF, whose equity assets make up 98,0% of our equities portfolio. For most of the year, assets were managed according to a 30/70 split between internal and external asset management, with external managers handling the largest portion.

During the financial year under review, several of PIC's clients notably Compensation Commissioners Fund, Compensation Commissioners Pension Fund and Unemployment Insurance Fund took a decision to allocate a portion of their assets to equities.

In all, JSE Limited delivered a total return of 36,7% during the year compared to 57,4% in 2006. The equities portfolio managed by PIC delivered a return in line with the overall market. The best-performing sector was basic materials (resources), with a return of 52,3%, followed by the telecommunication sector (47,8% return) and consumer goods (32,9% return).

In the previous year, we reported that we were busy reviewing the operational efficiency of the existing asset management arrangements, meaning the 30/70 split referred to earlier.

In December 2006, PIC took the decision to restructure the equities portfolio. This resulted in equities worth R146,0 billion being brought under internal management, shifting the asset management split to 72/28, with the larger portion now being managed in-house.

PIC believes this is a positive development for all concerned. Clients stand to benefit from the lower asset management fees charged by PIC and from returns that are closer to the benchmarks set in their mandates. The advantage for external asset managers is that they will have greater freedom in managing the equities entrusted to them. This is because their mandates have been adjusted to remove some of the constraints they faced before.

The equities investments portfolio has prepared for the increase in responsibilities by growing internal capacity. During the year, the staff complement was strengthened by the appointment of additional analysts, all with strong equities management experience.

PIC's top 40 holdings as at 31 March 2007 are on page 95.

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RISK MANAGEMENT STATEMENT

Introduction

Risk is inherent in any business. PIC deems risk management to be a core competency that forms an integral component of our processes. Furthermore, the Corporation views risk management as evolutionary, necessitating continual improvement in risk processes and controls in order to achieve a sustainable business.

PIC's clients dictate specific risk parameters in accordance with their risk appetite, which is expressed in formal investment mandates. However, the ultimate responsibility for risk management oversight lies with the PIC Board of Directors. The Board determines the overall risk policy and culture but relies on management to operate within the established control structures and approved frameworks. The Board has accordingly delegated responsibility for implementation of the PIC risk framework to management, thereby promoting a culture of ownership and accountability.

Senior management has an active role in the risk processes of PIC and is responsible for maintaining and enforcing compliance with the risk management framework. Senior management also ensures the consistent adoption of policies and procedures for measuring, managing and reporting risk. The Board is kept abreast of developments through formal reporting structures.

The investment of client funds to achieve the best possible risk-adjusted return is a core function and objective of PIC. In this regard, it should be noted that no risk management system can ever be exhaustive, given that risk management is evolutionary. Our goal is therefore to ensure that any risk-related losses that may arise, occur within acceptable and predefined levels.

The PIC's risk management objectives include, among others:

- instilling a culture of risk management and risk ownership;
- cultivating a culture of risk awareness and understanding across all levels of the corporation;
- managing risks, within the approved risk appetite of the corporation and its clients; and
- complying with all relevant legislative, regulatory and governance standards and requirements.

Risk governance structure

The following Board subcommittees have been delegated to deal with risk-related responsibilities in the Corporation:

- **Investment Committee** is responsible for activities related to PIC investment activities, investment policy and strategy implementation.
- **Audit and Risk Committee** is responsible for the safeguarding of assets, the operations of adequate systems and controls, effective risk management and audit processes, ensuring good corporate governance and compliance with all statutory and regulatory legislation.

PIC management assumes operational responsibility across all business areas, with risk managed by the following management committees:

- **Portfolio Management Committee** is responsible for all listed investment management activities including mitigating risks that arise in investments in capital markets, money markets, equities and externally managed funds.
- **Valuations Committee** is responsible for considering and recommending for approval to the Board, the valuations of unlisted investments.

RISK MANAGEMENT STATEMENT (CONTINUED)

- **IM Steering Committee** is responsible for information technology and information management-related risks. It also manages the PIC's disaster recovery plan and business continuity risk, as well as the IT infrastructure of the corporation, and reports to the Executive Committee.
- **Internal auditors** are responsible for assisting the Board, Audit and Risk Committee and management in fulfiling their obligations by providing an objective and independent evaluation of the effectiveness of internal control, risk management and governance processes.

PIC's risk structure reports to the Chief Executive Officer and is separate from investments, operations, compliance and internal audit.

Changes to the risk framework are reviewed and approved annually by the Board, which must also approve intra-year changes. Risk framework exceptions and violations are reported and investigated at appropriate, predefined levels of management. During the year under review, the Board approved and adopted amendments to the credit risk policy for fixed income and the revised PIC risk framework.

PIC will continue to pursue policies and procedures that enhance the ability of the Corporation to measure, monitor and manage its risks on an enterprise wide basis.

Key risks

During the course of conducting its business, PIC and its clients could be exposed to a variety of risks that may arise for various reasons inherent to the investment management process and business.

A summary of major risks of particular significance to PIC's business and to funds under management are presented below. These risks are managed in accordance with client investment mandates and with established and approved risk management policies and procedures. These include limit setting on individual assets, sectors and asset classes, while being cognisant of the relationships between assets and the benefits of diversifying investment risk.

Market risk

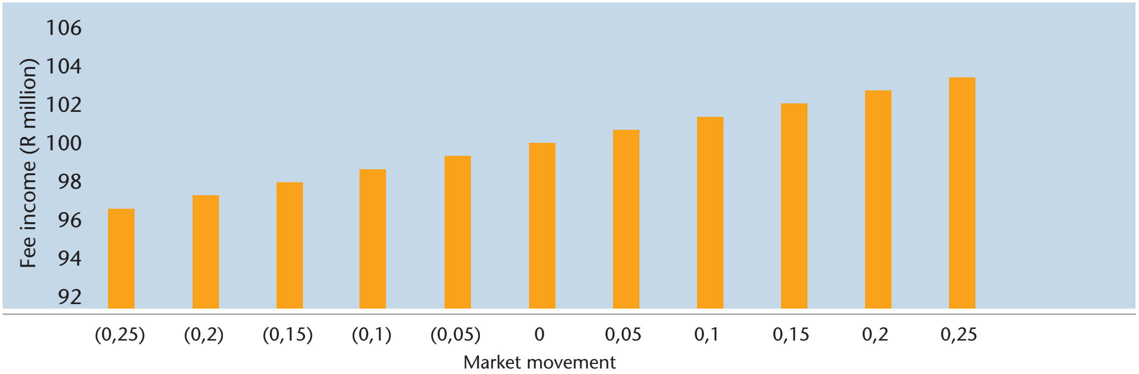
PIC operations

Market risk is the potential loss due to adverse movement in the market value of assets.

The financial services industry is influenced by various unpredictable factors, including economic conditions, monetary and fiscal policies, market liquidity, cost and availability of capital, political events, acts of terror and investor sentiment. Any change to these factors may result in volatility in interest rates, exchange rates, equity and commodity prices and credit spreads. Such volatility could cause a negative movement in the market value of investments, thereby adversely impacting PIC's revenue stream which is directly dependent on the value of assets under management.

The chart below reflects the impact of such a market movement on the PIC's revenue, which comprises a fixed and variable component. The variable component assumes a fee income of 0,025% of the value of funds under management. The sensitivity was based on the assumption that bonds and equities increase and decrease by the same amount, and excluded the effects of cash as an asset class.

Sensitivity analysis of PIC revenue to market movements



Mitigation

Although the fee income is significantly impacted by adverse movements in the bond and/or equities markets, PIC is continuously looking at developing sources of revenue that would mitigate this risk.

Operational controls

The operational controls implemented to manage risks arising from market volatility include:

- management of monies in accordance with investment mandates, which dictate the investment parameters, maximum holdings and investment limits;
- portfolio review by virtue of daily access to portfolio information and regular reporting;
- monitoring of positions against mandate limits; and
- auditing by internal and external auditors.

The degree of market risk prevalent in any portfolio is primarily determined by the benchmark portfolio composition, as expressed in the client's investment mandates. Due to the differences in asset allocation among client portfolios, market risk exposure differs from client to client.

The benchmarks used, excluding structured investment products, would usually consist of:

Asset class	Index
Bonds	ALBI and Barclays Inflation Bond Index
Cash and money market	Alexander Forbes STeFI composite
Equities	PIC custom benchmark, SWIX indices

Definition of benchmark

A comparison portfolio; a point of reference or comparison.

Selected funds market risk

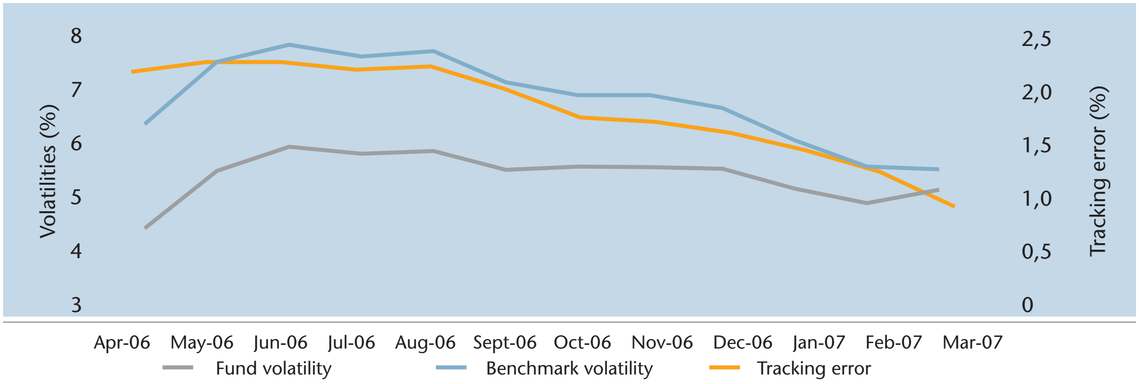
The charts overleaf reflect volatility and tracking error over 12 months of rolling returns of specific funds.

Definition of tracking error

The total return on a portfolio (gross of fees) minus the total return on a benchmark.

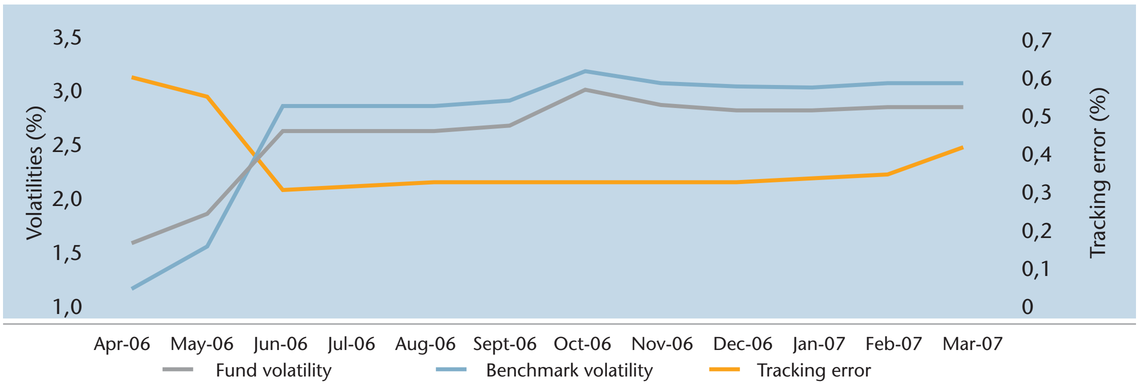
RISK MANAGEMENT STATEMENT (CONTINUED)

GEPF volatility versus benchmark



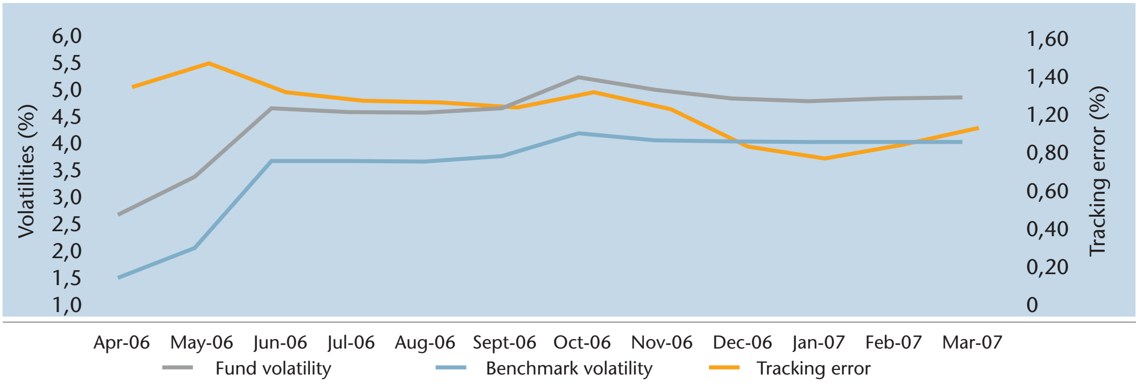
The Fund tracked the benchmark. The decline in volatility is a reflection of the bullish market. The tracking error declined accordingly, reflecting less aggressive active positions taken relative to the benchmark. For equities in particular, the equity weighting moved closer to the benchmark in line with the new strategic asset allocation.

UIF volatility versus benchmark



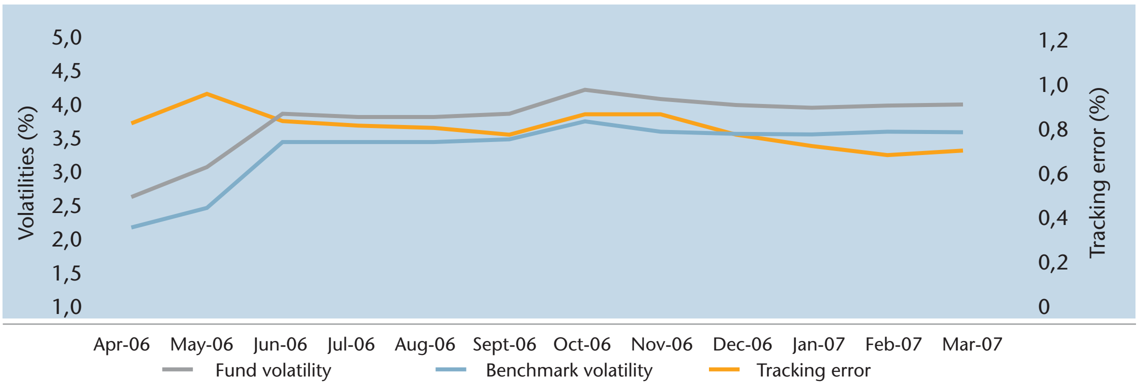
Although more volatile, the Fund tracked the benchmark, with equities delivering a solid performance. More aggressive positions in equities relative to the benchmark resulted in a higher tracking error at year-end.

Compensation Commissioner Pension Fund volatility versus benchmark



Less risk was taken on by the Fund compared to the benchmark. The increased equity exposure resulted in the tracking error ticking upwards during the last quarter.

Compensation Commissioner Compensation Fund volatility versus benchmark

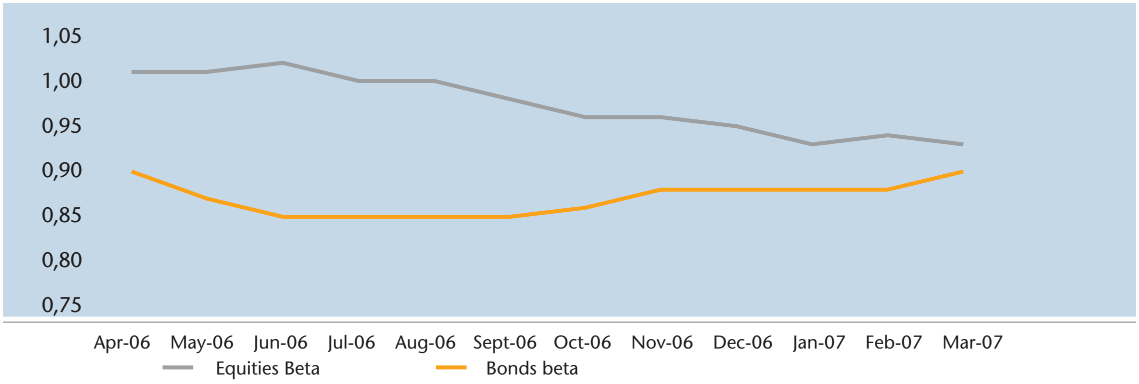


The CCCF was less volatile than the benchmark. Increasingly active positions in equities contributed to a higher tracking error at year-end.

Equities remain the most volatile asset class relative to bonds, money markets and properties and thus the greatest source of market risk for the GEPF portfolio.

RISK MANAGEMENT STATEMENT (CONTINUED)

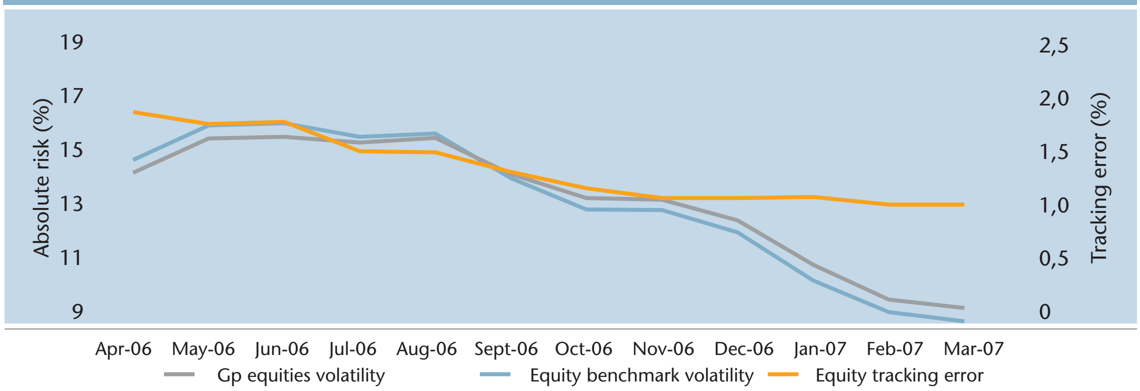
GEPF: Equity and bond beta comparisons



During August 2006, the Fund took on high beta stocks to take advantage of the rising market. This has since been scaled down to a point where the Fund is less sensitive to market risk compared to the benchmark, as reflected in the beta of less than one in the past 10 months, which is consistent with the lower tracking error assumed by the Fund.

Definition of beta
Beta is a measure of an asset's sensitivity to movements in the market. A beta of greater than one indicates a stock with above-average risk.

GEPF: Equity volatility versus benchmark



From April to November 2006, a large number of significant positions relative to the benchmark were taken, hence the higher tracking error on average for that period. Active positions were reduced after November 2006, resulting in a lower tracking error.

Interest rate risk

This risk is the potential financial loss as a result of adverse movements in interest rates that affect the value of bonds and money market instruments. All PIC clients have exposure to interest rate risk through investments in money markets and bonds.

Sensitivity to interest rate movements is measured by the duration of the fixed interest exposure. Such duration is dictated in the client investment mandates relative to the appropriate benchmark. Furthermore, these investment mandates prescribe how the assets should be managed, in line with clients' liquidity needs and their liability profiles.

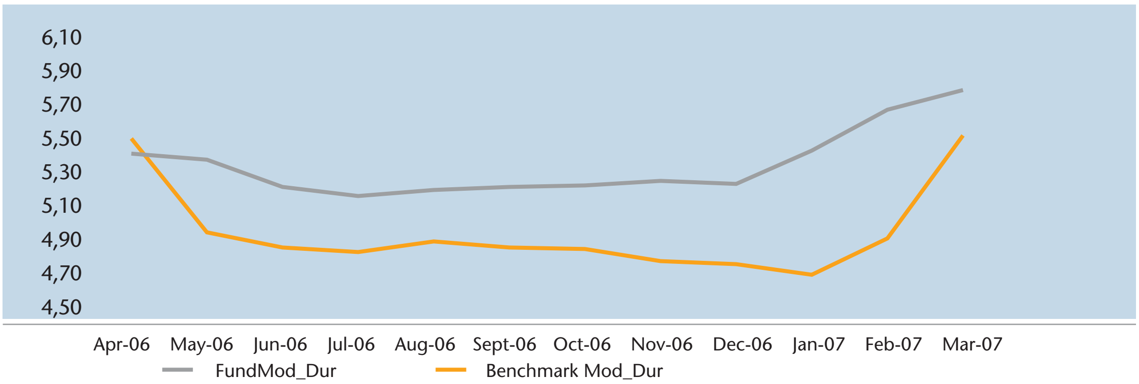
To manage the duration in line with mandates, PIC utilises a combination of plain vanilla and inflation-linked bonds to move closer to the benchmark duration. Duration switches between bonds are utilised as and when opportunities arise.

Credit risk

PIC and client portfolios are exposed to the potential for credit-related losses that can result due to an individual, counterparty or issuer being unable or unwilling to honour contractual obligations. The exposures may arise, for instance, from a deterioration in a counterparty's financial position, from a reduction in the value of securities held as collateral and from entering into contracts under which counterparties have long-term obligations to repay.

Factors that influence PIC's credit decisions include assessments by credit rating agencies of the general operating environment, the competitive market position of a counterparty or issuer, reputation, deal tenor (as longer dated deals increase uncertainty of repayment), the level and volatility of earnings, corporate governance, risk management policies, liquidity and capital management.

GEPF: Capital markets modified duration versus benchmark



In an inflationary environment, bond duration could be lower to counter a possible rise in interest rates.

RISK MANAGEMENT STATEMENT (CONTINUED)

PIC's Credit Risk Policy is the primary tool used to communicate Corporation-wide limits and exposures by constraining the magnitude and tenor of exposures to counterparties and issuers. A credit risk policy is signed by all clients and is a standard inclusion in all investment mandates.

The risk department is responsible for assessing a potential counterparty's creditworthiness in accordance with the credit risk policy and client investment mandates, as well as for ongoing monitoring of the credit quality and limit compliance.

Credit risk limits incorporate measures of both current and potential exposures and are set and monitored by broad risk type, product type and maturity. Credit mitigation techniques include, where appropriate, the right to be furnished with collateral or an equity injection by counterparties in unlisted investments; mitigation techniques are deal dependent.

PIC manages credit risk by utilising internally developed models, as well as ratings from external credit rating agencies. Limits are approved by the relevant committees, in accordance with the Board-approved delegation of authority. Risk reports are submitted to the Portfolio Committee, Investment Committee, Audit and Risk Committee and the Board.

Client investment mandates stipulate the minimum credit rating for instruments that PIC may invest in. At financial year-end, 97,0% of the rated instruments in the GEPF fixed income portfolio were rated in excess of the minimum rating stipulated in the investment mandate and 98,0% for the UIF.

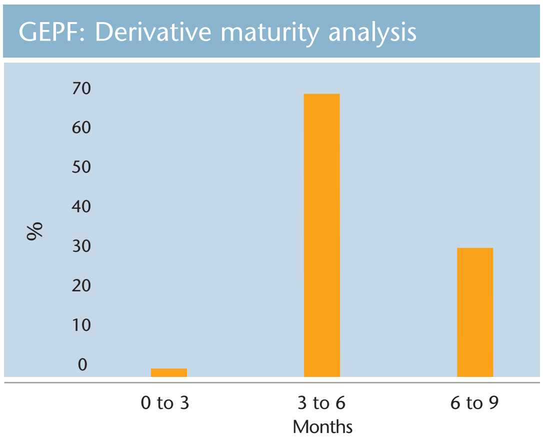
Besides considering investment valuations, the Valuations Committee also evaluates potentially distressed investments with a view toward protection against unacceptable credit-related losses. The impairment testing factors utilised in PIC's credit process include:

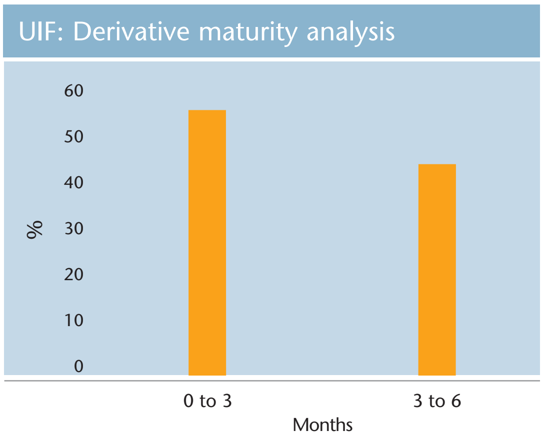
- significant financial difficulty.
- payment defaults;
- renegotiation of the terms of the asset due to financial difficulty of the borrower;
- significant restructuring due to financial difficulty or expected bankruptcy;
- disappearance of an active market for an asset due to financial difficulty;
- observable data indicating that there is a measurable decrease in the estimated future cash flows from the entity's financial assets since their initial recognition, although the decrease cannot yet be identified with the individual assets in the group; and
- an indication that the originally anticipated cash flows from the instrument are not recoverable.

Liquidity risk

Liquidity risk arises when insufficient liquid assets, such as cash and readily convertible securities are available to enable PIC or its clients to meet their obligations when due. PIC Operations Fund's strategic asset allocation stipulates that between 70,0% and 80,0% of the total holdings must comprise liquid assets. Client investment mandates generally dictate a minimum of 5,0% holdings in cash and near cash instruments, to ensure sufficient liquidity.

Should the client investment mandates permit PIC to utilise derivatives to manage the portfolio liquidity, this is undertaken in accordance with the mandate derived from PIC's Derivative Policy. This policy permits derivative exposures with approved issuers only and prohibits derivative use for speculation, only permitting use for hedging, asset allocation and yield enhancement. The derivative maturity analysis at year-end for two client funds is illustrated overleaf:





Maturity analysis for interest-bearing assets

Term at 31 March 2007	Market value R'000
0 to 1 year	75 079 192
1 to 3 years	25 139 691
3 to 7 years	111 543 160
7 to 12 years	78 423 626
More than 12 years	38 140 813
Total	**328 326 482**

Concentration risk

Concentration risk is the risk of losses arising due to poor diversification within funds. This relates to both credit and market risk as excessive concentrations in a particular or correlated asset class, sector, issuer, term structure or financial instrument type can result in undesirable risk exposures. PIC manages this risk in accordance with the client investment mandates, which dictate the level of concentration.

The fixed income portfolio was heavily skewed towards government stocks as well as being diversified across maturities in accordance with the BESA All Bond Index. Money market investments are spread across banks to reduce and diversify the client's concentration risk. This reduces the risk the client has to the domestic financial market in the unlikely event that a liquidity crisis is suffered by an issuer.

Investment risk

Investment risk is the risk of a loss due to a decrease in market value of assets arising from an incorrect investment valuation.

GEPF's two subportfolios, namely the Isibaya Fund and Properties, are the most exposed to investment risk due to their investments in unlisted securities. Every investment proposal follows an internal investment process, from deal origination, to legal and financial due diligence, to Board approval, to drawdown, and is subject to continuous monitoring throughout the deal tenor. The implementation of policies and procedures that manage investment and other related risks has contributed significantly to reducing the probability of investment risk occurring. Valuations are undertaken quarterly and are subject to approval by PIC's Valuations Committee quarterly and the Board annually.

RISK MANAGEMENT STATEMENT (CONTINUED)

Operational risk

Operational risk is the risk of financial and/or reputational loss arising from human or system error, from a failure in internal procedures, or from external factors that are not a consequence of investment risk in the portfolio. Examples of risk categories are errors in transaction settlements, PIC's inability to recruit and retain employees with appropriate expertise, IT system down-time or delivery failure by external suppliers. Risks of this nature are managed through systems of internal control and annual external audits, as well as continuous internal audits to review the effectiveness of the control environment, risk management programmes and external insurance policies.

Regulatory and legislative risks

As the financial services environment is highly regulated, PIC's business could be seriously impacted by non-compliance to regulatory and legislative requirements. In recent years, changes have been made in the corporate governance arena, as well as to anti-money laundering laws, the requirements for disclosing conflicts of interest and qualifications, auditor independence and disclosure practices.

While PIC must and does comply with all applicable legislation, the following are the more significant ones:

- Security Services Act;
- Financial Intelligence Centre Act;
- Financial Advisory and Intermediary Services Act;
- Companies Act;
- Financial Institutions Protection of Funds Act;
- Public Finance Management Act;
- Promotion of Access to Information Act; and
- Preferential Procurement Policy Framework Act.

The compliance department ensures PIC's compliance with international laws and regulations where PIC has interests, including Financial Services Authority (FSA) and the Swiss Exchange. A Bond Exchange of South Africa (BESA) review was undertaken during the year, which was rated satisfactory.

ANNUAL GROUP FINANCIAL STATEMENTS

CONTENTS

REPORT OF THE AUDITOR-GENERAL
for the year ended 31 March 2007

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF THE PUBLIC INVESTMENT CORPORATION LIMITED (COMPANY REGISTRATION NUMBER 2005/009094/06) FOR THE YEAR ENDED 31 MARCH 2007

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Public Investment Corporation Limited which comprise the balance sheet as at 31 March 2007, income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 50 to 94.

Responsibility of the accounting officer for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Statements of Generally Accepted Accounting Practice and in the manner required by the Public Finance Management Act, 1999 (Act No 1 of 1999) (PFMA), and the Companies Act of South Africa. This responsibility includes:
   - designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
   - selecting and applying appropriate accounting policies; and
   - making accounting estimates that are reasonable in the circumstances.

Responsibility of the Auditor-General

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No 25 of 2004), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing and General Notice 647 of 2007, issued in Government Gazette No 29919 of 25 May 2007. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

6. An audit also includes evaluating the:
   - appropriateness of accounting policies used;
   - reasonableness of accounting estimates made by management; and
   - overall presentation of the financial statements.

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

Basis of accounting

8. The Public Investment Corporation Limited's policy is to prepare financial statements on the basis of accounting determined by the National Treasury, South African Statements of Generally Accepted Accounting Practice and the Public Finance Management Act as set out in accounting policy note 1.1 to the financial statements.

REPORT OF THE AUDITOR-GENERAL (CONTINUED)
for the year ended 31 March 2007

Opinion

9. In my opinion the financial statements present fairly, in all material respects, the financial position of the Public Investment Corporation Limited as at 31 March 2007 and its financial performance and cash flows for the year then ended, in accordance with the South African Statements of Generally Accepted Accounting Practice and in the manner required by the Companies Act of South Africa and the Public Finance Management Act.

OTHER REPORTING RESPONSIBILITIES

Reporting on performance information

10. I have audited the performance information as included in the following sections of the annual report:
    Chairman's report (pages 06 and 07)
    CEO's report (pages 08 to 10)
    Report of the Audit and Risk Committee (page 21)
    Portfolio performance review (page 27 to 34) and
    Risk management statement (page 35 to 44)

Responsibilities of the accounting officer

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

Responsibility of the Auditor-General

12. I conducted my engagement in accordance with section 13 of the Public Audit Act, 2004 (Act No 25 of 2004) read with General Notice 646 of 2007, issued in Government Gazette No 29919 of 25 May 2007.
13. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.
14. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the audit findings.

Audit findings

15. No findings.

APPRECIATION

16. The assistance rendered by the staff of the Public Investment Corporation Limited during the audit is sincerely appreciated.

DEL Zondo for Auditor-General

Pretoria
13 August 2007

AUDITOR-GENERAL

STATEMENT OF RESPONSIBILITY BY THE BOARD OF DIRECTORS

for the year ended 31 March 2007

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 annual financial statements, which include the "Appendix – Assets managed on behalf of other parties", and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Company as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with South African Generally Accepted Accounting Practice and in terms of Treasury Regulation 28.1.1 of the Public Finance Management Act, 1999 (Act No 1 of 1999, as amended). The prescribed disclosure of emoluments in terms of Treasury Regulation 28.1.1 is reflected in note 5 of the annual financial statements.

The annual financial statements are prepared in accordance with South African Generally Statements of Accepted Accounting Practice and are based upon appropriate accounting policies consistently applied and supported by reasonably prudent judgements and estimates.

The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Public Investment Corporation Limited (PIC) 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 Corporation and all employees are required to maintain the highest ethical standards in ensuring the Corporation's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the Corporation is on identifying, assessing, managing and monitoring all known forms of risk across the Corporation. While operating risk cannot be fully implemented, the Corporation 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 financial statements. However, any system of internal control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The Directors have reviewed the Corporation's cash flow forecast for the year ended 31 March 2007 and, in light of this review and the current financial position, they are satisfied that PIC has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements have been audited by the Auditor-General, who was given unrestricted access to all financial records and related data, including minutes of all meetings of shareholders, the Board of Directors and committees of the Board. The Directors believe that all representations made to the independent auditors during their audit are valid and appropriate.

The audit report of the Auditor-General is presented on page 46.

The annual financial statements set out on pages 50 to 94, which have been prepared on the going-concern basis, were approved by the Board of Directors on 3 August 2007 and are signed on its behalf by:

Jabu Moleketi, MP
Chairman of the Board

DISCUSSION AND ANALYSIS OF FINANCIAL STATEMENTS

This review provides context to the financial performance of the group's operations as detailed in the financial statements.

Financial performance

While not aiming for profit maximisation, the Corporation has set the objective of operating its business in a manner that allows it to be self-sustaining.

PIC's strategy for financial and operational sustainability includes diversifying its income sources. For this purpose, the Corporation established a 60,0% owned company called Advent Asset Management (Pty) Limited. The company commenced trading on 1 April 2006 and is engaged in providing property asset management, development and property management services. This resulted in an increase in net profit before tax of R8,6 million.

In addition to diversifying its income, PIC engaged with its clients regarding a fee increase for services delivered, resulting in a total management fee increase of R35,7 million. Although these fees were still not market related, the increase had a positive effect on the group's net profit.

Operational expenditure of the group increased by 15,8% from R81,6 million to R94,5 million during the year under review. The increase reflects ongoing structural change in the nature of PIC's operations and reflects increased costs related to a higher head-count and the implementation of a market-related remuneration structure, as well as higher IT costs.

Group personnel costs as a percentage of the group's operational costs increased from 47,4% to 54,6%. The higher head-count resulted in a 37,3% decrease in consultancy fees.

During the previous financial year, PIC invested R9,4 million in fixed and intangible assets. Of this amount 83,2% was invested in upgrading the Corporation's IT platform and in maintaining various software products in use. Depreciation on these assets has therefore been accounted for the full financial year. An additional R4,9 million was invested in fixed assets during the 2007 financial year, which also resulted in an increase in depreciation.

The group's other operating expenses decreased by 7,9%, from R36,6 million to R33,7 million, owing to cost-cutting measures and the implementation in the previous financial year of most of the restructuring initiatives.

Financial position

Net assets as at 31 March 2007 amounted to R115,7 million, an increase of 20,0% compared to the previous year.

Cash flow position

Cash at the end of the year amounted to R50,5 million compared to R30,2 million at the previous year-end. The cash and cash equivalents show a compound growth of 67,2% compared to the prior period, due mainly to the following:

- Increased group operating profits, which were the main component of the growth achieved.
- A decrease of 47,9% from R9,4 million to R4,9 million in addition to fixed and intangible assets.

INCOME STATEMENT

for the year ended 31 March 2007

		GROUP		COMPANY	
	Notes	**2007 R'000**	2006 R'000	**2007 R'000**	2006 R'000
Revenue	1.2	**111 629**	66 391	**98 852**	66 391
Personnel expenses		**(51 652)**	(38 671)	**(48 895)**	(38 671)
Depreciation	7/9	**(3 894)**	(6 171)	**(3 757)**	(6 171)
Amortisation	8	**(5 218)**	(82)	**(5 154)**	(82)
Other operating expenses	2	**(33 768)**	(36 661)	**(31 997)**	(36 661)
Other operating income	3	**3 381**	223	**3 037**	223
Profit/(loss) from ordinary activities		**20 478**	(14 971)	**12 086**	(14 971)
Interest received	1.3	**6 238**	5 186	**6 014**	5 186
Finance charges	4	**(155)**	(114)	**(155)**	(114)
Unrealised profit/(loss)		**52**	(2)	**52**	(2)
Net surplus/(loss) for the year before tax		**26 613**	(9 901)	**17 997**	(9 901)
Income tax	6	**(7 732)**	2 872	**(5 219)**	2 872
Net surplus/(loss) for the year after tax		**18 881**	(7 029)	**12 778**	(7 029)
Attributable to					
Equity holders of the parent company		**16 440**	(7 029)		
Minority interest		**2 441**	–		
		18 881	(7 029)		

BALANCE SHEET
as at 31 March 2007

	Notes	GROUP 2007 R'000	GROUP 2006 R'000	COMPANY 2007 R'000	COMPANY 2006 R'000
ASSETS					
Non-current assets		**31 736**	41 973	**30 758**	41 973
Property, plant and equipment	7	**7 308**	8 500	**6 476**	8 500
Intangible asset	8	**8 751**	10 925	**8 636**	10 925
Finance lease: Asset	9	**780**	1 509	**780**	1 509
Financial assets at fair value through profit or loss	10	**13 359**	18 167	**13 359**	18 167
Deferred tax asset	11	**1 538**	2 872	**1 507**	2 872
Current assets		**103 283**	64 508	**94 292**	64 508
Financial assets designated at fair value through profit or loss	10	**31 342**	25 223	**31 342**	25 223
Trade and other receivables	12	**21 357**	9 053	**20 841**	9 053
Cash and cash equivalents	10	**50 584**	30 232	**42 109**	30 232
Total assets		**135 019**	106 481	**125 050**	106 481
SHARE CAPITAL, RESERVES AND LIABILITIES					
Share capital and reserves		**115 664**	96 783	**109 561**	96 783
Share capital	16	**1**	1	**1**	1
Retained earnings		**113 222**	96 782	**109 560**	96 782
Minority shareholders' interest	22	**2 441**	–	**–**	–
Non-current liabilities		**1 044**	1 289	**971**	1 289
Straight-line lease accrual		**851**	573	**778**	573
Finance lease: Liability		**193**	716	**193**	716
Current liabilities		**18 311**	8 409	**14 518**	8 409
Trade and other payables	13	**11 194**	5 766	**9 979**	5 766
Provisions	14	**2 444**	1 806	**2 410**	1 806
Finance lease: Liability		**644**	837	**644**	837
Taxation payable		**4 029**	–	**1 485**	–
Total reserves and liabilities		**135 019**	106 481	**125 050**	106 481

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2007

	Notes	Share capital R'000	Retained earnings R'000	Minority R'000	Total R'000
GROUP					
Balance at 31 March 2005		–	103 812	–	103 812
Transfer to share capital	16	1	(1)	–	–
Net loss for the year		–	(7 029)	–	(7 029)
Balance at 31 March 2006		1	96 782	–	96 783
Net profit for the year		–	16 440	2 441	18 881
Balance at 31 March 2007		**1**	**113 222**	**2 441**	**115 664**

	Notes	Share capital R'000	Retained earnings R'000	Minority R'000	Total R'000
COMPANY					
Balance at 31 March 2005		–	103 812	–	103 812
Transfer to share capital	16	1	(1)	–	–
Net loss for the year		–	(7 029)	–	(7 029)
Balance at 31 March 2006		1	96 782	–	96 783
Net profit for the year		–	12 778	–	12 778
Balance at 31 March 2007		**1**	**109 560**	**–**	**109 561**

CASH FLOW STATEMENT
for the year ended 31 March 2007

	Notes	GROUP 2007 R'000	GROUP 2006 R'000	COMPANY 2007 R'000	COMPANY 2006 R'000
Net cash inflows/(outflows) from operating activities		**26 867**	(3 826)	**17 244**	(3 826)
Cash generated by operations	15	**22 998**	(9 012)	**13 599**	(9 012)
Interest received		**6 238**	5 186	**6 014**	5 186
Taxation paid		**(2 369)**	–	**(2 369)**	–
Net cash outflows from financing activities		**(241)**	(1 206)	**(241)**	(1 206)
Finance charges	4	**(155)**	(114)	**(155)**	(114)
Capitalised finance lease	9	**(86)**	(1 092)	**(86)**	(1 092)
Net cash outflows from investing activities		**(6 274)**	(52 733)	**(5 126)**	(52 733)
Additions to property, plant and equipment	7	**(1 919)**	(7 232)	**(950)**	(7 232)
Additions to intangible asset	8	**(3 044)**	(2 173)	**(2 865)**	(2 173)
Proceeds on disposal of property, plant and equipment		–	62	–	62
Investment in financial assets through profit and loss		**(1 311)**	(43 390)	**(1 311)**	(43 390)
Net increase/(decrease) in cash and cash equivalents		**20 352**	(57 765)	**11 877**	(57 765)
Cash and cash equivalents at beginning of year		**30 232**	87 997	**30 232**	87 997
Cash and cash equivalents at end of year		**50 584**	30 232	**42 109**	30 232

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2007

1. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these annual financial statements as set out below are consistent with those of the previous year. The principal accounting policies applied in the preparation of "Assets managed on behalf of other parties" are disclosed in the Appendix.

1.1 Basis of preparation

The annual financial statements are prepared in accordance with, and comply with, South African Statements of Generally Accepted Accounting Practice and the Public Finance Management Act, 1999 (Act No 1 of 1999). The annual financial statements are further prepared in accordance with the going-concern principle under the historical cost basis.

The nature of the business of the Public Investment Corporation's Limited (PIC) is such that trust and surplus funds, under the control of the government departments, provincial administrations and bodies and institutions approved by the Minister of Finance, which may be available for investment, are payable to PIC which is responsible for investing the funds. These funds are managed by PIC on behalf of these parties and any income or loss derived therefrom accrues directly to the above-mentioned parties. The assets managed on behalf of other parties are therefore appended to these annual financial statements in the Appendix.

The preparation of annual financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Corporation's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the annual financial statements are disclosed in note 1.17 (Critical accounting estimates and judgements).

Adoption of new and revised standards

In the current year, PIC has adopted all of the new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (the IFRIC) of the IASB that are relevant to its operations and effective for the annual reporting periods beginning on 1 March 2006. The adoption of these new and revised Standards and Interpretations has not resulted in any changes in PIC's accounting policies.

Standards, interpretations and amendments to published standards that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for PIC's accounting periods beginning on or after 1 March 2007 or later, but which PIC has not early adopted. These standards, amendments and interpretations are not necessarily applicable and management has decided not to early adopt.

1.2 Revenue

Revenue comprises the fair value of the consideration received or receivable for the rendering of services in the ordinary course of PIC's activities. Revenue is shown, net of value-added tax, estimated returns, rebates and discounts.

Revenue comprises management fees charged to parties on whose behalf the assets are managed, as well as appraisal fees.

When the outcome of a transaction involving 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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2007

1. ACCOUNTING POLICIES (continued)

1.2 Revenue (continued)

The outcome of a transaction can be estimated reliably when all of 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 entity;
- 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 cost 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.

1.3 Interest

Interest is accrued on a time proportionate basis at the effective interest rate applicable.

1.4 Property, plant and equipment

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

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

All equipment is stated at historical cost less accumulated depreciation and, if applicable, accumulated impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items and bringing the item to working condition for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Finance costs on borrowings to finance the construction of qualifying equipment are capitalised, during the period of time that is required to complete and prepare the equipment for its intended use, as part of the cost of the asset. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on property and equipment is calculated using the straight-line method to allocate their cost (including capitalised leased assets) over the estimated useful lives, as follows:

	%
Motor vehicles	20,0
Furniture and fixtures	20,0
Computer hardware	33,3
Other office equipment	20,0
Leasehold improvements	20,0

Depreciation is recognised in the income statement.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

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

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2007

1. ACCOUNTING POLICIES (continued)

1.5 Intangible assets

Expenditure on research activities, undertaken with the prospect of gaining technical knowledge and an improved understanding is recognised in the income statement as an expense as incurred.

Expenditure on development costs is capitalised if it is technically feasible and it is probable that future economic benefits will be derived from the use of the asset. Capitalised development costs are stated at cost, less accumulated amortisation and accumulated impairment losses.

Amortisation of website cost is charged to the income statement on a straight-line basis over an estimated five-year useful life.

Amortisation of software is charged to the income statement on a straight-line basis over an estimated three-year useful life.

Subsequent expenditure relating to intangible assets is capitalised when it is probable that future economic benefits from the use of the assets will be increased and will be realised. All other subsequent expenditure is recognised as an expense in the year in which it is incurred.

Surpluses/(deficits) on the disposal of intangible assets are credited/(charged) to income. The surplus/(deficit) is the difference between the net disposal proceeds and the carrying value of the asset at the date of sale.

1.6 Impairment of non-financial assets

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

1.7 Financial instruments

Financial instruments carried on the balance sheet include cash and cash equivalents, trade receivables, trade payables, NCDs and public corporation bonds.

(i) Classification

PIC classified/designated all its debt investments into the "financial assets at fair value through profit or loss" category.

The category of financial assets and financial liabilities at fair value through profit or loss comprises:

- Financial instruments held-for-trading. These include capital market instruments.
- Financial instruments designated at fair value through profit or loss upon initial recognition. These include financial assets that are not held-for-trading purposes and which may be sold. These are investments in money market instruments.

Financial liabilities that are not classified as fair value through profit or loss include accounts payable.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2007

1. ACCOUNTING POLICIES (continued)

1.7 Financial instruments (continued)

(ii) Recognition

PIC recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

A regular way purchase of financial assets is recognised using trade date accounting. From this date any gains and losses arising from changes in fair value of the financial assets are recognised in the income statement.

Financial liabilities are not recognised unless one of the parties has performed or the contract is a derivative contract not exempted from the scope of IAS 39 (AC 133).

(iii) Measurements

Financial instruments are measured initially at fair value (transaction price) plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately, while on other financial instruments they are capitalised.

Subsequent to initial recognition, all instruments classified at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the income statement.

(iv) Fair value measurement principles

The fair value of financial instruments is based on their quoted market prices at the balance sheet date without any deduction for estimated future selling costs.

If a quoted market price is not available on a recognised stock exchange, the fair value of the instrument is estimated using valuation techniques, including use of recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow techniques or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

(v) Gains and losses on subsequent measurement

Gains and losses arising from change in the fair value of instruments classified as "Instruments at fair value through profit or loss" are recognised in the income statement.

(vi) Impairment

Financial assets that are stated at cost or amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. If any such indication exists, an impairment loss is recognised in the income statement as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

If in a subsequent year the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through the income statement. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been previously recognised.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2007

1. ACCOUNTING POLICIES (continued)

1.7 Financial instruments (continued)

(vii) Derecognition

PIC derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with IAS 39 (AC 133).

PIC uses the weighted average method to determine realised gains and losses on derecognition.

The financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

(viii) Specific instruments

• *Cash and cash equivalents*

Cash comprises current deposits with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investments or other purposes.

• *Trade and other receivables*

Accounts receivable are stated at cost less impairment losses. An impairment loss is recognised where the recoverable amount of an asset exceeds its carrying amount. The recoverable amount of trade and other receivables is calculated at the present value of expected future cash flows discounted using the original effective interest rate inherent in the asset. Short-term receivables are not discounted.

• *Trade and other payables*

Accounts payable are presented at their respective outstanding balances at year-end. These are subject to normal trade credit terms and relatively short payment cycles.

1.8 Operating leases

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

1.9 Finance leases

Leases of assets under which substantially all the risks and rewards incidental to ownership of an asset have been transferred are classified as a finance lease. Title may or may not eventually be transferred.

At the commencement of the lease term, 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, each determined at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease. Any initial direct costs of the lessee are added to the amount recognised as an asset.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each year during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred. Finance leases relate mainly to the lease of computer equipment.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2007

1. ACCOUNTING POLICIES (continued)

1.10 Provisions

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

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

1.11 Employee benefits

The cost of all short-term employee benefits, such as salaries, medical, leave payouts and other contributions is recognised during the year in which the employee renders the related service.

Although a present obligation (constructive) exists, the amount of bonuses payable can not be reliably estimated at year-end and is therefore not provided for. Bonuses are accounted for in the year in which these are paid.

1.12 Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current taxation comprises tax payable calculated on the basis of the expected taxable income for the year, using tax rates expected at the balance sheet date, and any adjustments of the tax payable for the previous year.

1.13 Deferred income tax

Deferred taxation is provided using the balance sheet liability method on all temporary differences between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised.

Deferred taxation is calculated using taxation rates that have been enacted at balance sheet date. The effect on deferred taxation of any changes in taxation rates is charged to the income statement, except to the extent that it relates to items previously charged or credited directly to equity.

1.14 Related parties

Parties are considered to be related to PIC if PIC has the ability, directly or indirectly, to control the party, jointly control or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where PIC and the party are subject to common control or common significant influence.

Related parties also include key management personnel which are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of PIC.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2007

1. ACCOUNTING POLICIES (continued)

1.15 Basis of consolidation

Subsidiaries are entities controlled by PIC. Control exists when PIC has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the group annual financial statements from the date that control commences until the date control ceases.

1.16 Offsetting

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

1.17 Critical accounting estimates and judgements

PIC makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

1.17.1 Estimates of residual values and useful lives of equipment

The PIC reassesses annually the residual values and remaining useful lives of significant assets. The residual values of these assets have been estimated as the amount that the PIC would currently obtain from disposal of each significant asset, in its current location, if the asset were already of the age and in the condition expected at the end of its useful life. The useful life is estimated as the period over which an asset is expected to be available for use by the PIC. Technological innovation and maintenance programmes impact the useful lives and residual values of the assets.

1.17.2 Contingent liabilities

Management applies its judgement to the fact patterns and advice it receives from its attorney, advocates and other advisors in assessing if an obligation is probable, more likely than not, or remote. This judgement application is used to determine if the obligation is recognised as a liability or disclosed as a contingent liability.

1.18 Comparatives

Where applicable, comparative figures have been restated.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2007

	GROUP		COMPANY	
	2007 R'000	2006 R'000	**2007 R'000**	2006 R'000
2. OTHER OPERATING EXPENSES				
Other operating expenses include the following:				
Audit fees	**3 037**	3 225	**3 037**	3 225
Non-executive Directors' emoluments – (refer note 5.1)	**507**	724	**507**	724
Operating lease charges – Property	**5 862**	5 229	**5 193**	5 229
Professional services	**3 079**	4 982	**3 017**	4 982
3. OTHER OPERATING INCOME				
Other operating income consists of the following:				
Surplus on disposal of property, plant and equipment	**–**	62	**–**	62
Fees earned from Board meeting attendance	**1 491**	128	**1 491**	128
Development consultancy fees	**1 500**	–	**1 500**	–
Other income	**390**	33	**46**	33
	3 381	223	**3 037**	223
4. FINANCE CHARGES				
Finance charges relate mainly to the interest charged on finance leases of computer equipment.				
Interest charged	**155**	114	**155**	114
	155	114	**155**	114

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2007

		Board and subcommittee meeting fees R'000	Expenses R'000	Total R'000
5. EMOLUMENTS				
5.1 Non-executive Directors				
31 March 2007				
I Sehoole (paid to SAICA)	Δ£#	**84**	–	**84**
J Strydom	¥£	**67**	–	**67**
V Ntombela	¥#	**114**	–	**114**
Y Waja	Δ¥	**90**	–	**90**
Z Sithole	Δ£	**68**	–	**68**
N Mtoba (paid to Deloitte)	¥#	**84**	–	**84**
		507	–	**507**
31 March 2006				
I Sehoole (paid to SAICA)	Δ£	108	–	108
J Strydom	¥	134	–	134
V Ntombela	¥	137	–	137
Y Waja	Δ¥	167	–	167
Z Sithole	Δ	95	–	95
N Mtoba (paid to Deloitte)	¥	83	–	83
		724	–	724

All the non-executive Directors were in office for the full financial year. The Chairperson, who is also the Deputy Minister of Finance, J Moleketi, has not been included, as no emoluments were paid to him during the year.

Notes:

Δ *Audit Committee*
¥ *Investment Committee*
£ *Remunerations Committee*
Risk Committee

	Basic salary R'000	Pension R'000	Medical R'000	Bonus R'000	Car allowance R'000	Other* R'000	Total R'000
5.2 Executive management							
31 March 2007							
B Molefe – Chief Executive Officer	**1 533**	**138**	**30**	**778**	**70**	**25**	**2 574**
A Kekana – Chief Operating Officer	**1 346**	**120**	**10**	**684**	**61**	**27**	**2 248**
D Matjila – Chief Investment Officer	**1 332**	**120**	**30**	**684**	**56**	**25**	**2 247**
	4 211	**378**	**70**	**2 146**	**187**	**77**	**7 069**

* *Other includes SDL, UIF and RSC.*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2007

	Basic salary R'000	Pension R'000	Medical R'000	Bonus R'000	Car allowance R'000	Other* R'000	Total R'000
5. EMOLUMENTS (continued)							
5.2 Executive management (continued)							
31 March 2006							
B Molefe – Chief Executive Officer	1 528	131	29	58	79	116	1 941
A Kekana – Chief Operating Officer	1 276	105	6	–	67	22	1 476
D Matjila – Chief Investment Officer	1 265	114	29	912	56	22	2 398
	4 069	350	64	970	202	160	5 815

* *Other includes SDL, UIF, RSC and capped leave paid out.*

	GROUP		COMPANY	
	2007 R'000	2006 R'000	**2007 R'000**	2006 R'000
6. INCOME TAX				
South African normal tax				
– Current	**(6 398)**	–	**(3 854)**	–
– Deferred tax debit/(credit)	**(1 334)**	2 872	**(1 365)**	2 872
	(7 732)	2 872	**(5 219)**	2 872
Tax rate reconciliation:				
Current year's charge as a percentage of income before taxation (%)	**29,1**	29	**29**	29
Permanent differences (%)	**(0,1)**	–	**–**	–
	29	29	**29**	29

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2007

	Motor vehicles R'000	Furniture R'000	Computer hardware R'000	Other office equipment R'000	Leasehold improvement R'000	Total R'000
7. GROUP – PROPERTY, PLANT AND EQUIPMENT						
31 March 2007						
Carrying amount at 31 March 2006	**438**	**3 298**	**822**	**1 816**	**2 126**	**8 500**
Cost	**545**	**5 366**	**3 539**	**2 705**	**3 506**	**15 661**
Accumulated depreciation	**(107)**	**(2 068)**	**(2 717)**	**(889)**	**(1 380)**	**(7 161)**
Additions	**–**	**664**	**667**	**588**	**–**	**1 919**
Write-back/(write-off)	**–**	**(27)**	**–**	**(5)**	**–**	**(32)**
Cost	**–**	**(71)**	**(1 065)**	**(10)**	**–**	**(1 146)**
Accumulated depreciation	**–**	**44**	**1 065**	**5**	**–**	**1 114**
Depreciation for the year	**(99)**	**(1 139)**	**(524)**	**(616)**	**(701)**	**(3 079)**
Cost	**545**	**5 959**	**3 141**	**3 283**	**3 506**	**16 434**
Accumulated depreciation	**(206)**	**(3 163)**	**(2 176)**	**(1 500)**	**(2 081)**	**(9 126)**
Carrying amount at 31 March 2007	**339**	**2 796**	**965**	**1 783**	**1 425**	**7 308**
31 March 2006						
Carrying amount at 31 March 2005	–	3 926	6 830	2 189	2 678	15 623
Cost	124	4 891	10 383	2 636	3 366	21 400
Accumulated depreciation	(124)	(965)	(3 553)	(447)	(688)	(5 777)
Additions	493	395	6 056	148	140	7 232
Disposals	–	–	–	–	–	–
Cost	(72)	–	–	–	–	(72)
Accumulated depreciation	72	–	–	–	–	72
Transfer between asset classes	–	2	(8 833)	(3)	–	(8 834)
Cost	–	75	(12 210)	(78)	–	(12 213)
Accumulated depreciation	–	(73)	3 377	75	–	3 379
Write-back/(write-off)	–	1	(4)	(1)	–	(4)
Cost	–	5	(690)	(1)	–	(686)
Accumulated depreciation	–	(4)	686	–	–	682
Depreciation for the year	(55)	(1 026)	(3 227)	(517)	(692)	(5 517)
Cost	545	5 366	3 539	2 705	3 506	15 661
Accumulated depreciation	(107)	(2 068)	(2 717)	(889)	(1 380)	(7 161)
Carrying amount at 31 March 2006	438	3 298	822	1 816	2 126	8 500

No impairment losses were recognised during the 2006/07 financial year as the assets' carrying values were considered to approximate their recoverable amounts.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2007

	Motor vehicles R'000	Furniture R'000	Computer hardware R'000	Other office equipment R'000	Leasehold improve-ment R'000	Total R'000
7. COMPANY – PROPERTY, PLANT AND EQUIPMENT						
31 March 2007						
Carrying amount at 31 March 2006	**438**	**3 298**	**822**	**1 816**	**2 126**	**8 500**
Cost	**545**	**5 366**	**3 539**	**2 705**	**3 506**	**15 661**
Accumulated depreciation	**(107)**	**(2 068)**	**(2 717)**	**(889)**	**(1 380)**	**(7 161)**
Additions	**–**	**27**	**531**	**392**	**–**	**950**
Write-back/(write-off)	**–**	**(27)**	**–**	**(5)**	**–**	**(32)**
Cost	**–**	**(71)**	**(1 065)**	**(10)**	**–**	**(1 146)**
Accumulated depreciation	**–**	**44**	**1 065**	**5**	**–**	**1 114**
Depreciation for the year	**(99)**	**(1 057)**	**(500)**	**(585)**	**(701)**	**(2 942)**
Cost	**545**	**5 322**	**3 005**	**3 087**	**3 506**	**15 465**
Accumulated depreciation	**(206)**	**(3 081)**	**(2 152)**	**(1 469)**	**(2 081)**	**(8 989)**
Carrying amount at 31 March 2007	**339**	**2 241**	**853**	**1 618**	**1 425**	**6 476**
31 March 2006						
Carrying amount at 31 March 2005	–	3 926	6 830	2 189	2 678	15 623
Cost	124	4 891	10 383	2 636	3 366	21 400
Accumulated depreciation	(124)	(965)	(3 553)	(447)	(688)	(5 777)
Additions	493	395	6 056	148	140	7 232
Disposals	–	–	–	–	–	–
Cost	(72)	–	–	–	–	(72)
Accumulated depreciation	72	–	–	–	–	72
Transfer between asset classes	–	2	(8 833)	(3)	–	(8 834)
Cost	–	75	(12 210)	(78)	–	(12 213)
Accumulated depreciation	–	(73)	3 377	75	–	3 379
Write-back/(write-off)	–	1	(4)	(1)	–	(4)
Cost	–	5	(690)	(1)	–	(686)
Accumulated depreciation	–	(4)	686	–	–	682
Depreciation for the year	(55)	(1 026)	(3 227)	(517)	(692)	(5 517)
Cost	545	5 366	3 539	2 705	3 506	15 661
Accumulated depreciation	(107)	(2 068)	(2 717)	(889)	(1 380)	(7 161)
Carrying amount at 31 March 2006	438	3 298	822	1 816	2 126	8 500

No impairment losses were recognised during the 2006/07 financial year as the assets' carrying values were considered to approximate their recoverable amounts.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2007

	GROUP			COMPANY		
	Website R'000	Computer software R'000	Total R'000	Website R'000	Computer software R'000	Total R'000
8. INTANGIBLE ASSETS						
31 March 2007						
Carrying amount at 31 March 2006	**328**	**10 597**	**10 925**	**328**	**10 597**	**10 925**
Cost	**410**	**13 976**	**14 386**	**410**	**13 976**	**14 386**
Accumulated amortisation	**(82)**	**(3 379)**	**(3 461)**	**(82)**	**(3 379)**	**(3 461)**
Additions	**–**	**3 044**	**3 044**	**–**	**2 865**	**2 865**
Amortisation for the year	**(82)**	**(5 136)**	**(5 218)**	**(82)**	**(5 072)**	**(5 154)**
Cost	**410**	**17 020**	**17 430**	**410**	**16 841**	**17 251**
Accumulated amortisation	**(164)**	**(8 515)**	**(8 679)**	**(164)**	**(8 451)**	**(8 615)**
Carrying amount at 31 March 2007	**246**	**8 505**	**8 751**	**246**	**8 390**	**8 636**
31 March 2006						
Carrying amount at 31 March 2005	–	–	–	–	–	–
Cost	–	–	–	–	–	–
Accumulated amortisation	–	–	–	–	–	–
Additions	410	1 763	2 173	410	1 763	2 173
Transfer between asset classes	–	8 834	8 834	–	8 834	8 834
Cost	–	12 213	12 213	–	12 213	12 213
Accumulated amortisation	–	(3 379)	(3 379)	–	(3 379)	(3 379)
Amortisation for the year	(82)	–	(82)	(82)	–	(82)
Cost	410	13 976	14 386	410	13 976	14 386
Accumulated amortisation	(82)	(3 379)	(3 461)	(82)	(3 379)	(3 461)
Carrying amount at 31 March 2006	328	10 597	10 925	328	10 597	10 925

Software was disclosed as part of property, plant and equipment during previous financial years.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2007

	GROUP 2007 R'000	GROUP 2006 R'000	COMPANY 2007 R'000	COMPANY 2006 R'000
9. FINANCE LEASE: ASSET				
Carrying amount at 1 April	**1 509**	1 071	**1 509**	1 071
Cost	**2 381**	1 289	**2 381**	1 289
Accumulated depreciation	**(872)**	(218)	**(872)**	(218)
Additions	**86**	1 092	**86**	1 092
Depreciation for the year	**(815)**	(654)	**(815)**	(654)
Cost	**2 467**	2 381	**2 467**	2 381
Accumulated depreciation	**(1 687)**	(872)	**(1 687)**	(872)
Carrying amount at 31 March	**780**	1 509	**780**	1 509
10. FINANCIAL INSTRUMENTS				
Financial assets at fair value through profit or loss				
Asset backed securitisation vehicle	**13 359**	18 167	**13 359**	18 167
Financial assets designated at fair value through profit or loss				
Certificate of deposit	**31 342**	25 223	**31 342**	25 223
Cash and cash equivalents	**50 584**	30 232	**42 109**	30 232
– Fixed deposits	**19 135**	20 050	**19 134**	20 050
– Settlement accounts	**31 449**	10 182	**22 975**	10 182
11. DEFERRED TAX ASSET				
Balance at the beginning of the year	**2 872**	–	**2 872**	–
Temporary differences	**(1 334)**	2 872	**(1 365)**	2 872
Deferred tax asset	**1 538**	2 872	**1 507**	2 872
The deferred tax asset is due to temporary differences that arose during the financial year as result of:				
Provisions	**266**	704	**235**	704
Fixed assets	**345**	222	**345**	222
Leases (IAS 17 (AC 105)) asset	**4**	13	**4**	13
Unrealised profit	**(16)**	–	**(16)**	–
Assessed loss	**(1 933)**	1 933	**(1 933)**	1 933
	(1 334)	2 872	**(1 365)**	2 872
12. TRADE AND OTHER RECEIVABLES				
Trade receivables	**10 665**	5 960	**9 553**	5 960
Prepayments	**1 997**	2 249	**1 997**	2 249
Receivable from subsidiary	–	–	**684**	–
Net sundry debtors	**8 695**	844	**8 607**	844
Sundry debtors	**8 760**	909	**8 672**	909
Less: Provision for bad debts	**(65)**	(65)	**(65)**	(65)
	21 357	9 053	**20 841**	9 053

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2007

	GROUP		COMPANY	
	2007 R'000	2006 R'000	**2007 R'000**	2006 R'000
13. TRADE AND OTHER PAYABLES				
Trade payables	**8 316**	4 026	**8 077**	4 026
VAT	**1 280**	–	**954**	–
Other	**1 598**	1 740	**948**	1 740
	11 194	5 766	**9 979**	5 766
14. PROVISIONS				
Balance at the beginning of year	**1 806**	5 886	**1 806**	5 886
Additional provision for the year	**1 744**	1 106	**1 710**	1 106
Utilisation of previous year	**(1 106)**	(5 186)	**(1 106)**	(5 186)
Balance at the end of the year	**2 444**	1 806	**2 410**	1 806
Provisions relate to provision for leave pay, as well as pension benefits payable to certain employees that arose due to corporatisation.				
15. CASH GENERATED BY OPERATIONS				
Profit/(loss) before tax	**26 613**	(9 901)	**17 997**	(9 901)
Adjusted for non-cash flow items:				
– Depreciation – PPE	**3 079**	5 517	**2 942**	5 517
– Depreciation – Finance lease	**815**	654	**815**	654
– Amortisation	**5 218**	82	**5 154**	82
– Fixed asset write-off	**32**	3	**32**	3
– Profit on sale of fixed assets	**–**	(61)	**–**	(61)
– Interest received	**(6 238)**	(5 186)	**(6 014)**	(5 186)
– Finance charges	**155**	114	**155**	114
Cash flow before charges in working capital	**29 674**	(8 778)	**21 081**	(8 778)
Changes in working capital:	**(6 676)**	(234)	**(7 482)**	(234)
Increase in trade and other receivables	**(12 304)**	7 600	**(11 788)**	7 600
Increase in trade and other payables	**6 066**	(8 304)	**4 817**	(8 304)
Decrease in finance lease liability	**(716)**	427	**(716)**	427
Increase in straight-line accrual	**278**	43	**205**	43
	22 998	(9 012)	**13 599**	(9 012)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2007

	GROUP		COMPANY	
	2007 R'000	2006 R'000	**2007 R'000**	2006 R'000
16. SHARE CAPITAL				
Authorised share capital				
100 ordinary shares of R10 each	**1**	1	**1**	1
The total authorised share capital remains unchanged.				
Issued share capital				
100 ordinary shares of R10 each	**1**	1	**1**	1
Shares were issued on corporatisation of the Public Investment Corporation Limited to its sole shareholder, the National Government of the Republic of South Africa, on 1 April 2005.				
As at 31 March	**1**	–	**1**	–
Issue of 100 ordinary shares of R10 each	**–**	1	**–**	1
As at 31 March	**1**	1	**1**	1

17. POST-RETIREMENT BENEFITS

The PIC has no liability for post-retirement benefits as these are provided for by the Government Employees Pension Fund.

18. FINANCIAL RISK MANAGEMENT

Risk is inherent in any business. As a registered financial services provider, the PIC deems risk management to be a core competency that forms an integral component of PIC processes. Furthermore, the Corporation views risk management as evolutionary, necessitating continual improvement in risk processes and controls in order to achieve a sustainable business.

Any investment activity exposes the assets to various financial and associated risks. Financial risk is simply defined as the probability of suffering a financial loss. The magnitude of these risks varies greatly in terms of the markets, concentration, class and type of instruments.

During the course of conducting our business, PIC could be exposed to a variety of risks that may arise for various reasons that are inherent to the financial services industry. A summary of the major risks of particular significance to PIC business is presented below. These risks are managed in accordance with established and approved risk management policies and procedures.

Please refer to the risk management statement on pages 35 to 44 for a detailed note disclosure as required by Generally Accepted Accounting Practice in respect of market, interest, credit, liquidity, concentration, investment, operational, regulatory and legislative risk.

19. ASSETS MANAGED ON BEHALF OF OTHER PARTIES

PIC is entrusted to manage investments on behalf of other parties.

The assets managed on behalf of other parties and related income are disclosed in the Appendix and the fair value of assets managed on behalf of other parties amounts to R719,8 billion (2006: R599,5 billion).

20. RELATED PARTIES

PIC is wholly owned by the National Government of the Republic of South Africa. PIC is a Schedule 3B Public Entity in terms of the Public Finance Management Act, 1999 (Act No 1 of 1999, as amended). It therefore has a significant number of related parties including other state owned entities, government departments and all other entities within the national sphere of Government. Accordingly, the quantum of related parties is significant and consequently it is neither feasible nor practical to report all related party transactions.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2007

20. RELATED PARTIES (continued)

PIC, in the ordinary course of business, enters into various agreements with other parties within the national sphere of Government. The significant transactions (in the normal course of business) and balances outstanding at 31 March 2007 entered into between PIC and entities outside the company are as follows:

	Transactions		Accounts receivable/ (payable)	
	2007 R'000	2006 R'000	**2007 R'000**	2006 R'000
Related parties categories				
Services delivered:				
– State controlled entities and national departments	**98 852**	66 141	**9 384**	5 960
Purchased services				
– Key management personnel	**(1 704)**	(1 867)	**(67)**	–

PIC has been appointed by its clients, to implement their investment strategies and to provide administrative services with regards to the funds. Under the Investment Management Agreements, PIC receives a management fee monthly in arrears, calculated on the daily market value of the net assets attributable to funds under management. The clients paid the management fee to PIC as disclosed in the income statement.

Services rendered by related state owned entities relate mainly to transportation and telecommunication services.

	GROUP		COMPANY	
	2007 R'000	2006 R'000	**2007 R'000**	2006 R'000
21. COMMITMENTS				
Property				
Total future minimum lease payments	**12 077**	13 810	**9 343**	13 810
Due within one year	**5 475**	4 467	**4 913**	4 467
Due after one year but within five years	**6 602**	9 343	**4 430**	9 343

Operating lease payments represent rentals payable by the group for its office properties. Leases are negotiated for terms of five years.

Finance lease

Finance leases are leases of which substantially all the risks and rewards incidental to ownership of an asset have been transferred, although the title has not been transferred. These finance leases consists of 11 different contracts, with different effective dates and are over a three year period, repayable in quarterly instalments over the lease period.

	Minimum payment R'000	Interest R'000	Present value R'000
Total future minimum lease payments			
Due within one year	697	53	644
Due after one year but within five years	204	11	193
	901	**64**	**837**

22. INVESTMENT IN SUBSIDIARY

Public Investment Corporation Limited acquired 60% of Advent Asset Management (Pty) Limited. The Corporation commenced trading on 1 April 2006 and is engaged in providing property asset management, development and property management services.

ASSETS MANAGED ON BEHALF OF OTHER PARTIES

CONTENTS

STATEMENT OF INCOME

for the year ended 31 March 2007

	Notes	2007 R'000	(Restated) 2006 R'000
Interest income	2	**27 922 035**	25 661 234
Dividend income	3	**9 919 005**	7 341 505
Appraisal and commitment fees		**11 190**	–
Net profit on investments	4	**75 970 227**	97 718 641
Revaluation profit on investment properties	9	**210 408**	184 605
Property income	5	**343 998**	234 184
Share of profit in associate Pareto	8	**534 984**	563 673
Share of profit in associate ACSA		**134 546**	39 317
Net investment income		**115 046 393**	131 743 159
Investment management fees		**(112 692)**	(63 141)
Transaction costs		**(547 958)**	(550 633)
Other operating expenses	5	**(128 271)**	(136 611)
Investment and operating expenses		**(788 921)**	(750 385)
Net income from operations before provision for impairment		**114 257 472**	130 992 774
Increase in provision	13	**(152 819)**	(153 833)
Change in net assets attributable to funds under management		**114 104 653**	130 838 941

STATEMENT OF ASSETS UNDER MANAGEMENT

as at 31 March 2007

	Notes	2007 R'000	(Restated) 2006 R'000
ASSETS			
Non-current assets		**637 395 491**	540 690 214
Financial assets at fair value through profit or loss	6	**625 787 219**	528 574 556
Financial assets designated at fair value through profit or loss	6	**3 023 977**	2 577 992
Loans and receivables	6	**2 750 591**	4 436 162
Investment in associate Pareto	8	**2 245 758**	1 974 780
Investment in associate ACSA	7/15.1	**1 626 618**	1 733 072
Investment properties	9	**1 866 983**	1 346 037
Straight lining of operating lease adjustment	9	**94 283**	47 543
Property, plant and equipment	10	**62**	72
Current assets		**84 982 501**	62 673 656
Financial assets designated at fair value through profit or loss	6	**41 705 649**	36 183 293
Cash and cash equivalents	6	**39 250 551**	25 507 170
Trade and other receivables	11	**4 026 301**	983 193
Total assets		**722 377 992**	603 363 870
LIABILITIES			
Current liabilities		**2 574 667**	3 860 937
Financial liabilities at fair value through profit or loss	6	**71 148**	1 116 820
Trade and other payables	12	**1 888 056**	2 281 473
Provisions	13	**615 463**	462 644
Total liabilities		**2 574 667**	3 860 937
Net assets attributable to funds under management		**719 803 325**	599 502 933
Represented by:			
Net assets attributable to funds under management		**719 803 325**	599 502 933
Net assets managed		**719 803 325**	599 502 933

STATEMENT OF CHANGES IN NET ASSETS ATTRIBUTABLE TO FUNDS UNDER MANAGEMENT *for the year ended 31 March 2007*

	Notes	2007 R'000	(Restated) 2006 R'000
Opening balance at 31 March (previously reported)		**599 502 933**	461 529 787
Investment in associate (IAS 28 (AC 110)) adjustment	15.2	–	229 923
Opening balance at 31 March (restated)		**599 502 933**	461 759 710
Change in net assets attributable to funds under management		**114 104 653**	130 838 941
Fund contributions during the year		**14 255 339**	16 284 190
Fund withdrawals during the year		**(8 059 600)**	(9 379 908)
Balance at 31 March		**719 803 325**	599 502 933

NOTES TO THE APPENDIX (CONTINUED)

for the year ended 31 March 2007

INTRODUCTION

PIC manages assets on behalf of other parties. As these are not the assets of PIC, they are not reflected in PIC's annual financial statements, but are presented as an Appendix to the annual financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in determining the amounts disclosed in note 19 of PIC's annual financial statements and in the preparation of this Appendix of assets managed on behalf of other parties ("Appendix") are set out below and are, unless otherwise indicated, consistent with those of the previous year.

1.1 Statement of compliance

The Appendix has been prepared in accordance with South African Statements of Generally Accepted Accounting Practice ("SA GAAP").

1.2 Basis of preparation

The Appendix is presented in rand and rounded to the nearest thousand rands. It is prepared on a fair value basis for financial assets and financial liabilities at fair value through profit or loss and derivative financial instruments. Other financial assets and financial liabilities are stated at amortised cost.

The preparation of the Appendix in conformity with SA GAAP requires management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

The accounting policies have been applied consistently to the assets managed on behalf of other parties ("Fund") and are consistent with those used in the previous year.

The Fund is organised and operates as one segment (both in terms of business and geography). Consequently, no segment reporting is provided in the Appendix.

1.3 Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Fund. Control exists when the Fund has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the potential voting rights that are presently exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the Appendix from the date that control commences until the date control ceases.

Transactions eliminated on consolidation

Intragroup/Fund balances are eliminated in preparing the Appendix.

NOTES TO THE APPENDIX (CONTINUED)
for the year ended 31 March 2007

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.4 Financial instruments

(i) Classification

The Fund classified/designated all its debt and equity investments into the "financial assets at fair value through profit or loss" category, except for loans and receivables.

The category of financial assets and financial liabilities at fair value through profit or loss comprises:

- **Financial instruments held-for-trading.** These include listed equities, capital market instruments and derivatives. All derivatives in a net receivable position (positive fair value), are reported as financial assets held-for-trading. All derivatives in a net payable position (negative fair value), are reported as financial liabilities held-for-trading.
- **Financial instruments designated at fair value through profit or loss upon initial recognition.** These include financial assets that are not held-for-trading purposes and which may be sold. These are investments in unlisted equity instruments, structured products and money market instruments.

Financial assets that are classified as loans and receivables include mainly balances due as a result of development capital loans.

Financial liabilities that are not classified as fair value through profit or loss include balances due to brokers and other accounts payable.

(ii) Recognition

The Fund recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

A regular way purchase of financial assets is recognised using trade date accounting. From this date any gains and losses arising from changes in fair value of the financial assets are recognised in the statement of income.

Financial liabilities are recognised if one of the parties has performed or the contract is a derivative contract not exempted from the scope of IAS 39 (AC 133).

Financial instruments classified as loans and receivables are recognised as assets when the entity becomes a party to the contract and as a consequence has a legal right to receive cash.

(iii) Measurements

Financial instruments are measured initially at fair value (transaction price) plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through profit or loss are expensed immediately, while on other financial instruments they are capitalised.

Subsequent to initial recognition, all instruments classified at fair value through profit or loss are measured at fair value with changes in their fair value recognised in the statement of income.

NOTES TO THE APPENDIX (CONTINUED)
for the year ended 31 March 2007

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.4 Financial instruments (continued)

(iii) Measurements (continued)

Financial assets classified as loans and receivables are carried at amortised cost using the effective interest rate method, less impairment losses, if any.

Financial liabilities, other than those at fair value through profit or loss, are measured at amortised cost using the effective interest rate.

(iv) Fair value measurement principles

The fair value of financial instruments is based on their quoted market prices at the "statement of funds under management date" without any deduction for estimated future selling costs. The fair value of listed trading stocks is determined by reference to quoted bid prices.

If a quoted market price is not available on a recognised stock exchange, the fair value of the instrument is estimated using valuation techniques, including use of recent arm's length market transactions, reference to the current fair value of another instrument that is substantially the same, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used is a market rate at the "statement of funds under management date" applicable for an instrument with similar terms and conditions. Where other pricing models are used, inputs are based on market data at the "statement of funds under management date".

The fair value of derivatives is estimated as the amount that the Fund would be able to receive or pay to terminate an existing contract. The derivative valuation is largely affected by the following: strike price on transaction date, prevailing market price, volatility, time to expiry, prevailing interest rate and dividend yield of the underlying instrument.

Investments in other unlisted open-ended investment funds are recorded at the net asset value per share as reported by the managers of such funds.

(v) Gains and losses on subsequent measurement

Gains and losses arising from change in the fair value of instruments classified as "Instruments at fair value through profit or loss/designated at fair value through profit or loss" are recognised in the statement of income.

(vi) Impairment

Financial assets that are stated at cost or amortised cost are reviewed at each "statement of funds under management date" to determine whether there is objective evidence of impairment. If any such indication exists, an impairment loss is recognised in the statement of income as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through the statement of income. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been previously recognised.

NOTES TO THE APPENDIX (CONTINUED)
for the year ended 31 March 2007

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.4 Financial instruments (continued)

(vii) Derecognition

The Fund derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition in accordance with IAS 39 (AC 133).

The Fund uses the weighted average method to determine realised gains and losses on derecognition.

The financial liability is derecognised when the obligation specified in the contract is discharged, cancelled or expired.

(viii) Specific instruments

Cash and cash equivalents

Cash comprises current deposits with banks. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash, are subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investments or other purposes.

Repurchase and reverse repurchase transactions

Securities sold subject to a simultaneous agreement to repurchase these securities at a certain later date at a fixed price (repurchase agreements) are retained in the financial statements and are measured in accordance with their original measurement principles. The proceeds of the sale are reported as liabilities and are carried at amortised cost.

Securities purchased under agreements to resell (reverse repurchase agreements) are reported not as purchases of the securities, but as receivables and are carried in the statement of funds under management at amortised cost.

Interest earned on reverse repurchase agreements and interest incurred on repurchase agreements is recognised as interest income or interest expense, over the life of each agreement using the effective interest method.

1.5 Associated companies

Associated companies are those enterprises in which there is the ability to exercise significant influence, but not control over the financial and operating policies.

Investments in associates are recorded initially at cost and subsequently accounted for by using the equity method of accounting.

Equity accounting involves recognition of the share of the associate's profit or loss for the year under review.

Interest and dividends received from the entity are eliminated to the extent of the entity's interest in the associate.

The carrying value in the statement of funds under management reflects the share of the net assets and any goodwill on acquisition. The carrying values of investments in associates are reduced to their recoverable amount where these are lower than their carrying values. In instances where the share of the losses of an associate exceeds the carrying value of the associate, the investment in the associate is carried at R nil value. Additional losses are only recognised to the extent that obligations in respect of the associate have been incurred.

NOTES TO THE APPENDIX (CONTINUED)
for the year ended 31 March 2007

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.6 Investment properties

Properties that are held to earn rental income and/or for capital appreciation, are classified as investment properties. Investment properties are treated as long-term investments and are revalued on an open-market basis and stated at their revalued amounts. These valuations are performed by property valuators in cycles of three years and Directors' valuations (supported by a desktop independent review) are used during those years when external valuations are not performed. Surpluses and losses arising from the revaluation of the investment properties are recognised in the income earned statement in the year in which they arise. Investment property also includes investments in property companies.

1.7 Offset

Where legally enforceable rights exist for recognised financial assets and liabilities, and there is an intention to settle the liability and realise the asset simultaneously, or to settle on a net basis, all related financial effects are offset.

1.8 Interest income

Interest income is recognised in the statement of income as it accrues, using the original effective interest rate of the instrument calculated at the acquisition or origination date. Interest income includes the amortisation of any discount or premium or any other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis.

1.9 Dividend income

Dividend income relating to exchange-traded equity investments is recognised in the statement of income on the ex-dividend date.

Income distributions from private equity investments and other investment funds are recognised in the statement of income as dividend income when declared.

1.10 Profit on fair value instrument through profit or loss

Profits, losses and fair value adjustments on financial instruments through profit or loss, both realised and unrealised are included in the statement of income.

1.11 Rental income

Rental income from investment property is recognised in the statement of income on a straight-line basis over the term of the lease.

1.12 Expenses

All expenses, including management fees, custodian fees and other transaction costs, are recognised in the statement of income on an accrual basis.

1.13 Reclassification of financial asset categories

New market trends and developments necessitated a review by PIC of the current investment disclosure categories. The new categories will provide the reader with a better understanding of the types of instruments that are grouped together. Refer to note 14 for detailed reclassification.

NOTES TO THE APPENDIX (CONTINUED)

for the year ended 31 March 2007

	2007 R'000	2006 R'000
2. INTEREST INCOME		
Interest income arises from:		
Financial assets at fair value through profit or loss		
– Government bonds	**18 139 967**	16 115 075
– Government zero coupon bonds	**650 273**	662 336
– Public corporation bonds	**3 627 470**	2 952 265
– Public corporation zero coupon bonds	**188 909**	138 018
– Long-term promissory notes	**4 847**	20 759
– Debentures	**6 838**	1 622
– Asset backed securitisation vehicle	**724 015**	196 411
– Listed local equities	**7 470**	–
– Unlisted local equities	**3 771**	10 931
– Listed property equities	**71 342**	13 758
– Unlisted property equities	**805**	19 004
– Unit trusts local	**24 245**	31 276
– Interest rate swaps	**1 052**	(830)
Financial assets designated at fair value through profit or loss		
– Long-term fixed deposits	**161**	3 822
– Guaranteed investment contracts	**113 785**	1 410 663
– Investment policies	**1 168**	992
– Structured investment products local	**20 678**	14 552
– Treasury bills	**106 271**	202 164
– Certificate of deposit	**1 637 151**	1 246 857
– Short-term promissory notes	**249 838**	175 838
– Bills	**176 041**	93 324
– Asset backed securitisation vehicle	**23 715**	17 809
– Commercial papers	**79 620**	9 604
Loans and receivables		
– Loans and receivables	**31 779**	485 920
– Local authority bonds	**41 025**	60 431
Cash and cash equivalents		
– Fixed deposits	**1 187 389**	756 159
– Call accounts	**208 617**	397 908
– Initial margin accounts	**4 437**	–
– Settlement accounts	**586 877**	624 577
Subsidiary interest income/(expense)	**2 479**	(11)
	27 922 035	25 661 234

NOTES TO THE APPENDIX (CONTINUED)
for the year ended 31 March 2007

	2007 R'000	2006 R'000
3. DIVIDEND INCOME		
Dividend income arises from:		
Financial assets at fair value through profit or loss		
– Listed local equities	**9 814 690**	7 291 219
– Unlisted local equities	**3 369**	2 580
– Listed property equities	**9 953**	14 071
– Unlisted property equities	**10 551**	1 902
– Unit trusts local	**56 582**	8 158
Financial assets designated at fair value through profit or loss		
– Structured investment products local	**23 860**	23 575
	9 919 005	7 341 505
4. NET PROFIT/(LOSS) ON INVESTMENTS		
Financial assets at fair value through profit or loss		
Debt instruments	**(6 694 882)**	8 627 374
– Government bonds	**(5 535 122)**	7 631 412
– Government zero coupon bonds	**(284 416)**	70 317
– Public corporation bonds	**(761 578)**	868 215
– Public corporation zero coupon bonds	**(124 438)**	(14 755)
– Long-term promissory notes	**(2 692)**	(8 345)
– Debentures	**30 798**	29 396
– Asset backed securitisation vehicle	**(17 434)**	51 134
Equity instruments	**82 287 357**	89 251 721
– Listed local equities	**78 282 622**	87 303 889
– Unlisted local equities	**3 295 616**	1 444 545
– Listed property equities	**628 935**	311 482
– Unlisted property equities	**(8 378)**	(8 567)
– Unit trusts	**88 562**	200 372
	75 592 475	97 879 095

NOTES TO THE APPENDIX (CONTINUED)

for the year ended 31 March 2007

	2007 R'000	2006 R'000
4. NET PROFIT/(LOSS) ON INVESTMENTS (continued)		
Financial assets designated at fair value through profit or loss		
Debt instruments	**322 808**	190 116
– Guaranteed investment contracts	**(1)**	(208 948)
– Investment policies	**709**	656
– Structured investment products	**297 025**	335 202
– Treasury bills	**(10 308)**	11 065
– Certificate of deposit	**31 422**	35 354
– Short-term promissory notes	**(1 384)**	2 573
– Bills	**2 039**	620
– Asset backed securitisation vehicle	**543**	2 905
– Commercial papers	**2 763**	10 689
Loans and advances	**–**	106 844
Derivatives	**54 944**	(457 414)
– Interest rate options	**24 299**	21 879
– Equity options	**(259 804)**	(834 434)
– Interest rate swaps	**(5 034)**	(1 288)
– Futures	**295 483**	356 429
Net profit on investments	**75 970 227**	97 718 641
Comprising		
Realised net profits	**12 496 695**	25 973 186
Unrealised net profits	**63 473 532**	71 745 455
Net profit on investments	**75 970 227**	97 718 641

NOTES TO THE APPENDIX (CONTINUED)

for the year ended 31 March 2007

	2007 R'000	2006 R'000
5. RENTAL INCOME AND EXPENSES		
Rental income	**285 789**	228 572
Leases (IAS 17 (AC 105)) adjustment	**46 740**	5 612
Other income	**11 469**	–
Total property income	**343 998**	234 184
Operating expenses – properties	**126 755**	136 512
– Generated rental income	**118 878**	118 064
– Did not generate rental income	**7 877**	18 448
Other operating expenses	**1 516**	99
Total operating expenses	**128 271**	136 611
Future minimum lease payments under non-cancellable operating leases:		
Receivable within one year	**222 770**	162 950
Receivable between two and five years	**522 778**	428 342
Receivable after five years	**51 431**	58 168
	796 979	649 460
Already accrued	**(94 283)**	(47 543)
	702 696	601 917
6. FINANCIAL INSTRUMENTS		
Financial assets at fair value through profit or loss		
Debt instruments	**257 928 745**	250 343 639
– Government bonds	**195 403 422**	204 181 455
– Government zero coupon bonds	**5 180 763**	6 522 508
– Public corporation bonds	**46 785 113**	32 807 742
– Public corporation zero coupon bonds	**1 034 595**	1 470 125
– Long-term promissory notes	**32 107**	44 382
– Debentures	**83 247**	102 189
– Asset backed securitisation vehicle	**9 409 498**	5 215 238
Derivatives assets	**644 596**	934 622
– Interest rate options	**130 354**	2 597
– Equity options	**509 591**	927 524
– Futures	**–**	4 501
– Interest rate swaps	**4 651**	–
Equity instruments	**367 213 878**	277 296 295
– Listed local equities	**352 471 638**	267 395 547
– Unlisted local equities	**11 848 429**	8 554 810
– Listed property equities	**1 911 091**	541 093
– Unlisted property equities	**112 888**	95 857
– Unit trusts	**869 832**	708 988
	625 787 219	528 574 556

NOTES TO THE APPENDIX (CONTINUED)
for the year ended 31 March 2007

	2007 R'000	2006 R'000
6. FINANCIAL INSTRUMENTS (continued)		
Financial liabilities at fair value through profit or loss		
Derivatives liabilities	**(71 148)**	(1 116 820)
– Equity options	**(71 148)**	(1 115 990)
– Interest rate swaps	**–**	(830)
	(71 148)	(1 116 820)
Financial assets designated at fair value through profit or loss		
Debt instruments – long term	**3 023 977**	2 577 992
– Long-term fixed deposits	**30 007**	37 184
– Guaranteed investment contracts	**1 427 374**	1 314 207
– Investment policies	**13 842**	12 072
– Structured investment products	**1 552 754**	1 214 529
Debt instruments – short term	**41 705 649**	36 183 293
– Treasury bills	**–**	5 660 352
– Certificate of deposit	**33 348 692**	21 321 615
– Short-term promissory notes	**4 781 069**	3 452 678
– Bills	**2 139 832**	4 204 581
– Asset backed securitisation vehicle	**988**	506 257
– Commercial papers	**1 435 068**	1 037 810
	44 729 626	38 761 285
Loans and receivables	**2 750 591**	4 436 162
– Loans and receivables	**2 431 191**	4 157 787
– Local authority bonds	**319 400**	278 375
Cash and cash equivalents	**39 250 551**	25 507 170
– Fixed deposits	**25 994 737**	13 741 725
– Call accounts	**3 097 030**	2 773 349
– Initial margin accounts	**123 276**	–
– Settlement accounts	**10 035 508**	8 992 096
	42 001 142	29 943 332

NOTES TO THE APPENDIX (CONTINUED)
for the year ended 31 March 2007

7. SUBSIDIARIES

Black Ginger 33 (Pty) Limited

Black Ginger 33 (Pty) Limited is a wholly owned company of the Fund. The company holds 3,5% of the shares of Telkom. In the year ending March 2007, the subsidiary contributed R168,8 million (2006: R419,9 million) to the consolidated profit.

ADR International Airports South Africa (Pty) Limited

ADR International Airports South Africa (Pty) Limited (Adriasa) is a wholly owned company of the Fund. The company holds 20% of the shares in Airports Company of South Africa Limited (ACSA). The investment is accounted for as an investment in associate in the financials of Adriasa and after consolidation the investment amounted to R1,63 billion (2006: R1,73 billion). In the year ending March 2007, the subsidiary contributed R136,0 million (2006: R39,2 million) to the consolidated profit.

Property companies

Investment property includes investments in property companies. These wholly owned companies are: Van Noppen Properties (Pty) Limited, 1 – 1350 Zwartkop Centurion (Pty) Limited and Erf 3342 Phalaborwa (Pty) Limited.

In the year ending March 2007, the subsidiaries contributed as follows to the consolidated profit before tax:

	2007 R'000	2006 R'000
Van Noppen Properties (Pty) Limited	**11 680**	8 151
1 – 1350 Zwartkop Centurion (Pty) Limited	**2 365**	3 274
Erf 3342 Phalaborwa (Pty) Limited	**11 471**	12 250
	25 516	23 675

8. INVESTMENT IN ASSOCIATE (PARETO)

	2007 R'000	2006 R'000
Opening carrying amount of investment	**1 974 780**	1 531 656
Share of results in associate	**534 984**	563 673
Share of income in associate	**102 131**	79 504
Share of revaluation on properties in associate	**432 853**	484 169
Less: Accrued debenture interest	**(143 938)**	(7 655)
Less: Amounts received	**(120 068)**	(112 894)
Dividends received	**(196)**	(92)
Interest received	**(119 872)**	(112 802)
Closing carrying amount	**2 245 758**	1 974 780
Director's valuation at 31 March	**2 583 949**	2 523 339

The investment in the associate relates to a 40,0% shareholding in Pareto (Pty) Limited, an unlisted company registered in the Republic of South Africa. Although the company has a 30 June year-end, the management accounts for the period ended 31 March 2007 have been used for the equity accounting of the associate which is consistent with the treatment in prior years.

The investment consists of 1 127 700 425 linked units, each consisting of an unsecured convertible debenture of R0,999 and an ordinary share with a par value of R0,001. Negative goodwill that arose on acquisition has been recognised in full in the year of acquisition due to the insignificance thereof.

NOTES TO THE APPENDIX (CONTINUED)

for the year ended 31 March 2007

8. INVESTMENT IN ASSOCIATE (PARETO) (continued)

The summarised financial information of the associate's assets, liabilities and post-acquisition reserves is as follows as at 31 March:

	2007 R'000	2006 R'000
Non-current assets	**6 934 412**	5 715 733
Current assets	**114 495**	89 912
	7 048 907	5 805 645
Share capital	**2 819**	2 819
Reserves	**2 716 359**	2 588 299
Current liabilities	**3 883 036**	57 461
Non-current liabilities	**446 693**	3 157 066
	7 048 907	5 805 645
Net profit for the period	**677 935**	968 357

9. INVESTMENT PROPERTIES

	2007 R'000	2006 R'000
Opening carrying value	**1 393 580**	1 124 601
Revaluation profit on investment properties	**257 148**	190 217
Additions	**310 538**	78 762
Closing fair value as per valuation	**1 961 266**	1 393 580
Straight-lining of operating lease income	**(94 283)**	(47 543)
Closing carrying value	**1 866 983**	1 346 037
Revaluation profit on investment properties	**257 148**	190 217
Straight-lining of operating lease income	**(46 740)**	(5 612)
Net surplus on revaluation of property	**210 408**	184 605

A desktop valuation of investment properties was performed as at 31 March 2007. All relevant factors in determining a reasonable value as it would be determined between reasonable and informed purchasers and sellers in an open-market situation are taken into account in the revaluation of the investment properties. The valuations were reviewed by professional valuers from CB Richard Ellis (Pty) Limited, who hold recognised and relevant property valuation qualifications and adopted by the Directors as being fair.

10. PROPERTY, PLANT AND EQUIPMENT

	2007 R'000	2006 R'000
Carrying amount as at 1 April	**72**	–
Cost	**95**	–
Accumulated depreciation	**(23)**	–
Additions	**–**	95
Depreciation	**(10)**	(23)
Cost	**95**	95
Accumulated depreciation	**(33)**	(23)
Carrying amount as at 31 March	**62**	72

NOTES TO THE APPENDIX (CONTINUED)
for the year ended 31 March 2007

		2007 R'000	2006 R'000
11.	**TRADE AND OTHER RECEIVABLES**		
	Sales – outstanding settlements	**3 835 325**	921 851
	Accrued debenture interest	**151 593**	7 655
	Other trade receivables	**39 383**	53 687
		4 026 301	983 193
12.	**TRADE AND OTHER PAYABLES**		
	Purchases – outstanding settlements	**1 806 530**	2 253 740
	Management fees due	**9 553**	5 960
	National revenue fund – refer note 12.1	**20 504**	4 066
	Other trade payables	**51 469**	17 707
		1 888 056	2 281 473

In accordance with the Fund's policy of trade date accounting for regular way sale and purchase transactions, sales/purchases awaiting settlement represent amounts receivable/payable for securities sold/purchased, but not yet settled.

		2007 R'000	2006 R'000
12.1	**National revenue fund**		
	Surplus interest payable to National Treasury in respect of:		
	Guardian funds		
	Interest received after Master's costs	**263 477**	219 732
	Interest allocated	**(243 749)**	(216 343)
		19 728	3 389
	Guardian reserve fund		
	Interest received	**776**	677
		20 504	4 066
13.	**PROVISIONS**		
	The following are the provisions on investments held at amortised cost. The movement has been included in the statement of income.		
	Balance at the beginning of the year	**462 644**	308 811
	Increase in provision	**152 819**	153 833
	– Amounts recovered	**(6 957)**	(272)
	– Increase in provision for impairment	**186 704**	154 105
	– Investments written off	**(26 928)**	–
	Balance at end of year	**615 463**	462 644

NOTES TO THE APPENDIX (CONTINUED)
for the year ended 31 March 2007

14. NEW FINANCIAL ASSET CATEGORIES

The new financial asset categories will have no effect on the net income or assets under management as these instruments are disclosed at fair value through profit or loss.

The disclosed financial asset categories have been reviewed during the financial year, to conform to new market trends and developments. Refer note 1.13.

	Restated 2006 R'000	Reclassification 2006 R'000	Published 2006 R'000
Extract from the interest on investments (note 2)	10 967	–	10 967
Unlisted local equity	10 931	(36)	10 967
Reclassified to unlisted property equity	36	36	–
	50 244	–	50 244
Unit trusts local	31 276	(18 968)	50 244
Reclassified to unlisted property equity	18 968	18 968	–
	3 134 826	–	3 134 826
Public corporation bonds	2 952 265	(182 561)	3 134 826
Reclassified to asset backed securitisation vehicles (long term)	182 561	182 561	–
	296 575	–	296 575
Short-term promissory notes	175 838	(24 667)	200 505
Reclassified to bills	93 324	(2 746)	96 070
Reclassified to commercial papers	9 604	9 604	–
Reclassified to asset backed securitisation vehicles (short term)	17 809	17 809	–
	770 009	–	770 009
Fixed deposits	756 159	(13 850)	770 009
Reclassified to asset backed securitisation vehicles (long term)	13 850	13 850	–
Extract from the dividends on investments (note 3)			
	7 319 048	–	7 319 048
Listed local equity	7 291 219	(27 829)	7 319 048
Reclassified to listed property equity (interest)	13 758	13 758	–
Reclassified to listed property equity (dividends)	14 071	14 071	–
	10 060	–	10 060
Unit trusts local	8 158	(1 902)	10 060
Reclassified to unlisted property equity	1 902	1 902	–

NOTES TO THE APPENDIX (CONTINUED)
for the year ended 31 March 2007

	Restated 2006 R'000	Reclassi-cation 2006 R'000	Published 2006 R'000
14. NEW FINANCIAL ASSET CATEGORIES (continued)			
Extract from the profit/loss on investments (note 4)			
	87 615 371	–	87 615 371
Listed local equity	87 303 889	(311 482)	87 615 371
Reclassified to listed property equity	311 482	311 482	–
	1 775 800	18 865	1 756 935
Unlisted local equity	1 444 545	21 841	1 422 704
Reclassified to unlisted property equity	(3 947)	(3 947)	–
Reclassified from structured investment products	335 202	971	334 231
	195 752	–	195 752
Unit trusts local	200 372	4 620	195 752
Reclassified to unlisted property equity	(4 620)	(4 620)	–
	919 349	–	919 349
Public corporation bonds	868 215	(51 134)	919 349
Reclassified to asset backed securitisation vehicles (long term)	51 134	51 134	–
	42 276	–	42 276
Certificate of deposit	35 354	(6 922)	42 276
Reclassified to commercial papers	6 922	6 922	–
	9 245	–	9 245
Short-term promissory notes	2 573	(6 672)	9 245
Reclassified to commercial papers	3 767	3 767	–
Reclassified to asset backed securitisation vehicles (short term)	2 905	2 905	–

NOTES TO THE APPENDIX (CONTINUED)

for the year ended 31 March 2007

	Restated 2006 R'000	Reclassi-cation 2006 R'000	Published 2006 R'000
14. NEW FINANCIAL ASSET CATEGORIES (continued)			
Extract from the financial instruments (note 6)			
	267 936 640	–	267 936 640
Listed local equity	267 395 547	(541 093)	267 936 640
Reclassified to listed property equity	541 093	541 093	–
	11 450 408	–	11 450 408
Unlisted local equity	8 554 810	(1 675 822)	10 230 632
Reclassified to unlisted property equity	6 069	6 069	–
Reclassified from structured investment products	1 214 529	(5 247)	1 219 776
Reclassified to Investment in associate	1 675 000	1 675 000	–
	798 776	–	798 776
Unit trusts local	708 988	(89 788)	798 776
Reclassified to unlisted property equity	89 788	89 788	–
	37 419 742	–	37 419 742
Public corporation bonds	32 807 742	(4 612 000)	37 419 742
Reclassified to asset backed securitisation vehicles	4 612 000	4 612 000	–
	21 787 884	–	21 787 884
Certificate of deposit	21 321 615	(466 269)	21 787 884
Reclassified to commercial papers	466 269	466 269	–
	4 306 492	–	4 306 492
Short-term promissory notes	3 452 678	(853 814)	4 306 492
Reclassified to commercial papers	347 557	347 557	–
Reclassified to asset backed securitisation vehicles (short term)	506 257	506 257	–
	14 568 947	–	14 568 947
Fixed deposits	13 741 725	(827 222)	14 568 947
Reclassified to commercial papers	223 984	223 984	–
Reclassified to asset backed securitisation vehicles (long term)	603 238	603 238	–

NOTES TO THE APPENDIX (CONTINUED)

for the year ended 31 March 2007

15. ERROR AS DEFINED IN IAS 8 (AC 103)

15.1 Investment in ADR International Airports South Africa (Pty) Limited

ADR International Airports South Africa (Pty) Limited (Adriasa) holds a 20,0% share in Airports Company of South Africa Limited (ACSA) that was acquired during December 2005. The investment was disclosed at fair value in the statement of assets under management of the Fund as at 31 March 2006.

The investment was reclassified and restated from unlisted equity investment to investment in associate to comply with the requirements of IFRS 3, Business Combinations. The subsidiary, Adriasa is accordingly consolidated on a line-by-line basis.

The restatement will have an effect on retained earnings and the value of the investment in the Fund.

The net effect of the adjustment in the retained earnings is R58,1 million.

	Restated 2006 R'000	Error IAS 8 (AC 103) R'000	Published 2006 R'000
Statement of assets under management			
Unlisted equity – ACSA	–	(1 675 000)	1 675 000
Cash and cash equivalents	114	–	114
Trade expense	92	–	92
Trade payables	(64)	–	(64)
Investment in associate	1 733 072	1 733 072	–
	1 733 214	58 072	1 675 142
Effect on retained earnings			
Unrealised loss restated	–	(18 865)	18 865
Interest expense	11	11	–
Share of result in associate	(39 317)	(39 317)	–
Operating expenses	6	6	–
Taxation	93	93	–
Retained earnings	(39 207)	(58 072)	18 865

15.2 Investment in associate – Pareto (Pty) Limited adjustment

Share of result in associate

The investment in associate, Pareto (Pty) Limited has a 30 June year-end and management accounts were therefore used for consolidation purposes. The management accounts did not include final tax calculations and the profit/loss on the revaluation on the properties, as it was only finalised on their year-end.

Pareto (Pty) Limited changed its accounting policies to be IFRS compliant in June 2006 and retrospectively adjusted the figures to 1 July 2004. These adjustments are included in the restated figures for the retained earnings.

The required adjustment has been made as required by IAS 8 (AC 103) with the necessary restatement of comparative figures. The above change had the following impact on retained earnings and the investment:

NOTES TO THE APPENDIX (CONTINUED)
for the year ended 31 March 2007

	2006 R'000
15. ERROR AS DEFINED IN IAS 8 (AC 103) (continued)	
15.2 Investment in associate – Pareto (Pty) Limited adjustment (continued)	
Statement of assets under management	
Increase in opening retained earnings	229 923
Increase in share of result in associate:	368 321
– Restatement and tax adjustments of associate	(115 848)
– Revaluation profit on properties of associate	484 169
	598 244
Comprising	598 244
Increase in share of result in associate	590 589
Increase in accrued debenture interest	7 655

15.3 Preference share adjustment

Amount received from unlisted equity

An amount of R13 207 934 was received during March 2006 for the maturity of preference shares and incorrectly accounted for as a dividend.

The Fund applied the proceeds from the redemption of the preference shares to subscribe for new shares on the same terms and conditions which govern the existing preference shares.

	2006 R'000
Effect on retained earnings	
Decrease in retained earnings	(13 208)
Effect on statement of assets under management	
Increase in current liabilities	13 208

16. FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

Any investment activity undertaken on behalf of other parties exposes the assets to various financial and associated risks. Financial risk is simply defined as the probability of suffering a financial loss. The magnitude of these risks varies greatly in terms of the markets, concentration, class and type of instruments.

Please refer to the risk management statement on pages 35 to 44 for a detailed note disclosure as required by Generally Accepted Accounting Practice in respect of market, interest, credit, liquidity, concentration, investment, operational, regulatory and legislative risk.

NOTES TO THE APPENDIX (CONTINUED)
for the year ended 31 March 2007

17. RELATED PARTIES

Investment manager

The Fund appointed PIC, an investment management company incorporated in the Republic of South Africa, to implement the investment strategy and to provide administrative services. Under the investment management agreements, the investment manager receives a management fee monthly in arrears. The Fund paid the administration fee to the investment manager as disclosed in the statement of income.

Asset manager

The Fund appointed Advent Asset Management (Pty) Limited, an asset management company incorporated in the Republic of South Africa, to manage assets on behalf of the Fund. The total management fees paid by the Fund to Advent Asset Management (Pty) Limited during the year amounted to R3,6 million.

18. FAIR VALUE INFORMATION

Most of the Fund's financial instruments are carried at fair value on the statement of funds under management. Usually the fair value of the financial instruments can be reliably determined within a reasonable range of estimates. For certain other financial instruments, including amounts due from/to brokers, accounts payable and accrued expenses, the carrying amounts approximate fair value due to the immediate or short-term nature of these financial instruments.

Estimation of fair values

The major methods and assumptions used in estimating the fair values of financial instruments were disclosed in note 1.4 (iv) of the significant accounting policies section.

At 31 March 2007, the carrying amounts of debt and equity investments which fair values were determined directly, in full or in part, by reference to published price quotations amounted to R654,0 billion (2006: R553,7 billion). For the remaining debt and equity investments, fair values were determined using valuation techniques that amounted to R15,8 billion (2006: R13,6 billion).

At 31 March 2007, the net carrying amounts of derivative financial instruments for which fair values were determined directly, in full or in part, by reference to independent price quotations amounted to R101,0 million (2006: (R508,0 million)). For the remaining derivative financial instruments fair values were determined using valuation techniques that amounted to R472,5 million (2006: R325,7 million).

Interest rates used for determining fair value

The Fund used the government yield curve plus adequate credit spreads to discount financial instruments to determine fair value. These credit spreads are based on observable market trends of similar instruments and are re-assessed on a regular basis.

NOTES TO THE APPENDIX (CONTINUED)
for the year ended 31 March 2007

19. ACCOUNTING ESTIMATES AND JUDGEMENTS

Key sources of estimation uncertainty

Fair values of financial instruments

As indicated in note 18 many of the Fund's financial instruments are measured at fair value on the statement of funds under management and it is possible to determine their fair values within a reasonable range of estimates.

For the majority of the Fund's financial instruments, quoted market prices are readily available. However, certain financial instruments, for example, over-the-counter derivatives or unquoted securities are fair valued using valuation techniques, including reference to the current fair values of other instruments that are substantially the same (subject to the appropriate adjustments).

Fair value estimates are made at a specific point in time, based on market conditions and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgement (interest rates, volatility, estimated cash flows, etc) and therefore, cannot be determined with precision.

20. COMPARATIVES

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

21. COMMITMENTS

Amounts committed to Isibaya Fund of Funds but not distributed yet, amounted to R342,0 million at year-end.

22. CONTINGENT LIABILITIES

Guarantees amounting to R1 642 160 (2006: R212 160) in total have been issued to various third parties.

TOP 40 LISTED EQUITY HOLDINGS
as at 31 March 2007

Company	Number of shares	Percentage holding
CBS Property Portfolio Limited	41 977 858	25,20
Imperial Holdings Limited	45 762 438	21,83
Aveng Limited	80 847 874	20,41
Super Group Limited	73 553 057	18,17
Telkom SA Limited	93 874 993	17,61
Sasol Limited	108 761 608	17,39
Barloworld Limited	35 064 998	17,30
Lewis Group Limited	16 228 561	16,23
JD Group Limited	27 899 164	15,63
Woolworths Holdings Limited	139 693 988	15,62
Steinhoff International Holdings Limited	189 458 407	15,47
Remgro Limited	69 030 165	15,38
Sanlam Limited	336 720 798	14,62
Tiger Brands Limited	24 965 372	14,58
The Bidvest Group Limited	46 220 379	14,02
Standard Bank Group Limited	189 598 591	13,89
Business Connexion Group Limited	36 016 194	13,71
Network Healthcare Holdings Limited	248 574 309	13,56
Truworths International Limited	60 273 667	13,45
Reunert Limited	26 065 476	13,36
MTN Group Limited	248 268 798	13,35
AVI Limited	44 410 816	12,96
Ellerine Holdings Limited	14 459 205	11,57
Sappi Limited	27 626 374	11,56
Murray & Roberts Holdings Limited	38 298 005	11,54
Iliad Africa Limited	16 991 891	11,01
AECI Limited	13 259 935	10,98
Allied Technologies Limited	11 504 229	10,87
Investec Limited	24 710 061	10,85
Metropolitan Holdings Limited	63 502 514	10,83
Consol Limited	34 228 493	10,83
Brait SA Limited	11 354 267	10,28
SA Retail Properties Limited	23 119 565	9,87
Astral Foods Limited	4 023 690	9,28
The Spar Group Limited	15 752 128	9,27
Datatec Limited	14 370 150	9,25
Alexander Forbes Limited	43 129 265	9,08
FirstRand Limited	505 297 269	8,97
Liberty Holdings Limited	4 390 901	8,94
Mr Price Group Limited	20 826 592	8,87
Naspers Limited	31 447 646	8,58

COMPANY INFORMATION

Postal address: Private Bag X187
Pretoria
South Africa
0001

Business address: PIC Building
Glenfield Office Park
Cnr Oberon and Glenwood Roads
Faerie Glen
0043

Company registration number: 2005/009094/06
FAIS registration number: FSP 19777
Shareholder: Government of the Republic of South Africa
Country of incorporation: Republic of South Africa

DIRECTORS:

Mr Jabu Moleketi, MP (Chairman)
Ms Albertinah Kekana (Chief Operating Officer)
Mr Brian Molefe (Chief Executive Officer)
Ms Ntombifuthi Mtoba
Mr Veli Ntombela
Mr Ignatius Sehoole
Mr Zakhele Sithole
Mr Jan Strydom
Mr Younaid Waja

Company Secretary: Ms Pamela Macheka

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