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**ALEKOR DEVELOPMENT FOUNDATION
(DEED OF TRUST NO. 3171/93)**

ANNUAL FINANCIAL STATEMENTS

30 JUNE 2000

**ALEKKOR DEVELOPMENT FOUNDATION
(DEED OF TRUST NO. 3171/93)**

for the year ended 30 June 2000

BOARD OF TRUSTEES

E Ntlai
D de Wet

H Bowers
J Losper
L E Cloete

J Cloete
RD Cloete

RETIRED DURING THE FINANCIAL YEAR

F Wyngaard (7 October 1999)

SECRETARY

E S Wiese

POSTAL ADDRESS:

P O Box 1018
SPRINGBOK
8240

REGISTERED OFFICE

3 River Street
SPRINGBOK
8240

AUDITORS

PricewaterhouseCoopers Inc.
P O Box 168
BELLVILLE
7535

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REPORT OF THE INDEPENDENT AUDITORS
to the
Trustees of Alexkor Development Foundation

We have audited the annual financial statements of Alexkor Development Foundation set out on pages 3 to 9 for the year ended 30 June 2000. These financial statements are the responsibility of the Foundation's Trustees. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope


We conducted our audit in accordance with statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

- Examining, on a test basis, evidence supporting the amounts and disclosures included in the financial statements;
- Assessing the accounting principles used and significant estimates made by management; and
- Evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

Audit opinion

In our opinion, the financial statements fairly presents, in all material respects, the financial position of the Foundation on 30 June 2000 and of the results of its activities for the year then ended in accordance with generally accepted accounting practice and in terms of the trust deed.


PricewaterhouseCoopers Inc.
CHARTERED ACCOUNTANTS (SA)
Registered Accountants and Auditors

Bellville


.....2000

C Beggs, I S Fourie – Joint Chief Executive Officers

H J E van Wyk Director – managing Western Cape region

Resident directors J F Basson, T Blok, H F Bosman, C Bredenhann, J M Calitz, J N W de Kock, C G de Wet, N H Döman, B B Lubbe, D G Malan, E A Maritz, S M Roberts, A E van Riet, J M van Wyk, J P van Wyk, W R Viviers, A Wentzel, D J Westcott, J L Wilkinson

The Company's principal place of business is at 2 Eglin Road, Sunninghill where a list of the directors' names is available for inspection.

VAT reg. no. 4950174682

ALEKKOR DEVELOPMENT FOUNDATION

**Report of the Board of Trustees
for the year ended 30 June 2000**

Pursuant to paragraph 11.10 of the Trust Deed (no 3171/93) the Board of Trustees report as follows for the financial year ended 30 June 2000.

1. NATURE OF BUSINESS

The Foundation is primarily concerned with the optimal development of the people and the region of Namaqualand, with emphasis on underprivileged sectors.

2. ACTIVITIES

Regular meetings were held quarterly, in accordance with paragraph 13.3 of the Trust Deed.

3. FINANCIAL RESULTS

The financial results for the year were as follows

| | 2000 | 1999 |
|--------------------------------------|--------------------|--------------------|
| | R | R |
| Educational grant - Alexkor Ltd | - | 250 000 |
| Investment income | 908 088 | 4 372 668 |
| Other Income | 38 694 | 21 102 |
| | <u>946 782</u> | <u>4 643 770</u> |
| Less: Applications | (1 254 219) | (692 930) |
| | <u>(307 437)</u> | <u>3 950 840</u> |
| Less: Operating expenses | (1 153 365) | (1 058 477) |
| Income before taxation and transfers | (1 460 802) | 2 892 363 |
| Less: Provision for taxation | (11 832) | 5 172 |
| | <u>(1 472 634)</u> | <u>2 897 536</u> |
| Less: Transfer from/(to) Reserves | 597 814 | (4 877 929) |
| Net decrease in accumulated funds | <u>(874 820)</u> | <u>(1 979 693)</u> |

Alexkor Ltd has not made an after tax profit for the year ended 30 June 2000 and as a result, according to agreement, an annual contribution to the Foundation is not payable.

4. ADMINISTRATION

The Trust was administered by Alexkor Limited during the financial year pursuant to paragraph 12.1 of the Trust Deed. The Board of Trustees, in various regards, made use of the expert services of the various departments of Alexkor Limited in the execution of its objectives and functions.

5. BOARD OF TRUSTEES

No persons other than those listed on the inside cover page of the annual report were members of the Board of Trustees during the financial year. Pursuant to paragraph 5.2.3 of the Trust Deed, the Trustees were nominated for an initial period of three years. Thereafter, one third retires annually, in alphabetical order.

6. ADMINISTRATOR AND SECRETARY

The names of the Administrator and Secretary, as well as the business and postal address of the Foundation, appear on the inside cover page of the Annual Report.

7. REMUNERATION OF TRUSTEES

Pursuant to paragraph 14.1 of the Trust deed, an amount of R100 788 (1999: R145 738) has been paid as remuneration of trustees during the accounting period.


8. VALUATION OF ASSETS

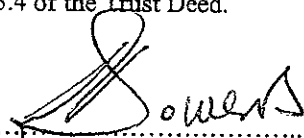
The Board of Trustees is of the opinion that the assets at the date of the balance sheet do not have a realisation value which, in the normal course of business, is less than that reflected in the balance sheet.

9. POST-BALANCE SHEET EVENTS

In the opinion of the Board of Trustees, no events occurred between the date of the accounting period and the date of this annual report which had a negative effect on the affairs of the Foundation.

Signed on behalf of the Board of trustees, pursuant to paragraph 13.4 of the Trust Deed.


.....
J C LOSPER
Trustee


.....
H BOWERS
Trustee

.....2000

ALEKKOR DEVELOPMENT FOUNDATION

BALANCE SHEET

at 30 June 2000

| | NOTES | 2000 R'000 | 1999 R'000 |
|----------------------------------|-------|-------------------|-------------------|
| Funds employed | | | |
| Non-distributable reserves | | 11 948 641 | 12 546 455 |
| - Investment reserve | 3 | 10 467 182 | 11 468 199 |
| - Loan reserve | 4 | 1 481 459 | 1 078 256 |
| Distributable reserves | | | |
| - Accumulated funds | | 3 091 363 | 3 966 183 |
| | | <u>15 040 005</u> | <u>16 512 638</u> |
| Employment of funds | | | |
| Fixed Assets | 2 | 699 336 | 116 697 |
| Investments | 5 | 12 758 021 | 14 283 |
| Loans | 6 | 1 146 766 | 1 375 386 |
| Net Current Assets/(Liabilities) | | 435 882 | 737 389 |
| Current Liabilities | | 1 069 042 | 1 074 458 |
| Accounts payable | | 1 057 513 | 1 051 882 |
| Interest received in advance | | 11 529 | 22 576 |
| Current assets | | 1 504 924 | 1 811 847 |
| Debtors | 7 | 555 329 | 708 550 |
| Bank balance and cash on hand | | 162 107 | 137 578 |
| Receiver of Revenue | | 787 488 | 965 719 |
| | | <u>15 040 005</u> | <u>16 512 638</u> |

ALEXKOR DEVELOPMENT FOUNDATION

INCOME STATEMENT
for the year ended 30 June 2000

| | NOTES | 2000 R'000 | 1999 R'000 |
|---|-------|---------------|---------------|
| Educational grant – Alexkor Ltd | | - | 250 000 |
| Bad debts recovered | | - | 18 434 |
| Investment income | | 908 088 | 4 372 668 |
| Other investment income | | 353 748 | 478 539 |
| Interest received on investment deposits | | 119 380 | 380 987 |
| Other interest received | | 234 368 | 97 552 |
| Income from managed investment portfolio | | 554 340 | 3 894 129 |
| Dividends | | 39 257 | - |
| Interest received | | 935 080 | 2 087 601 |
| Management fees recouped | | - | 4 660 |
| Profit from sale of shares | | - | 2 275 256 |
| Less: Management fees and other costs | | (419 997) | (473 388) |
| Profit on disposal of fixed assets | | 38 233 | - |
| Other income | | 461 | 2 668 |
| Total income | | 946 782 | 4 643 770 |
| Less: Applications | 9 | (1 254 219) | (692 930) |
| Net income/(loss) before other expenditure | | (307 437) | 3 950 840 |
| Less: Other expenditure | 10 | (1 153 365) | (1 058 477) |
| Income/(loss) before taxation | | (1 460 802) | 2 892 363 |
| Less: Provision for taxation | 8 | (11 832) | 5 173 |
| Income/(Loss) after taxation and before transfers | | (1 472 634) | 2 897 536 |
| Less: Transfer from/(to) reserves | | 597 814 | (4 877 229) |
| Investment reserve | 3 | 1 001 017 | (4 468 561) |
| Loan reserve | 4 | (403 203) | (408 668) |
| Reduction in accumulated funds for the year | | (874 820) | (1 979 693) |
| Add: Accumulated funds: 1 July | | 3 966 183 | 5 945 876 |
| Accumulated funds: 30 June | | 3 091 363 | 3 966 183 |

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2000

1. Accounting Policy

The financial statements are compiled on a historical cost basis, and incorporate the following accounting policies.

1.1 Fixed Assets

Fixed assets are shown at cost less accumulated depreciation.

Depreciation is calculated on the straight line method over the expected lifespan of the assets. Depreciation rates are as follows:

| | Rate per annum |
|--------------------|----------------|
| Vehicles | 20,00% |
| Furniture | 16,67% |
| Computer equipment | 33,33% |
| Equipment | 15,00% |

A policy of revaluation is not followed.

1.2 Contributions received

An annual contribution equal to 30% of the income after tax of Alexkor Limited, is receivable in terms of an agreement with Alexkor Limited.

2. Fixed Assets

| | Land & Buildings R | Vehicles R | Furniture R | Computer- Equipment R | Equipment R | Total R |
|-----------------------------|--------------------------|---------------|----------------|-----------------------------|----------------|------------|
| 2000 Financial year | | | | | | |
| Cost price | | | | | | |
| Cost Price 1 July 1999 | - | 201 266 | 42 093 | 98 698 | 81 972 | 424 029 |
| Purchases for the year | 495 488 | 110 461 | - | 6 904 | 62 580 | 675 433 |
| Sold during the year | - | (72 044) | - | (38 577) | - | (110 621) |
| Cost Price 30 June 2000 | 495 488 | 239 683 | 42 093 | 67 025 | 144 552 | 988 841 |
| Accumulated Depreciation | | | | | | |
| Balance 1 July 1999 | - | 165 906 | 28 066 | 68 369 | 44 991 | 307 332 |
| Depreciation for the year | - | 45 727 | 4 253 | 16 558 | 18 554 | 85 092 |
| Depreciation on assets sold | - | (65 842) | - | (37 077) | - | (102 919) |
| Balance 30 June 2000 | - | 145 791 | 32 319 | 47 850 | 63 545 | 289 505 |
| Book value 30 June 2000 | - | 93 892 | 9 774 | 19 175 | 81 007 | 699 336 |

ALEKKOR DEVELOPMENT FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2000

| | Land & Buildings R | Vehicles R | Furniture R | Computer-Equipment R | Equipment R | Total R |
|-----------------------------|-----------------------|---------------|----------------|-------------------------|----------------|------------|
| 1999 Financial year | | | | | | |
| Cost price | | | | | | |
| Cost Price 1 July 1998 | - | 201 266 | 37 341 | 68 036 | 81 972 | 388 615 |
| Purchases for the year | - | - | 5 212 | 30 662 | - | 35 874 |
| Sold during the year | - | - | (460) | - | - | (460) |
| Cost Price 30 June 1999 | - | 201 266 | 42 093 | 98 698 | 81 972 | 424 029 |
| Accumulated Depreciation | | | | | | |
| Balance 1 July 1998 | - | 125 653 | 24 750 | 53 825 | 32 695 | 236 923 |
| Depreciation for the year | - | 40 253 | 3 776 | 14 544 | 12 296 | 70 869 |
| Depreciation on assets sold | - | - | (460) | - | - | (460) |
| Balance 30 June 1999 | - | 165 906 | 28 066 | 68 369 | 44 991 | 307 332 |
| Book value 30 June 1999 | - | 35 360 | 14 027 | 30 329 | 36 981 | 116 697 |

Land and buildings consist of erf, 286, situated in the town Springbok, Northern Cape Province. In extent: 629 square meters, held under Deed of Transfer no T21490/1953.

3. Investment reserve

| | 2000 R'000 | 1999 R'000 |
|---|---------------|---------------|
| Investment reserve | 10 467 182 | 11 468 199 |
| Balance 1 July | 11 468 199 | 6 999 638 |
| Transfer from/(to) accumulated funds | (1 001 017) | 4 468 561 |
| Transfer of 25% of annual contribution by Alexkor Limited | - | - |
| Transfer to/(from) managed portfolio | (1 134 571) | 1 513 853 |
| Income from managed portfolio | 554 340 | 3 894 128 |
| Attributable taxation | (420 786) | (939 420) |

The trust deed provides that 25% of the annual contribution of Alexkor Limited be retained in a reserve fund. The proceeds of this reserve fund would be utilised to achieve the objectives of the Foundation in the event that Alexkor Limited is not being in position to make a contribution to the Foundation in any year. The investment of the reserve fund will be limited to prime investments. The reserve fund comprised of an investment portfolio managed by an independent fund administrator.

ALEKKOR DEVELOPMENT FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2000

4. Loan Reserve

| | 2000 R'000 | 1999 R'000 |
|---------------------------------|---------------|---------------|
| Balance 1 July | 1 481 459 | 1 078 256 |
| Transfer from accumulated funds | 1 078 256 | 669 588 |
| | 403 203 | 408 668 |

An amount equal to the total annual repayment of loans is transferred to a loan reserve. The purpose of the reserve fund is to finance future loans.

5. Investments

| | 12 758 021 | 14 283 |
|--|-------------------|------------|
| Fixed term deposits | 422 211 | 1 245 684 |
| Deposits on call | 51 945 | 173 386 |
| Investment Reserve, managed by an independent fund administrator | 12 283 865 | 12 864 096 |
| Unit trusts | 5 230 092 | - |
| Deposits on call at Bank | - | - |
| Money market deposits | 7 053 773 | 12 864 096 |
| Market value of quoted investments in unit trusts | <u>13 054 814</u> | <u>-</u> |

6. Loans

| | | |
|--------------------|-----------|-----------|
| General loans | 1 146 766 | 1 375 386 |
| Loans to personnel | 803 365 | 1 019 166 |
| | 343 401 | 356 220 |

Included under general loans in 1999 was an amount of R6 592 to RD Cloete, a trustee.

7. Debtors

| | | |
|---------------------------------------|----------------|----------------|
| Study and business loans | 544 760 | 683 916 |
| Current portion of loans to personnel | 10 569 | 21 450 |
| Other | - | 3 184 |
| | <u>555 329</u> | <u>708 550</u> |

8. Taxation

| | | |
|--|----------|-----------|
| SA Normal | (11 832) | 5 173 |
| : current year | (55 582) | (639 145) |
| : over-provision in respect of previous year | 43 750 | 644 318 |

ALEKKOR DEVELOPMENT FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2000

| | 2000 R'000 | 1999 R'000 |
|---|---------------|---------------|
| 9. Applications | 1 254 219 | 692 930 |
| Sundry awards | 130 610 | 350 234 |
| Student bursaries | 343 490 | 308 970 |
| Contribution to educational aid | 20 567 | 15 164 |
| Service centres, homes for the aged and hospitals | 5 000 | - |
| Infrastructure development | 750 000 | 10 000 |
| Nursery school assistance | 4 552 | 8 562 |
| 10. Other expenditure | 1 153 365 | 1 058 477 |
| Bank charges | 3 440 | 4 488 |
| Sundry Expenditure | 15 448 | 13 924 |
| Repairs | 18 334 | 20 098 |
| Rental paid, maintenance and municipal charges | 25 229 | 24 274 |
| Annual report costs | - | 45 239 |
| Entertainment and office expenses | 20 199 | 18 013 |
| Training | 7 165 | 10 585 |
| Audit fees | 17 367 | 27 012 |
| Professional fees | 20 691 | 21 734 |
| Collection fees | 14 458 | 2 992 |
| Travelling expenses | 52 854 | 67 208 |
| Interest paid | 900 | 284 |
| Salaries, wages and related costs | 579 710 | 393 573 |
| Stationary, printing and annual report | 16 183 | 12 844 |
| Regional Services Council levies | 480 | 578 |
| Telephone and postage | 35 880 | 37 933 |
| Trustee remuneration | 100 788 | 145 738 |
| Insurance and licences | 12 175 | 9 638 |
| Provision for bad debts | 57 082 | 124 660 |
| Bad debts written-off | - | 6 793 |
| Depreciation | 85 027 | 70 869 |
| Rates and taxes | 925 | - |
| Legal fees | 63 679 | - |
| Computer expenses | 5 351 | - |
| 11. Audit fees | 17 367 | 27 012 |
| (Over)/under provided in previous year | (2 633) | 4 012 |
| Audit fees | (2 633) | 4 012 |
| Other fees | - | - |
| Current year provision | 20 000 | 23 000 |
| Audit fees | 20 000 | 19 600 |
| Other fees | - | 3 400 |

ALEXKOR DEVELOPMENT FOUNDATION

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2000

| | 2000 R'000 | 1999 R'000 |
|--|----------------|------------------|
| 12 Commitments i.r.o. applications and capital expenditure already approved by trustees | | |
| Namaqualand Regional Council | 250 000 | - |
| Lekkersing & Eksteenfontein Electrification | - | 500 000 |
| Office building | - | 400 000 |
| Goodhouse Agricultural Project | - | 500 000 |
| Concordia Electrification | - | 8 000 |
| Okiep Electrification | - | 88 047 |
| Buffelsrivier Electrification | 18 818 | 22 100 |
| Goodhouse Water Supply | - | 4 068 |
| Obligation i.r.o. bursaries authorised but not yet paid | - | 23 421 |
| Paulshoek Development forum | - | 10 000 |
| Lekkersing Nursery school | - | 5 000 |
| Namaqualand Disaster Fund | - | 20 000 |
| Violsdrif Tamatloe Project | - | 10 000 |
| Concordia | 6 941 | - |
| Namaqualand community choir | 10 000 | - |
| Steinkopf Vegetable farmers Union | 10 000 | - |
| Steinkopf Secondary School | 20 000 | - |
| Witbank Water Supply | 60 000 | - |
| SM van den Heever | 4 040 | - |
| E J Appies | 5 000 | - |
| Alexanderbaai: High School | 100 | - |
| | <u>385 799</u> | <u>1 590 636</u> |

13. Contingent liabilities

At 30 June 2000 the trust had a contingent liability in respect of educational grants receivable from Alexkor Ltd. Although not received, the income was recognised in the financial statements. The payment of these grants for the financial year ended 30 June 1998 and 30 June 1999 are in dispute. In the event of these grants not being paid by Alexkor Ltd, a liability of R500 000 would arise within the trust, which would result in an increase in the account payable to Alexkor Ltd.