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ALEXKOR DEVELOPMENT FOUNDATION
(Deed of Trust no. :3171/93)

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2001

LEVENDAL ISAACS & ASSOCIATES
Registered Accountants and Auditors



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ALEKOR DEVELOPMENT FOUNDATION (DEED OF TRUST NO. 3171/93)**FINANCIAL STATEMENTS****30 JUNE 2001****Report of the Board of Trustees for the year ended 30 June 2001**

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

	<u>2001</u> R	<u>2000</u> R
Investment income	1,953,997	908,088
Other Income	35,466	38,694
	<u>1,989,463</u>	<u>946,782</u>
Less: Applications	<u>(1,004,523)</u>	<u>(1,254,219)</u>
	984,940	(307,437)
Less: Operating expenses	<u>(906,724)</u>	<u>(1,153,365)</u>
Income before taxation and transfers	78,216	(1,460,802)
Less: Provision for taxation	<u>(54,576)</u>	<u>(11,832)</u>
	23,640	(1,472,634)
Less: Transfers from\ (to) Reserves	<u>(1,390,676)</u>	<u>597,814</u>
Net decrease in Accumulated Funds	<u>(1,367,036)</u>	<u>(874,820)</u>

Alexkor Ltd has not made an after tax profit for the year ended 30 June 2001 and as a result, according to agreement, an annual contribution to the Foundation is not payable.

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

.....
Trustee

.....
Date

4. ADMINISTRATION

The Trust was administered by Alexkor Ltd 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 Ltd 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 R 173,837 (2000 R 100,788) 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 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.

.....
Trustee

.....
Date

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

FINANCIAL STATEMENTS**30 JUNE 2001****Balance Sheet**
as at 30 June 2001

	<u>Notes</u>	<u>2001</u> <u>R</u>	<u>2000</u> <u>R</u>
Funds employed			
Non-distributable reserves		13,339,317	11,948,641
-Investment reserve	3	11,575,716	10,467,182
-Loan reserve	4	1,763,601	1,481,459
Distributable reserves			
-Accumulated funds		1,724,328	3,091,364
		15,063,645	15,040,005
Employment of funds			
Fixed Assets	2	772,682	699,336
Investments	5	11,829,820	12,283,865
Loans	6	920,338	1,146,766
Net Current Assets\Liabilities		1,540,805	910,038
<u>Current Assets</u>			
Accounts receivable	7	717,805	555,329
Bank balance, deposits and cash on hand		1,423,416	636,263
Receiver of revenue		458,830	787,488
		1,059,246	1,069,042
<u>Current Liabilities</u>			
Accounts payable		1,047,675	1,057,513
Interest received in advance		11,571	11,529
		15,063,645	15,040,005

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

FINANCIAL STATEMENTS

30 JUNE 2001

Income Statement for the year ended 30 June 2001

	<u>Notes</u>	<u>2001</u> <u>R</u>	<u>2000</u> <u>R</u>
Bad debts recovered		28,508	0
Investment Income		1,953,997	908,088
Other investment income		129,142	353,748
Interest received on investment deposits		46,925	119,380
Other interest received		82,217	234,368
Income from managed investment portfolio		1,824,855	554,340
Dividends		64,065	39,257
Interest received		628,821	935,080
Profit from sale of shares		1,357,464	0
Less: Management fees and other costs		(225,495)	(419,997)
Profit on disposal of fixed assets		0	38,233
Other Income		6,958	461
Total Income		1,989,463	946,782
Less: Applications	9	(1,004,523)	(1,254,219)
Net Income\loss) before other expenditure		984,940	(307,437)
Less: Other expenditure	10	(906,724)	(1,153,364)
Income\loss) before taxation		78,216	(1,460,801)
Less: Provision for taxation	8	(54,576)	(11,832)
Income\loss) after taxation and before transfers		23,640	(1,472,633)
Less: Transfers from\to) reserves		(1,390,676)	597,814
Investment reserve	3	(1,108,534)	1,001,017
Reversal of previous years provision for taxati	3	1,816,683	
Loan reserve	4	(282,142)	(403,203)
Reduction in accumulated funds for the year		(1,367,036)	(874,819)
Add: Accumulated funds: 1 July		3,091,364	3,966,183
Accumulated funds: 30 June		1,724,328	3,091,364

ALEKOR DEVELOPMENT FOUNDATION (DEED OF TRUST NO. 3171/93)**FINANCIAL STATEMENTS****30 JUNE 2001****Notes to the financial statements for the year ended 30 June 2001****1. Accounting policy**

The financial statements are prepared on the historical cost basis, and incorporate the following principle 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 useful life of the assets. Depreciation rates are as follows:

Vehicles	- 20,00% p.a.
Furniture	- 16,67% p.a.
Computer equipment	- 33,33% p.a.
Equipment	- 15,00% p.a.

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	Motor Vehicles	Furniture	Computer Equipment	Equipment	Total
Book value - 01\07\2000	495,488	93,892	9,774	19,175	81,007	699,336
Cost	495,488	239,683	42,093	67,025	144,552	988,841
Accumulated Depreciation	0	(145,791)	(32,319)	(47,850)	(63,545)	(289,505)
Additions\Improvements	36,846	86,887	28,495	0	0	152,228
Disposals	0	0	0	0	0	0
Depreciation	0	(38,021)	(4,767)	(14,411)	(21,683)	(78,882)
Book value - 30\06\2001	532,334	142,758	33,502	4,764	59,324	772,682
Cost	532,334	326,570	70,588	67,025	144,552	1,141,069
Accumulated Depreciation	0	(183,812)	(37,086)	(62,261)	(85,228)	(368,387)

Land and buildings consist of erf 286, situated in the town Springbok, Northern Cape Province. In extent : 629 metres, held under the Deed of Transfer no. T24190\1953.

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

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Notes to the financial statements for the year ended 30 June 2001

	<u>2001</u> R	<u>2000</u> R
3. Investment reserve	11,575,716	10,467,182
Balance 1 July	10,467,182	11,468,199
Transfer from\to) accumulated funds	1,108,534	(1,001,017)
Transfer to\from) managed portfolio	(2,504,395)	(1,134,571)
Income from managed portfolio	2,050,351	554,340
Attributable taxation	(254,105)	(420,786)
Reversal of previous years provision for taxation	1,816,683	0
<p>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 a 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.</p>		
4. Loan reserve	1,763,601	1,481,459
Balance 1 July	1,481,459	1,078,256
Transfer from accumulated funds	282,142	403,203
<p>An amount equal to the annual repayment of loans is transferred to a loan reserve. The purpose of the reserve fund is to finance future loans.</p>		
5. Investments	11,829,820	12,283,865
Investment reserve, managed by an independent fund administrator	11,829,820	12,283,865
Unit trusts	0	5,230,092
Annuity	2,846,969	0
Policy	5,104,776	0
Money market deposits	3,878,075	7,053,773
6. Loans	920,338	1,146,766
General loans	655,455	803,365
Loans to personnel	264,883	343,401
7. Accounts receivable	717,805	555,329
Study and business loans	607,321	544,760
Current portion of loans to personnel	48,691	10,569
Other: Annuity Momentum Life	61,793	0

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

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Notes to the financial statements for the year ended 30 June 2001

	<u>2001</u> R	<u>2000</u> R
8. Taxation		
SA Normal	(54,576)	(11,832)
: current year	(54,576)	(55,582)
: over provision in respect of previous years	0	43,750
9. Applications	1,004,523	1,254,219
Sundry awards	457,200	130,610
Student bursaries	439,760	343,490
Contribution to educational aid	28,375	20,567
Service centres, homes for the aged and hospitals	18,704	5,000
Infrastructure development	52,210	750,000
Nursery school assistance	8,274	4,552
10. Other expenditure	906,724	1,153,364
Audit fees	36,829	17,367
Bank charges	4,041	3,440
Collection fees	6,772	14,458
Computer expenses	872	5,351
Depreciation	78,882	85,027
Entertainment and office expenses	24,220	20,199
Insurance and licences	19,103	12,175
Interest paid	6,510	900
Legal fees	32,730	63,679
Professional fees	18,144	20,691
Provision for bad debts	0	57,082
Rates and taxes	81	925
Regional Services Council levies	345	480
Rental paid, maintenance and municipal charges	40,440	25,229
Repairs	8,710	18,334
Salaries, wages and related costs	307,176	579,710
Stationary, printing and annual report	16,102	16,183
Sundry expenditure	0	15,447
Telephone and postage	38,708	35,880
Training	4,721	7,165
Travelling expenses	84,557	52,854
Trustee remuneration	173,837	100,788
Workshop expenses	3,944	0

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

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Notes to the financial statements for the year ended 30 June 2001

	<u>2001</u>	<u>2000</u>
	R	R
11. Audit fees	36,389	17,367
(Over)under provided in previous years	6,389	(2,633)
Audit fees	6,389	(2,633)
Other fees	0	0
Current year provision	30,000	20,000
Audit fees	30,000	20,000
Other fees	0	0
 12. Commitments i.r.o applications and capital expenditure already approved by trustees		
Alexanderbaai: High School	0	100
Buffelsrivier Electrification	0	18,818
Concordia	0	6,941
EJ Appies	0	5,000
Kamiesberg Municipality (Electrification)	175,000	0
Khai-Ma Municipality (Electrification)	200,000	0
Namaqualand community choir	0	10,000
Namaqualand Regional Council	0	250,000
SM van den Heever	0	4,040
Steinkopf Vegetable farmers union	0	10,000
Steinkopf Secondary School	0	20,000
Richtersveld Farmers Association	100,000	0
Violsdrift water supply	60,000	0
Witbank water supply	60,000	60,000
	595,000	384,899

13. Contingent Liabilities

At 30 June 2001 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 R 500 000 would arise within the trust, which



ALEKKOR DEVELOPMENT FOUNDATION

Management report, based on the audit for the year ended 30 June 2001

Our audit was conducted free of any restrictions, the records were neat and orderly maintained, and all explanations and answers to our queries were provided without hesitation. It was therefore a pleasure to conduct the audit of your company, and to report any other matters of a general nature, that arose during the conduct of the audit.

A. The following matters are considered unacceptable and require your urgent attention:

1. INVESTMENT RESERVE

In terms of the Trust Deed an amount must be set aside and place in reserve for investments made. Taxation must be allowed for in the calculation of the amount set aside. This amount was understated by R 1,816,683 as a result of the taxation that was not reversed. We have adjusted the applicable reserve and it is reflected in the Income Statement under transfers to reserves.

2. LOANS: W ENGELBRECHT & I FARMER

The following matters apply to both the above debtors:

1. There is no formal written agreement, setting out the terms and conditions of the loans, which binds the Foundation and the person.
2. The above loans were entered into on the basis of employee / employer relationship that existed between the Foundation and the employee. These persons are not employees anymore and the loan accounts must be properly structured and administered. These matters are unacceptable and may cause financial loss eg. in the case where interest is paid at prime overdraft rate, and the other at less than prime overdraft rate. This represents a benefit which normally accrues to the employee.
3. There is no security in place for the loans, to guarantee repayment of the loans. Because of the abovementioned fact, the risk attached to the repayment of the loan is therefore very high.
4. The benefit arising from the reduced interest for W. Farmer is not reflected on the IRP 5 certificate as a fringe benefit, and tax is not paid on the fringe benefit.

B. The following matters are provided to assist you in obtaining more meaningful and efficient reporting systems to enable you to monitor the operations more effectively. They do not in any way infer that the reporting and recording systems currently used were not adequate for us to express an opinion on the financial statements, nor does it mean that the suggestions will necessarily be more practical. The suggestions must therefore take the benefits, adjustments, costs and time required for other tasks into consideration.

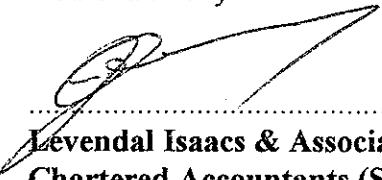
INVESTMENTS

The incident of Saambou Bank, has given us all a wake-up call. We would like to advise you to diversify your Investments and not to place all Investments within one company.

GENERAL

We trust that the above will provide you with additional information to enable you to function more effectively and thank you for the opportunity to be of service to the organisation. If any further assistance or explanation of the above is required, please do not hesitate to call on us at your earliest convenience.

Yours faithfully



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Levendal Isaacs & Associates
Chartered Accountants (SA)
Registered Accountants & Auditors

14 February 2002