VERIMARK

Verimark has also pioneered a number of new business strategies in South Africa such as:

- Marketing of the first home exercise equipment.
- Direct Response Television (DRTV).
- The distribution of DRTV products through Retail (store-within-a-store).

Our listing in 2005 on the Johannesburg Securities Exchange (JSE) made us the only publicly listed DRTV company in the world. We are therefore not only recognised as the market leader locally, but also by our peers internationally.

OUR TOP BRANDS

CONTENTS

FINANCIAL STATISTICS

	2008 R'000	2007 R'000	Change %
Group summary			
Revenue	**253 031**	290 258	(12,8)
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	**16 004**	25 140	(36,3)
Earnings attributable to ordinary shareholders	**4 474**	13 274	(66,3)
Operating profit	**13 538**	22 757	(40,5)
Headline earnings	**4 467**	13 296	(66,4)
Cash generated by operations	**20 994**	17 210	22,0
Shareholders' equity	**48 590**	61 305	(20,7)
Total assets	**102 775**	96 665	6,3
Ordinary share performance	**Cents/share**	Cents/share	%
Earnings	**4,1**	11,6	(64,7)
Headline earnings	**4,1**	11,6	(64,7)
Diluted earnings	**4,1**	11,6	(64,7)
Net asset value	**44,1**	53,7	(17,9)
Financial statistics	**%**	%	
Operating margin	**5,4**	7,8	
Return on shareholders' equity	**9,2**	21,6	
Debt:Equity	**52,1**	25,9	
Share statistics			
Listing price		R2,50	
Lowest price traded	**R0,58**	R1,60	
Highest price traded	**R1,78**	R4,15	
Closing price	**R0,60**	R1,80	

Explanatory note

In order to illustrate a fair representation of the financial highlights the results above consist of the following:

Earnings before interest, taxation, depreciation and amortisation (EBITDA)

	2008 R	2007 R
EBITDA	**16 003 650**	25 140 070
Interest	**(5 050 242)**	(394 577)
Depreciation	**(2 193 091)**	(2 091 888)
Amortisation	**(272 180)**	(291 536)
Profit before tax	**8 488 137**	22 362 069

DEFINITIONS

EBITDA

Calculated as operating profit before net finance income/(costs), taxation, depreciation and amortisation.

Operating margin

Operating profit is net profit after depreciation and profit/loss after sale of assets but before net finance income/(costs) and taxation.

Headline earnings per share

Net profit after taxation adjusted to exclude loss/profit on sale of fixed assets divided by the weighted average number of shares in issue at the end of the year.

Diluted headline earnings per share

Ordinary shares are diluted by potential ordinary shares arising from Directors' share options warrants, convertible instruments (e.g. debentures convertible into ordinary shares), contracts, that may be settled in ordinary shares (share based payments).

Net asset value per share

Net asset value is shareholders' equity divided by the weighted average number of shares in issue at the end of the year.

Shareholders' equity is the equity attributable to equity holders of the parent (which is basically total assets less total liabilities).

Return on shareholder's equity

Profit/(loss) for the year as a percentage of average shareholder's equity.

Debt to equity

Total interest-bearing debt divided by total equity.

COMPANY HISTORY

2005

Verimark lists on main board of the JSE Limited.

1999

Verimark is selected as one of South Africa's Top 20 Non-Listed Companies.

1997

CEO is elected as Finalist in SA Best Entrepreneur Award.

1995

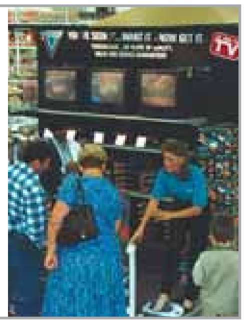
Exhibits the Verimark product range for the first time at the largest DRTV show in Las Vegas.

1994

Opens first own Verimark "Direct" Store in Sandton City.

1992

Introduces its "Store within a Store" concept at Retail level.



1990

First company to distribute DRTV products through retail stores.

1989

Pioneers Direct Response Television (DRTV) advertising in South Africa.

1984

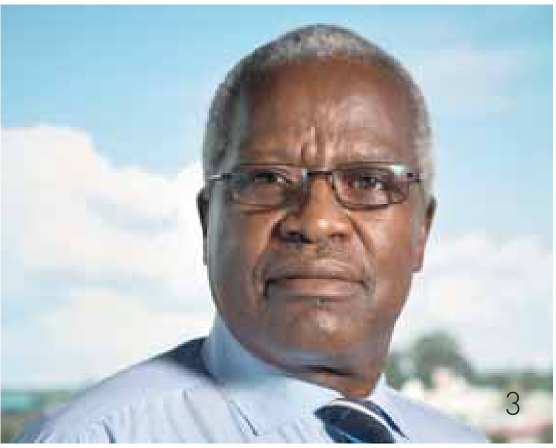
Develops, patents and introduces the first Home Exercise Machine (Gymtrim) to South Africans.

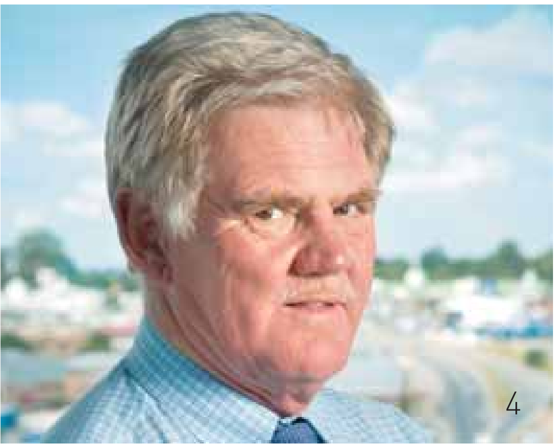
1979

Pioneers the selling of unique household products through Retail by in-store demonstrators.

1977

Verimark sells its first product at the Rand Easter Show.





BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

1 Michael J van Straaten (54)

Chief Executive Officer – BCom Hons, CA(SA)

Michael served articles with Spencer Stuart before joining his brother at Verimark in 1981 as Financial Director. Michael became joint Managing Director in 1992, and bought out his brother's shares in 1993 to become the sole owner up to 2005 when Verimark was listed on the JSE. He has twice been a finalist in South Africa's Best Entrepreneur competition, and selected as one of South Africa's Leading Managers by the Corporate Research Foundation.

2 Daniel Reichenberg (38)

Financial Director and Company Secretary – BCom, BAcc, CA(SA), MBA

Daniel was articled at Kessel Feinstein (now Grant Thornton). He has served at senior level in various listed entities predominantly supplying retail stores in the Fast Moving Consumer Goods and appliance sectors. He joined his family importation business in 2000 which was eventually sold to a listed company. Daniel joined Verimark as Financial Director in October 2007 from a group of companies supplying both retail and the private sector a range of goods including innovation products and transport related items.

INDEPENDENT DIRECTORS

3 Dr James T Motlatsi (56)

Independent Non-executive Chairman – PhD Social Science

James is a founder member of the Congress of South African Trade Unions and the National Union of Mineworkers, Deputy Chairman of AngloGoldASHANTI and a director of Shanduka Group. He is a trustee of the Nelson Mandela Children's Fund, and is a member of the South African Literacy Initiative and the South African International Marketing Council. He was awarded the Order of Ramatseatsane by the King of Lesotho, as well as a Doctorate of Philosophy in Social Sciences *(honoris causa)* by the National University of Lesotho. James is Chief Executive Officer of Teba Limited.

4 Johann M Pieterse (58)

Independent Non-executive Director – BCom CTA, M Compt, CA(SA)

Johann served articles with Brink, Roos & Du Toit (now PWC) and became Managing Partner of their Bellville office in 1983. He joined the Pepkor Group in 1985 and served as Financial Director of Pepkor from 1988 to 1990. Johann headed up the turnaround of Van Schaiks from 1993 to 1995, and Teljoy from 1995 to 1997. When Teljoy was sold to Vodacom in January 2001, he was appointed as Managing Director of the newly formed Vodacom Service Provider company with responsibility to merge Teljoy, Vodac and GSM Cellular into one company. After the successful merger, he retired from Vodacom in August 2001. He is currently Chairman of Strategy Partners, a turnaround specialist company.

SUBSIDIARY MANAGEMENT – VERIMARK (PROPRIETARY) LIMITED

5 Michael MacDonald (32)

Sales Director – BSc

Michael started his career with Reckitt Benckiser in 1998 before moving to Nestlé in 2002 as a product manager for the South East Africa region. He joined Verimark in 2003 as Marketing Manager and was appointed Sales Director in 2005.

BASTILLE

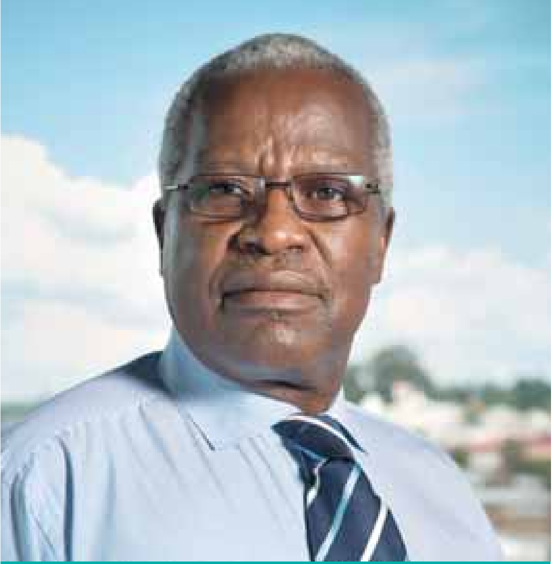
Prepare food the healthy way with Waterless Cookware!

The redesigned and re-engineered Bastille range launched last year was extremely well received. The combination of leading European aesthetics and the latest in waterless cookware innovation – Ecotherm Technology™ – a technology exclusive to Bastille, was a great success!

Ecotherm Technology™ with tight fitting lids and thick alloy base ensures heat retention like never before that allows food to cook in its own moisture, sealing in all the food's goodness and nutrients. This beautiful hi-tech design, improved cooking practically – the ultimate in waterless cookware technology. The Bastille range of 18/10 stainless steel waterless cookware from Verimark is clearly the best, and sets the standard in premium cookware.

The La Sante seventeen piece set offers versatile food preparation through the inclusion of a specially designed pasta pot for those perfect Italian dishes. And for the more adventurous chef, La Sante includes a beautifully crafted skillet pan for sumptuous flash fried calamari or steaks. The redesigned ten piece Cordon Bleu set reinvents the traditional elements of the Bastille set providing the consumer with superior pot and pan combinations while still retaining the perfect balance between value and price. Completing the range is the Grande six piece set offering consumers, who cook for larger families, superior quality and healthy waterless cooking in a great product offer.

It's no wonder that Bastille is a South African leader in premium waterless cookware!



Dr James Motlatsi
Independent Non-executive Chairman

CHAIRMAN'S REPORT

This year has again proven to be a tough year for Verimark. The financial performance of the Company was impacted by comparatively lower levels of turnover and gross profits due to sales of older products falling at a faster than anticipated rate and the reconfiguration of space and positioning in certain retailers. Results of the Group have also been negatively impacted by adjustments relating to the inclusion of the Broad Based Black Economic Empowerment financing structure in a controlled entity of the Group. The operational gearing of the Company has been a challenge and management has been proactive in their approach to containing costs.

The operational performance of the Company is dealt with comprehensively in the Chief Executive Officer's report.

Broad Based Black Economic Empowerment (BBBEE)

Verimark concluded a BBBEE deal in November 2005 with Teba Development (Teba), a section 21 company involved in rural infrastructure development and poverty alleviation. In terms of the transaction, the Van Straaten Family Trust provided financing for Teba Development to purchase 11 500 000 shares in Verimark, or just more than 10,1% of the issued share capital. 4 000 000 shares, or 3,5% of the issued share capital, has subsequently been transferred and is under the control of the Verimark Employees Empowerment Trust (VEET) for the benefit of previously disadvantaged Verimark employees. The Van Straaten Family Trust has also financed this part of the transaction. To date, no shares have been granted to the envisaged beneficiaries.

Corporate Governance and Directorate

As at 28 February 2008, the Board of Verimark comprises two Executive Directors and two independent Non-executive Directors. The chairmanship has continued to be completely non-executive.

On 23 March 2007, Mr Du Toit Britz retired from the Board. I take this opportunity to thank him for his numerous years of service to the Company. His replacement, DN Reichenberg, was appointed as an Executive Director on 11 October 2007 and now fulfils the roles of Financial Director and Company Secretary. I wish him success in his role and look forward to his positive contribution.

The Financial Services Board (FSB) concluded its investigation around the Company's profit warning issued on 20 July 2006 and the high volume of share transactions leading up to that date. No actions were taken and the case is now closed.

TALKING NOTEBOOK INSPIRATION

Inspiring the future!

Developing the young minds of children is key, and with the Talking Notebook Inspiration, learning is fun. Verimark has the only bilingual system, allowing you to switch easily from English to Afrikaans.

With forty great activities, kids can have fun learning the alphabet, words, and math and even improve their memory. It also includes a mouse just like a real laptop, talking tutor and other tools to make learning fun! Battery operated, so you can take it anywhere, learn anywhere… and it's perfect to keep kids busy on long trips.

Other corporate governance details are dealt with more comprehensively in the Corporate Governance Report.

Acknowledgements

The year under review has been one of continued challenges and I remain impressed with management's dedication to restore the Company to previous performance levels. Although strategies implemented are taking longer than anticipated to come to fruition, the Board is confident that the turnaround will be successful and that Verimark will once again offer an above average return on investment for shareholders.

Dr James Motlatsi
Independent Non-executive Chairman

Johannesburg
15 May 2008

Michael J van Straaten
Chief Executive Officer

CHIEF EXECUTIVE OFFICER'S REPORT

General

After achieving a solid growth phase for many years, Verimark experienced a reversal of this trend towards the end of 2006. Although considerable efforts were made to correct this reversal, we were unable to alter the course which led to a decrease in profitability as disclosed in the two trading updates issued in January and August 2007.

Although good progress was made in certain areas, it is clear that the turnaround will take longer than anticipated. The reasons for the delay and corrective measures put in place, including expenses control and new products introduction, are detailed in the Financial and Operational Reviews of this report.

As highlighted to shareholders in last year's report: periods of negative growth are not unusual in successful entrepreneurial businesses that rely on continuous innovations for growth. Excluding the current period, Verimark experienced two such periods during its 31 year history. In both cases, the business was refocused, key management changes were effected, and thereafter Verimark continued to deliver great results (33% compound annual growth in earnings before taxation over the past ten years, excluding the current phase).

Financial review

The critical performance indicators for the year under review were as follows:

- Revenue down from R290,3 million to R253,0 million – (12,8%)
- Operating profit down from R22,8 million to R13,5 million – (40,5%)
- Headline earnings down from R13,3 million to R4,5 million – (66,4%)

Headline earnings per share decreased by 65% to 4,1 cents from 11,6 cents.

As mentioned in our interim results, given the lower level of profitability and ongoing recovery strategy, the Board considered it prudent not to declare a dividend for the year under review. We expect that dividend payments will resume in accordance with the current payout policy of 80% of headline earnings once the turnaround has been effected.

The main reasons for the decrease in profitability were:

Reduction in sales

- The slow rate of new product introductions during the previous financial year continued to impact negatively on the current year's sales. Moving forward, this "lag" will decrease each year as the rate of new product introductions continues at existing or higher levels.

- The increase in the rate of new product introductions referred to in the previous year's report continued during the year under review. This resulted in turnover of new products being the highest ever in Verimark's history. Unfortunately, this did not result in the expected increase in total turnover, given the decision by a major customer to reduce our trading space during the year under review as a result of the slower rate of new product introductions of the previous year. Given the major progress made in the rate of new product introductions over the past 18 months, we are confident that we will be able to increase our trading space in the year ahead.

Reduction in gross profit margins

Although forward exchange controls are used to hedge the business against foreign currency fluctuations, the rate at which the Rand depreciated in the second half of the financial year impacted negatively on gross profits.

To ensure acceptable gross profit margins are achieved in the new year, the selling prices are being increased and configurations of products are being revised.

High level of operational gearing and finance costs

Although total costs were considerably reduced compared to the previous period, the reduction in sales and the high operational gearing of the business had an adverse impact on net profit.

Finance costs were much higher due to foreign exchange losses on the hedge contracts and interest on the preference share liability relating to the consolidation of the Verimark Employee Empowerment Trust.

Operational review

The financially challenging period reported last year continued in the year under review. Although good progress was made in some of the problem areas identified, other areas require additional time to be resolved. The challenges and level of progress are, as in the past, dealt with using the 5 "P"s of marketing: Product, Place, Promotion, Price, People.

Product

Verimark selects products by applying the following criteria:

Uniqueness, Quality, Demonstratability, Widest possible demographic demand.

Our product range covers the following categories:

- Household
  - Cookware

CHIEF EXECUTIVE OFFICER'S REPORT (continued)

  - Kitchenware
  - Cleaning
- Health and Fitness
- Beauty
- DIY and Automotive
- Educational Toys
- Personal Comfort

Identifying and selecting products that will generate exceptional sales volumes requires skill, experience and "gut feel", and will never be an exact science.

Since the business experienced a challenge in the recent past to introduce adequate new products, certain management changes were effected to ensure the proper re-focus of this critical part of the business. Verimark's product selection skills, sharpened over the past three decades, ensured that the rate of new products introduced during the current year was not only back to former levels but has reached its highest level in our history.

This, together with the new product planned for rollout in the first half of the new year, bodes well for Verimark's recovery.

Some products introduced during the current year were:

Floorwiz: Microfibre Mop and Wonderbroom
Genesis: Extreme Steam Iron and Vacuum Sealer
My Weigh: Weight Loss Programme
Maxxus: Vibrating Plate Exerciser
Tobi: Fabric Steamer
Twista: Slice and Dicer
V-Ssage: Hand Massager
Skybuster: Remote Control Helicopter

Place (Distribution)

1. Retailers

Although we experienced sales growth at some retailers, we unfortunately saw a reduction at our largest retail partner. The slower rate of new product introductions in the previous year impacted negatively on total sales and resulted in a reduction of trading space allocated by this partner. We are confident that, given the level of new products introduced in the current year and those planned for the new year, Verimark will be allowed to recover its prior trading space allocated by this partner.

2. Verimark Direct Stores (company owned and franchise)

In spite of an increase in new product introductions during the current year, the slowdown experienced during the previous financial period continued to have a negative impact on sales through our Direct stores.

While our sales growth recovers through continued new product introductions, we will continue to evaluate new and bigger stores opportunities and locations as we are convinced that our Verimark Direct store model does offer exciting growth opportunities in future.

3. International

As mentioned in prior CEO reports, Verimark's international expansion is based on the distribution of our own success proven products and TV commercials as well as the duplication of our business model.

The challenging period experienced over the previous two financial years resulted in limited revenues from international trade although we intend to pursue these opportunities once the business is back on track.

Promotion

Verimark products are unique and have unique features. To successfully sell this "uniqueness" requires an effective and continuous explanation (promotional strategy) to firstly ensure the consumer understands the uniqueness and secondly develops a need (demand) for the product. To date no better medium exists to achieve this than through long form television commercials (60 seconds to 28 minutes) – also known as Direct Response Television Advertising (DRTV). Verimark pioneered this form of advertising 19 years ago.

We have since transformed DRTV into a hugely successful advertising and promotional medium to maximise demand and sales of DRTV product at Retail level. Today Verimark is recognised not only as the company that pioneered DRTV in South Africa, but also as the international benchmark on the above integrated marketing strategy.

Other key components of Verimark's promotional strategy are: print advertising, the internet (via our website) and in-store demonstrations. This combination ensures maximum awareness and demand for the products we market.

The increase in demand for television airtime experienced in the past seems to have stabilised, even starting to reduce, given the worsening of the general economic climate. This trend will assist Verimark to get sufficient quality airtime for advertising of older and new products in the coming year.

Price

Verimark's pricing strategy is to offer the best value for money in terms of quality products and features. Our strategy is also to align the perceived value (as created in the mind of the consumer through our marketing efforts) with the retail selling price of each product.

This strategy contributed to making most of our products (the brand), the market leaders in their respective product categories. Our passion for quality is born out of the fact that each product carries a satisfaction and product lifespan guarantee – a differentiating factor increasingly appreciated by the South African consumer.

During the year under review and specifically towards the later part, the Rand's depreciation and suppliers' price increases (due to raw material price increases) resulted in cost of goods increases on most products. As we elected not to adjust our selling prices for the Christmas trading period, this "squeeze" also had a negative impact on gross profits.

Selling prices and/or the configuration of some products are in the process of being adjusted to normalise margins. As price increases have a negative impact on sales volumes, we prefer to change the configuration of those products to limit the necessity for price increases. These product (configuration) changes often go hand-in-hand with the creation of new marketing materials, which improve sales volumes of older products.

People

As pointed out under this section of the CEO report two years ago: "As an ideas company, our most valuable asset is the people who need to continuously create these ideas".

MY WEIGH

Scientifically proven!

Building on the success of O2 Lean Plus, Verimark launched the My Weigh programme in December 2007. This revolutionary new university tested and proven product has helped many to get rid of that extra weight and get into great shape. Well known TV presenter Sandy Ngema used My Weigh with fantastic results: "I tried diet after diet, I tried exercising – nothing worked! My Weigh allowed me to lose 15kg and 83cm – what an amazing product!"

The My Weigh programme is unique in that it is a combination of eating plans together with a product comprising a unique formulation of ingredients of natural origin. The eating plans and the My Weigh capsules work together allowing you to lose weight.

With the undertaking that you will lose weight in 30 days... or your money back, you really have nothing to lose but the weight.

CHIEF EXECUTIVE OFFICER'S REPORT (continued)

This responsibility rests on management and the disappointing performance over the previous two years simply emphasises the challenges we face to ensure that each member of the management team performs optimally. The management changes that started last year continued into the current year, *inter alia* the appointment of Daniel Reichenberg as the Financial Director and Company Secretary. Although excellent progress was seen in some areas (new product introduction), it is now obvious that additional focus will have to be placed on other critical aspects of the business, where new managers need assistance to perform.

The new management is committed to return the Company to its previous success records as soon as possible. The next financial year will be a good benchmark to measure the progress of this commitment.

Business environment

The consumer boom experienced over the last few years continued in the greater part of 2007. This unfortunately did not assist Verimark – an anomaly that substantiates our view that Verimark's business model is different from general retail and consumer goods companies. Macro economic cycles have less of an impact on Verimark's trading results, with innovation and the marketing strategies based on a "recession resistant" direct-sales model being more important.

Although the general view is that the economy is now in a phase that will impact negatively on most consumer-focused businesses, we see this tough economic period as an opportune time to continue the turnaround of the Company.

Prospects

Whilst our efforts over the last year to reverse the current performance did not show the results we anticipated, we remain confident that the essential management changes made will bear fruit.

These and other corrective actions and strategies are underway and although it might still take longer than anticipated to show improved financial results, we are committed to do this in the shortest possible time.

New product sales have been satisfying and on par with our expectations. This improvement will be reinforced by a number of new products that have already tested successfully and will roll out early in the new year.

As earlier pointed out, another key challenge for the year ahead is to regain and improve our trading footprint and we believe that the worsening in the general economic climate will open up more and better trading opportunities moving forward.

Michael van Straaten
Chief Executive Officer

Johannesburg
15 May 2008

MAXXUS CARDIO TRAINER

Passionate about Health and Fitness!

Verimark pioneered home exercise in South Africa, and has built this passion for Health and Fitness through leading exercise equipment for over 24 years.

The Maxxus Cardio Trainer combines the ultimate in treadmill hardware with the most advanced electronics, to give you the best results – whether it's fat burn, to sculpt your thighs, butt, hips or to improve your health.

Bruce Fordyce – nine times winner of the Comrades Marathon – has this to say about the Maxxus Cardio Trainer: "I'm convinced that the Maxxus Cardio Trainer from Verimark is the ultimate trainer for Home use – the only Treadmill I'll put my name to. The Maxxus Cardio Trainer is working for me, and it will work for you."

The running deck is perfectly sized and ideal for walking, jogging or running, and is dual layered for extra strength. What sets the Maxxus apart from the other treadmills is its unique "Bi-Max Suspension" technology that creates a cushioning effect that virtually eliminates impact and stress on your joints. Powered by an extremely powerful commercial quality motor that runs with very little noise, the Maxxus is perfect for home use.

To burn the maximum calories, and get the optimal body workout that suits you, it is imperative to train scientifically correctly, and this is made easy with the Heart Rate monitor. The Maxxus incorporates the latest fitness electronics, but with easy-to-use features and programmes.

The Maxxus is an investment in your own and your family's *health.*

CORPORATE GOVERNANCE REPORT

The Board of Directors subscribes to the Code of Corporate Practices and Conduct issued by the King Commission on Corporate Governance (King II Report) and is committed to the principles of good corporate governance. Our aim is to conduct the business of the Group in accordance with the highest standards of integrity, behaviour and ethics, and to comply with all legislation and regulations relevant to the business.

Statement of compliance

The Listings Requirements of the JSE require that companies report on the extent to which they comply with the principles incorporated in King II Report.

Based on the information set out in this corporate governance statement, the Board believes that, to the best of its knowledge and belief, throughout the accounting period under review, the Group has applied the principles of the King II Report and complied with the provisions set out in the Listings Requirements of the JSE.

The Directors are taking the necessary steps to ensure that the Company is fully compliant with The Corporate Laws Amendment Act 24 of 2006 (CLAA) which came into effect on 14 December 2007.

Board of Directors

The Board

During the period under review, the Board comprised two Executive Directors and two Independent Directors. Dr James Motlatsi, an Independent Director, chairs the Board. The Board applies the JSE's Listings Requirements' guidelines when considering a Director's independence.

The roles of the Chairman and the Chief Executive Officer are separate to ensure a balance of power and authority, such that no one individual has unfettered powers of decision-making. The Chairman has no executive functions.

The Board is responsible for the strategic direction of the Group. Matters reserved for the Board and its Committees are defined to ensure that the Directors retain full and effective control over the Company, specifically regarding strategic, financial, organisational and compliance matters.

The daily management of the Company and of the Group's affairs is the responsibility of the Chief Executive Officer.

Role and function of the Board

The Board has adopted a charter setting out its responsibilities. Among other obligations, it:

- determines the Company's purpose, values and stakeholders relevant to its business and develops strategies combining all three elements;
- ensures that procedures are in place to monitor and evaluate the implementation of its strategies, policies, senior management performance criteria and business plans;
- reviews and approves the financial objectives, plans and actions, including significant capital allocations and expenditure;
- exercises leadership, integrity and judgement, based on fairness, accountability, responsibility and transparency;
- provides strategic direction to the Company, agrees to the appointment of the CEO and ensures that a succession plan is in place;
- ensures that the Company complies with all relevant laws, regulations and codes of best business practice, and that it communicates with its shareowners and relevant stakeholders (internal and external) openly and promptly and with substance prevailing over form;
- regularly reviews processes and procedures to ensure the effectiveness of the Company's internal systems of control, so that its decision-making capability and the accuracy of its reporting are maintained at a high level at all times;
- identifies and monitors the non-financial aspects relevant to the business of the Company; and
- records the facts and assumptions on which it relies to conclude that the business will continue as a going concern in the financial year ahead or why it will not and in that case, the steps the Board is taking.

Appointments to the Board

The Board has adopted a policy on the procedures for the appointment of Directors. The Remuneration and Nomination Committee periodically assesses the skills represented on the Board by the Non-Executive Directors and determines whether those skills meet the Company's needs. Directors are invited to assist with the identification and nomination of potential candidates. The independent members of the Remuneration and Nomination Committee propose suitable candidates for consideration by the Board.

Induction and development

The Company Secretary assists the Chairman with the induction and orientation of Directors, including arranging specific training, if required.

Independent advice

Individual Directors may, after consulting with the Chairman or the Chief Executive Officer, seek independent professional advice, at the expense of the Company, on any matter connected with the discharge of their responsibilities as Directors.

Retirement and re-election of Directors

All Directors are subject to retirement and re-election by shareowners every three years. In terms of the Company's articles of association, Messrs Michael van Straaten and Johann Pieterse retire at the forthcoming annual general meeting, and being eligible, offer themselves for re-election.

Mr Daniel N Reichenberg was appointed as the Financial Director with effect from 11 October 2007. In terms of the Company's articles of association all new Director appointments shall retire at the following annual general meeting, and being eligible, offers himself for re-election.

Board meetings and attendance

The Board held three meetings during the past financial year. The Company Secretary acts as Secretary to the Board and its Board Committees and attends all Board and Board Committee meetings.

Changes to the Board

During the financial year ended 29 February 2008, the following changes were made:

- Mr FPDuT Britz resigned as the Financial Director on 23 March 2007;
- Mr DN Reichenberg was appointed as the Financial Director on 11 October 2007 and as the Company Secretary on 31 January 2008; and
- Premium Corporate Consulting Services (Pty) Limited resigned as Company Secretary on 31 January 2008.

Board Committees

While the Board remains accountable and responsible for the performance and affairs of the Company, it delegates to management and Board Committees certain functions to assist it to properly discharge its duties. Appropriate structures for those delegations are in place, accompanied by monitoring and reporting systems.

Each Board Committee acts within agreed, written terms of reference. The Chairman of each Board Committee reports at each scheduled meeting of the Board, and minutes of Board Committee meetings are provided to the Board. All Board Committees are chaired by Independent Directors. The majority of the members of each Board Committee are Independent Directors.

All Directors and particularly the Chairmen of each Board Committee are required to attend annual general meetings to answer questions raised by shareowners.

The established Board Committees are as follows:

Audit and Risk Committee

During the past financial year, the Audit and Risk Committee comprised two Directors, Mr Johann Pieterse, who acted as the financial expert and Chairman of the Audit and Risk Committee, and Dr James Motlatsi.

Details of attendance at the Board meetings are provided in the table below.

Board meetings	14 May 2007	23 August 2007	8 November 2007
JT Motlatsi	Yes	Yes	Yes
MJ v Straaten	Yes	Yes	Yes
JM Pieterse	No	Yes	Yes
DN Reichenberg	n/a	n/a	Yes

Michael van Straaten, Daniel Reichenberg and Caroline McEvoy, the Financial Manager, attended the meetings by invitation.

The Audit and Risk Committee met formally four times during the financial year to consider financial reporting issues and to advise the Board on a range of matters. The committee has an approved terms of reference.

The external auditors attend the formal committee meetings and also have unrestricted informal access to the Chairman of the Audit and Risk Committee. The Committee is satisfied that the independence of the external auditors is not compromised by the present scale of non-audit related fees paid to them.

Through the Audit and Risk Committee, the Board regularly reviews processes and procedures to ensure the effectiveness of internal systems of control so that its decision-making capability and the accuracy of its reporting is maintained at a high level at all times. The Committee, furthermore, identifies and monitors the non-financial aspects relevant to the businesses of the Group and reviews appropriate non-financial information that goes beyond assessing the financial and quantitative performance factors. The Audit and Risk Committee proposed amendments to the terms of reference of the Committee to ensure compliance with CLAA, which was subsequently approved by the Board.

As required in terms of Section 270 of the CLAA, an Audit Committee Report approved by the Chairman of the Committee is set out on page 19 of the Annual Report.

Remuneration and Nomination Committee

During the past financial year, Mr Johann Pieterse acted as the Chairman of the Remuneration and Nomination Committee. This Committee further comprises an additional Independent Director (Dr James Motlatsi). Michael van Straaten and Daniel Reichenberg attended the meetings by invitation.

Amongst other responsibilities, the Remuneration and Nomination Committee has the following responsibilities:

- approves executive remuneration;
- controls the effectiveness of the HR Policy;
- ensures that remuneration levels and conditions of service of staff throughout the Company are appropriate;
- ensures succession planning for Directors and nominates successors to key positions in the Company;
- evaluates Share Option Schemes and Trusts;
- maintains a procedure for appointment to the Board; and
- evaluates Directors.

Details of attendance at the Remuneration and Nomination Committee meetings are provided in the table below.

Remuneration & Nomination	22 March 2007
Dr J Motlatsi	Yes
J Pieterse	Yes
M v Straaten †	Yes
D Reichenberg †	N/A

† Attended by invitation

Remuneration paid to key management and Directors is disclosed on page 62 of the annual report.

Details of attendance at the Audit & Risk Committee meetings are provided in the table below.

Audit & Risk Committee meetings	22 March 2007	25 April 2007	1 November 2007	28 February 2008
J Motlatsi	Yes	Yes	Yes	Yes
M v Straaten †	Yes	Yes	Yes	Yes
J Pieterse	Yes	Yes	Yes	Yes
FPDuT Britz *	Yes	n/a	n/a	n/a
DN Reichenberg ** †	n/a	n/a	Yes	Yes
CD McEvoy †	Yes	Yes	Yes	Yes

† By invitation

** Resigned on 23 March 2007*

*** Appointed on 11 October 2007*

Rest, relax and rejuvenate the body and mind.

Verimark's 30-year mission to bring South Africans only the best, is perfectly expressed in the revolutionary V-Ssage Massage Chair system. Manufactured to the highest quality standards, it offers a luxurious design, and massage features like no other.

Relaxation and rejuvenation of the body and mind through massage originated hundreds of years ago. Since then, masseurs and physiotherapists have refined and improved the original massage techniques. Today literally millions of people across the globe are enjoying the proven benefits of body massage care to relieve and recover from aches, pains and injuries, or even the fatigue and stresses of everyday living.

The massage features of the V-Ssage ensure that you experience optimal relaxation and rejuvenation. With the three upper body programmes, five massage techniques and four lower body air-pressure massage programmes, you can experience a totally new massage experience.

V-SSAGE

The Company Secretary

The appointment and removal of the Company Secretary is a matter for the Board. Daniel Reichenberg, as the Company Secretary, is responsible for providing the Board collectively, and each Director individually, with guidance on the discharge of their responsibilities in terms of the legislation and regulatory requirements of the relevant jurisdictions.

The Directors have unlimited access to the advice and services of the Company Secretary. The Company Secretary ensures that the Board and its Committees are supplied with comprehensive and timely information, to ensure that the Directors have all the relevant information and facts to enable them to discharge their responsibilities.

Directors' share dealings

The Group has an approved Trading Policy in terms of which dealing in the Group's shares by Directors and employees is prohibited during closed periods.

The Company Secretary informs Directors and employees in writing about the relevant provisions of the Securities Services Act and the prohibitions it contains regarding dealing in the Company's shares.

The Directors of the Company keep the Company Secretary advised of all their dealings in securities. The Company Secretary monitors that the Directors receive approval from the Chairman, or a designated Director, for any dealings in securities, and ensures adherence to closed periods for share trading.

Conflict of interest

Directors are required to inform the Board timeously of conflicts or potential conflicts of interests they may have in relation to particular items of the business. Directors are obliged to recuse themselves from discussions or decisions on matters in which they have a conflicting interest. Directors are required to disclose their shareholding in the Company and other Directorships at least annually and as and when the changes occur.

During the financial year ended 29 February 2008, none of the Directors had a significant interest in any contract or arrangement entered into by the Company or its subsidiaries, other than as disclosed in note 24 to the annual financial statements.

Code of Ethics

The Group's values commit employees to high standards of integrity, behaviour and ethics in dealing with stakeholders.

The Directors believe that the ethical standards of the Group, as stipulated in the Code of Ethics, are monitored and are being met. Where there is non-compliance the appropriate discipline is consistently enforced as Verimark responds to offences and prevents recurrence.

Internal controls

Internal control systems were introduced to provide management and the Board reasonable assurance as to the integrity and reliability of the financial statements.

Management monitor the functioning of the internal control systems and make recommendations to management and to the Audit and Risk Committee of the Board.

Responsibility for the adequacy and operation of these systems is delegated to the Executive Directors. These records and systems are designed to safeguard assets and prevent and detect fraud.

Going concern

The annual financial statements contained in this annual report have been prepared on the going concern basis.

The Directors report that, after making enquiries, they have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Group continues to adopt the going concern basis in preparing the annual financial statements.

Stakeholder communication

The Board is aware of the importance of balanced and understandable communication of the Group's activities to stakeholders and strives to clearly present any matters material to a proper appreciation of the Group's position. The interests and concerns of stakeholders are addressed by communicating information as it becomes known.

External investor relations consultants have been retained to assist the Group with investor relations programmes that encourage ongoing dialogue between the Chief Executive Officer and the investment community and media through meetings, site visits, financial results presentations, trading updates and one-on-one discussions. The Company's website provides the latest and historical financial and other information, including the financial reports.

The Board encourages shareowners to attend its annual general meeting, notice of which is contained in this annual report, where shareowners will have the opportunity to put questions to the Board, including the Chairmen of the various Board Committees.

Dr James Motlatsi
Independent Non-executive Chairman

Johannesburg
15 May 2008

AUDIT AND RISK COMMITTEE REPORT

The Corporate Laws Amendment Act 24 of 2006 came into effect on 14 December 2007 (CLAA). In compliance with the CLAA, an Audit and Risk Committee was appointed by the Board of Directors. This committee comprises Mr Johann Pieterse and Dr James Motlatsi who are Non-executive Directors and who act independently. The definition set out in Section 269 of the CLAA was used to test the independence of each member of the Audit and Risk Committee.

During the financial year ended, in addition to the duties set out in the Audit and Risk Committee's Terms of Reference *(a summary is provided on page 16 of the Corporate Governance Statement)*, the Audit and Risk Committee carried out its functions as follows:

- nominated the appointment of KPMG Inc as the registered independent auditor after satisfying itself through enquiry that KPMG Inc is independent as defined in terms of the CLAA;
- determined the fees to be paid to KPMG Inc and their terms of engagement;
- ensured that the appointment of KPMG Inc complied with the CLAA and any other legislation relating to the appointment of auditors;
- approved a Non-Audit Services Policy which determines the nature and extent of any non-audit services which KPMG Inc may provide to the Company; and
- pre-approved any proposed contract with KPMG Inc for the provision of non-audit services to the Company.

The Audit and Risk Committee has satisfied itself through enquiry that KPMG Inc, the designated auditor, is independent of the Company.

The Audit and Risk Committee recommended the Group and Company financial statements for the year ended 29 February 2008 for approval to the Board. The Board has subsequently approved the financial statements which will be open for discussion at the forthcoming annual general meeting.

Johann Pieterse
Audit and Risk Committee Chairman

Johannesburg
15 May 2008

CONTENTS

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for the preparation and fair presentation of the Group annual financial statements and annual financial statements of Verimark Holdings Limited, comprising the balance sheets at 29 February 2008, the income statements, the statements of changes in equity and cash flow statements for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the Directors' Report as set out on pages 22 to 62, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

The Directors' responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these 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.

The Directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management as well as the preparation of the supplementary schedules included in these financial statements.

The Directors have made an assessment of the Group and Company's ability to continue as a going concern and have no reason to believe the businesses will not be going concerns in the year ahead.

The auditor is responsible for reporting on whether the Group annual financial statements and annual financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of the Group annual financial statements and annual financial statements

The Group annual financial statements and annual financial statements, as identified in the first paragraph, were approved by the Board of Directors on 15 May 2008 and are signed on its behalf by:

Michael van Straaten
Chief Executive Officer

Johannesburg
15 May 2008

Daniel Reichenberg
Financial Director

Johannesburg
15 May 2008

CERTIFICATION BY THE SECRETARY

In terms of Section 268 (G) of the Companies Act 61 of 1973 (Act), as amended, I certify that, to the best of my knowledge and belief, the Company has, in respect of the financial year reported upon, lodged with the Registrar of Companies all returns required of a public company in terms of the Act and that all such returns are true, correct and up to date.

Daniel Reichenberg
Company Secretary

Johannesburg
15 May 2008

INDEPENDENT AUDITOR'S REPORT

To the members of Verimark Holdings Limited

We have audited the Group annual financial statements and annual financial statements of Verimark Holdings Limited, which comprise the balance sheets at 29 February 2008, and the income statements, the statements of changes in equity and cash flow statements for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the Directors' Report, as set out on pages 22 to 62.

Directors' responsibility for the financial statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by 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.

Auditor's responsibility

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

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 judgement, 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, these financial statements present fairly, in all material respects, the consolidated and separate financial position of Verimark Holdings Limited at 29 February 2008, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

KPMG Inc.
Registered Auditor

Per C Swart
Chartered Accountant (SA)
Registered Auditor
Director

KPMG Crescent
85 Empire Road
Parktown
Johannesburg

DIRECTORS' REPORT

The directors have pleasure in submitting their report together with the Group and Company annual financial statements for the financial year ended 29 February 2008.

Nature of business

Verimark is a retail company that sources, develops and distributes unique, superior quality products in the housewares, exercise and fitness, health, DIY, automotive, educational toys and personal comfort categories, both locally and internationally.

Financial statements

The results and financial position of the Company and the Group are contained in the financial statements on pages 26 to 62 of the Report.

Accounting policies

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations adopted by the International Accounting Standards Board (IASB), the Listings Requirements of the JSE Limited and the Companies Act, 61 of 1973 as amended and remain consistent with those applied in the previous year's financial statements.

Going concern

The financial statements have been prepared using appropriate accounting policies, supported by reasonable and prudent judgments and estimates. The Directors have a reasonable expectation that the Group has adequate resources to continue as a going concern in the foreseeable future.

Independent auditors

The independent auditors, KPMG Inc, will be re-appointed at the forthcoming annual general meeting.

All non-audit services provided by KPMG Inc are tabled and approved by the Audit and Risk Committee.

Impairment of investment in subsidiary reflected in the Company accounts

An impairment loss against the investment in Verimark (Proprietary) Limited in the books of Verimark Holdings Limited (Company) has been recognised in the amount of R67 290 684. In the opinion of the Directors, this is a temporary impairment and is expected to reverse itself as the profitability of the underlying business is restored.

On consolidation, the investment in the subsidiary is eliminated and the impairment loss is therefore reversed and thus there is no effect on earnings as reported by the Group.

Due to the accounting principles applied for reverse listings per IFRS 3, the goodwill is not impacted by this impairment. Refer to notes 4 and 5 for further explanation.

Share capital and share premium

Details of the authorised and issued share capital, the share premium and the movements during the year are provided in notes 12 and 13 on page 42 of the annual financial statements.

The authorised share capital has not changed during the current financial year. 4 000 000 issued shares are under the control of VEET on behalf of previously disadvantaged employees. These shares are recognised as treasury shares, hence the reduction in issued capital in the Group when compared to prior year.

Dividends

Given the lower level of profitability and in line with the recovery strategy, the Board considers it prudent not to pay a final dividend. An interim dividend was also not paid to shareholders. A dividend of R6 284 978 was paid to shareholders in 2007.

It is expected that dividend payments will resume in accordance with the current payout policy of 80% of headline earnings, once the turnaround has been effected.

Directors and Secretary

The names of the Directors and Company Secretary in office as at the date of this report are set out on page 67 of the annual report. In terms of the Company's articles of association, Messrs Michael van Straaten and Johann Pieterse retire at the forthcoming annual general meeting, and being eligible, offer themselves for re-election.

Premium Corporate Consulting Services (Pty) Limited resigned as Company Secretaries on 31 January 2008.

Changes to the Board

Mr FP Du Toit Britz tendered his resignation as the Financial Director of the Company with effect from 23 March 2007.

Mr Daniel N Reichenberg was appointed as the Financial Director with effect from 11 October 2007 and the Company Secretary with effect from 31 January 2008.

In terms of the Company's articles of association all new Director appointments shall retire at the following annual general meeting. Mr Daniel Reichenberg is eligible for re-election. Shareholders will be asked to confirm the appointment of Mr D Reichenberg.

Broad Based Black Economic Empowerment (BBBEE)

In terms of Verimark's BBBEE initiative in 2006, Teba Development purchased 11 500 000 shares in Verimark. The purchase was funded by the Van Straaten Family Trust. In terms of the agreement with Teba Development, 4 000 000 shares have now been transferred to the control of the Verimark Employees Empowerment Trust (VEET). The total BBBEE shareholding therefore remains at 10,1%.

In terms of IFRS2 – Share Based Payment, no costs have been recognised in terms of this transfer of shares as it is essentially only a continuation of the BBBEE transaction concluded with Teba Development in the previous financial year. To date, no shares have been granted to the envisaged beneficiaries.

Directors' shareholding

At 29 February 2008 the Directors and their associates (as defined in terms of the JSE Listings Requirements) had the following direct and indirect beneficial interests in the share capital of the Company:

Directors' shareholding

Director	Beneficial Direct	Beneficial Indirect	Total number of shares held	Percentage of issued share capital
MJ van Straaten		60 500 000	60 500 000	52,96%
DN Reichenberg[1]		–	–	0%
JM Pieterse		–	–	0%
Dr JT Motlatsi		–	–	0%
M MacDonald *		80 000	80 000	0,07%

Notes:

1. DN Reichenberg was appointed as an Executive Director on 11 October 2007.

** Verimark (Proprietary) Limited Director*

The interests of Directors remained unchanged from the end of the financial year to the date of this report.

Interests of Directors in contracts

During the financial year, no contracts were entered into in which Directors and Officers of the Company had an interest which significantly affected the Group.

Litigation

The Company engages in a certain level of litigation in its ordinary course of business. The Directors have considered all pending litigation and are of the opinion that, unless specifically provided for, none of these cases will result in a loss to Verimark.

Attention is drawn to a favourable judgement having been received in a particular matter. This matter has been taken on appeal by the plaintiff. The Directors are of the opinion that there is reasonable prospect of the appeal not being upheld. This opinion is supported by the Group's legal counsel. The Group has included the amount of R2,908 million in other operating income for the year.

DIRECTORS' REPORT
(continued)

Should the appeal be upheld, a portion of this amount would need to be written back in the following year. This amount is considered by the Directors to be recoverable and as is reflected as a non-current asset. A market related interest rate is chargeable on the outstanding amount.

Subsidiaries

Verimark (Proprietary) Limited (Reg. No. 1989/006800/07)
Creditvision Rental Finance (Proprietary) Limited (Reg. No. 2002/021355/07)
Fullimput 173 (Proprietary) Limited (Reg. No. 1999/008624/07)

Controlled entities

Verimark Employee Empowerment Trust (Trust. No. IT2016/07)
Selcovest 35 (Proprietary) Limited (Reg. No. 2005/018106/07)

These are controlled entities as they are considered special purpose entities (SPE's).

The Group established special purpose entities in the form of VEET and Selcovest, for BBBEE purposes. The Group does not have any direct or indirect shareholdings in these entities. In terms of IAS 27 and SIC, 12, these SPE's have been consolidated into the financial results of the Group as it has been ascertained that control of the SPE's rest with Verimark as Verimark has the ability to appoint the Directors and Trustees of these entities. In addition, it is envisaged that Verimark would benefit from the Empowerment Trust by being able to retain and promote skills from within its workforce. Verimark is also entitled to benefit from any surplus (after discharging liabilities) in the Trust upon its termination by the Trustees.

The Directors draw attention to the fact that the risk of the repayment of the preference share liability of R11 820 686 (2007: Rnil) does not lie with the Group as in the event that the liability remains unpaid at the envisaged conversion date, the Van Straaten Family Trust, and not Verimark, holds the rights, title and interest to the issued share capital of Selcovest as security for their loan.

Due to the consolidation of these SPE's, there is a recognition of the cumulative redeemable preference share liability as discussed above and a resultant reduction from issued share capital of R13 337 (2007: Rnil) and share premium of R10 890 621 (2007: Rnil). The cumulative preference dividend of R916 728 (2007: Rnil) has been recognised as interest payable in the profit and loss of the Group.

The attributable interest of the Group in the aggregate net profits/(losses) after taxation of the subsidiaries and controlled entities was:

	2008	2007
Verimark (Proprietary) Limited	**5 923 013**	13 273 868
Creditvision Rental Finance (Proprietary) Limited	**991**	30 076
Fullimput 173 (Proprietary) Limited	**(20 000)**	(20 000)
Selcovest 35 (Proprietary) Limited	**(922 000)**	–
Verimark Employee Empowerment Trust (VEET)	**–**	–

Borrowing powers

As defined by the articles of association, the borrowing powers of the Directors shall allow them to exercise all powers of the Company to borrow money, to mortgage or encumber its undertaking and property or any part thereof, and to issue debenture stock (whether secured or unsecured) and other securities (with special privileges, if any, as to allotment of shares, attending and voting at general meetings, appointment of Directors otherwise as may be sanctioned by a general meeting) whether outright or as a security for any debt, liability obligation of the Company or any third party. For the purposes of this provision, the borrowing powers of the Company shall be unlimited.

Special resolutions by subsidiary companies

No special resolutions were passed by the subsidiary companies during the period under review, or between the balance sheet date and the date of this report.

Subsequent events

No event which is material to the understanding of this report has occurred between the financial period end and the date of this report.

Signed on behalf of the Board

Dr James Motlatsi
Chairman

Michael van Straaten
Chief Executive Officer

Johannesburg
15 May 2008

BALANCE SHEETS

as at 29 February 2008

	Notes	Group 2008 R	Group 2007 R	Company 2008 R	Company 2007 R
Assets					
Non-current assets		**21 952 598**	19 799 593	**216 435 861**	283 963 804
Plant and equipment	3	**3 646 905**	3 992 976	**–**	–
Intangible assets	4	**14 317 330**	14 438 027	**–**	–
Investment in subsidiary companies	5	**–**	–	**215 977 059**	283 266 032
Loan receivable	6	**458 802**	697 772	**458 802**	697 772
Other receivable	7	**2 908 443**	–	**–**	–
Deferred taxation asset	8	**621 118**	670 818	**–**	–
Current assets		**80 822 675**	76 865 418	**491 979**	621 955
Inventories	9	**39 363 470**	37 561 432	**–**	–
Trade and other receivables	10	**40 640 791**	37 000 634	**19 882**	157 142
Prepayments		**132 919**	1 635 388	**61 228**	106 853
Short-term portion of loan receivable	6	**238 970**	238 970	**238 970**	238 970
Prepaid taxation		**37 043**	187 226	**37 043**	37 043
Cash and cash equivalents	11	**409 482**	241 768	**134 856**	81 947
Total assets		**102 775 273**	96 665 011	**216 927 840**	284 585 759
Equity and liabilities					
Equity		**48 589 698**	61 304 684	**210 578 426**	278 744 621
Share capital	12	**367 687**	381 024	**380 908**	380 908
Share premium	13	**26 730 206**	37 620 827	**316 702 119**	316 702 119
Retained earnings/(accumulated loss)		**21 491 805**	23 302 833	**(106 504 601)**	(38 338 406)
Non-current liabilities		**11 820 686**	81 284	**–**	–
Preference share liability	14	**11 820 686**	–	**–**	–
Interest-bearing liabilities	15	**–**	81 284	**–**	–
Current liabilities		**42 364 889**	35 279 043	**6 349 414**	5 841 138
Amounts owing to subsidiary company	16	**–**	–	**6 089 630**	5 553 085
Trade and other payables	17	**28 358 766**	19 421 515	**217 327**	245 596
Shareholders for dividend	18	**42 457**	42 457	**42 457**	42 457
Short-term portion of interest-bearing liabilities	15	**5 906 700**	6 070 617	**–**	–
Interest-free liabilities	19	**–**	605	**–**	–
Bank overdraft	11	**7 579 603**	9 743 849	**–**	–
Taxation payable		**477 363**	–	**–**	–
Total equity and liabilities		**102 775 273**	96 665 011	**216 927 840**	284 585 759

INCOME STATEMENTS

for the year ended 29 February 2008

	Notes	Group 2008 R	Group 2007 R	Company 2008 R	Company 2007 R
Revenue	20	**253 031 329**	290 257 719	**–**	–
Cost of sales		**(169 995 850)**	(187 750 045)	**–**	–
Gross profit		**83 035 479**	102 507 674	**–**	–
Other income	21	**4 628 404**	2 146 687	**249 211**	314 643
Selling expenses		**(23 166 899)**	(28 800 515)	**–**	–
Distribution expenses		**(3 054 678)**	(3 610 775)	**–**	–
Other operating expenses		**(47 903 927)**	(49 486 425)	**(1 124 722)**	(1 643 213)
Impairment of investment	5	**–**	–	**(67 290 684)**	–
Operating profit/(loss) before finance costs	21	**13 538 379**	22 756 646	**(68 166 195)**	(1 328 570)
Finance income	22	**266 152**	572 060	**6 284 978**	23 997 189
Finance costs	22	**(5 316 394)**	(966 637)	**–**	–
Profit/(loss) before taxation		**8 488 137**	22 362 069	**(61 881 217)**	22 668 619
Income tax expense	23	**(4 014 187)**	(9 088 201)	**–**	–
Profit/(loss) for the year		**4 473 950**	13 273 868	**(61 881 217)**	22 668 619
Attributable to shareholders		**4 473 950**	13 273 868	**(61 881 217)**	22 668 619
Basic earnings per share (cents)	31	**4,1**	11,6		
Diluted earnings per share (cents)	31	**4,1**	11,6		

STATEMENTS OF CHANGES IN EQUITY

for the year ended 29 February 2008

	Share capital R	Share premium R	Retained earnings/ (accumulated loss) R	Total R
Group				
Balance at 1 March 2006	**381 024**	**37 620 827**	**34 026 154**	**72 028 005**
Profit for the year	–	–	13 273 868	13 273 868
Total recognised income and expenses for the year	381 024	37 620 827	47 300 022	85 301 873
Dividend paid	–	–	(23 997 189)	(23 997 189)
Balance at 28 February 2007	**381 024**	**37 620 827**	**23 302 833**	**61 304 684**
Profit for the year	–	–	4 473 950	4 473 950
Total recognised income and expenses for the year	381 024	37 620 827	27 776 783	65 778 634
Dividend paid	–	–	(6 284 978)	(6 284 978)
Treasury shares held by VEET	(13 337)	(10 890 621)	–	(10 903 958)
Balance at 29 February 2008	**367 687**	**26 730 206**	**21 491 805**	**48 589 698**
Company				
Balance at 1 March 2006	**380 908**	**316 702 119**	**(37 009 836)**	**280 073 191**
Profit for the year	–	–	22 668 619	22 668 619
Total recognised income and expenses for the year	380 908	316 702 119	(14 341 217)	302 741 810
Dividend paid	–	–	(23 997 189)	(23 997 189)
Balance at 28 February 2007	**380 908**	**316 702 119**	**(38 338 406)**	**278 744 621**
Loss for the year	–	–	(61 881 217)	(61 881 217)
Total recognised income and expenses for the year	380 908	316 702 119	(100 219 623)	216 863 404
Dividend paid	–	–	(6 284 978)	(6 284 978)
Balance at 29 February 2008	**380 908**	**316 702 119**	**(106 504 601)**	**210 578 426**

CASH FLOW STATEMENTS

for the year ended 29 February 2008

	Notes	Group 2008 R	Group 2007 R	Company 2008 R	Company 2007 R
Cash flows from operating activities					
Cash generated by/(utilised in) operations	25.1	**20 994 238**	16 953 972	**(720 895)**	(1 344 260)
Dividend paid	25.2	**(6 284 978)**	(23 954 732)	**(6 284 978)**	(23 954 732)
Finance income		**266 152**	572 060	**6 284 978**	23 997 189
Finance costs		**(4 399 666)**	(966 637)	**–**	–
Taxation (paid)/received	25.3	**(3 336 941)**	(26 444 453)	**–**	25 529
Net cash inflows/(outflows) from operating activities		**7 238 805**	(33 839 790)	**(720 895)**	(1 276 274)
Cash (outflows)/inflows from investing activities		**(1 991 566)**	(4 140 625)	**(1 711)**	232 799
Acquisition of plant and equipment to maintain operations		**(1 864 323)**	(3 768 854)	**–**	–
Acquisition of intangible assets to maintain operations		**(151 483)**	(388 676)	**–**	–
Proceeds from sale of plant and equipment		**24 240**	16 905	**–**	16 904
Decrease in loans to subsidiaries		**–**	–	**(1 711)**	215 895
Cash (outflows)/inflows from financing activities		**(2 915 279)**	5 530 076	**775 515**	682 614
Repurchase of own shares (treasury shares)		**(10 903 958)**	–	**–**	–
Proceeds from issue of redeemable preference shares		**10 903 958**	–	**–**	–
Decrease in loans receivable		**238 970**	238 970	**238 970**	238 970
Other receivable raised		**(2 908 443)**	–	**–**	–
Interest-bearing liabilities repaid		**(6 023 182)**	–	**–**	–
Interest-bearing liabilities raised		**5 777 981**	5 300 701	**–**	–
Interest-free borrowings repaid		**(16 180)**	(14 756 663)	**–**	–
Interest-free borrowings raised		**15 575**	14 747 068	**–**	–
(Decrease)/increase in loans from subsidiary companies		**–**	–	**536 545**	443 644
Net increase/(decrease) in cash and cash equivalents		**2 331 960**	(32 450 339)	**52 909**	(360 861)
Cash and cash equivalents at beginning of year		**(9 502 081)**	22 948 258	**81 947**	442 808
Cash and cash equivalents at end of year	25.4	**(7 170 121)**	(9 502 081)	**134 856**	81 947

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 29 February 2008

1. Accounting policies

1.1 Reporting entity

Verimark Holdings Limited (the Company) is a company domiciled in South Africa. The consolidated financial statements, comprising Verimark Holdings Limited and its subsidiaries (together referred to as the Group) and the Company separate financial statements, incorporate the principal accounting policies, set out below. Hereafter, the Company separate financial statements and consolidated financial statements are collectively referred to as the financial statements.

1.2 Basis of preparation

1.2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretation adopted by the International Accounting Standards Board (IASB), and the requirements of the Companies Act of South Africa.

1.2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair value. The methods used to measure fair values are discussed further in note 2.

1.2.3 Functional and presentation currency

The financial statements are presented in South African Rand ("Rand"), which is the Group's functional currency. All financial information has been rounded to the nearest Rand.

1.2.4 Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

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 estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only the period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 1.19.

1.3 Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists where the Company 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, potential voting rights that are presently exercisable or convertible are taken into account.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements.

Investments in subsidiaries are carried at cost less impairment losses in the separate financial statements of the Company.

Special purpose entities

The Group has established special purpose entities (SPE's) for BBBEE purposes. The Group does not have any direct or indirect shareholdings in these entities. An SPE is consolidated if, based on an evaluation of the substance of its relationship with the Group and the SPE's risks and rewards, the Group concludes that it controls the SPE. SPE's controlled by the Group were established under terms that impose strict limitations on the decision-making powers of the SPE's management and that result in the Group receiving the majority of the benefits related to the SPE's operations and net assets, being exposed to the risks incident to the SPE's activities, and retaining the majority of the residual or ownership risks related to the SPE or its assets.

1. Accounting policies (continued)

1.4 Revenue

Revenue from the sale of merchandise is measured at the fair value of the consideration received or receivable, excluding Value Added Tax and is net of discounts and rebates allowed.

Revenue is recognised when substantially all the risks and rewards of ownership transfer (which is on the date of delivery), recovery of the consideration is probable, the associated costs and possible return of the merchandise can be estimated reliably and there is no continuing management involvement with the merchandise.

1.5 Finance income/(costs)

Finance income/(costs) comprise interest payable on borrowings calculated using the effective interest method, interest receivable on funds invested, dividend income, foreign exchange gains and losses, and gains and losses on derivative instruments that are recognised in profit or loss.

Interest income is recognised in profit and loss as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established which in the case of quoted securities is usually the ex-dividend date.

1.6 Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the dividend.

1.7 Plant and equipment

1.7.1 Recognition and measurement

Items of plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

Gains and losses on disposal of an item of plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of plant and equipment and recognised net within "other income" in profit and loss.

1.7.2 Subsequent costs

The cost of replacing part of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the entity and its cost can be measured reliably. The carrying amount of the replaced part is de-recognised. The costs of the day-to-day servicing of plant and equipment are recognised in profit and loss as incurred.

1. Accounting policies (continued)

1.7 Plant and equipment (continued)

1.7.3 Depreciation

Depreciation is recognised in profit or loss on a straight line basis over the estimated useful lives of each part of an item of plant and equipment. Depreciation is recognised on the depreciable amount of an item of plant and equipment.

The depreciable amount is the difference between the cost of an item of plant and equipment and its residual value.

Residual value is the estimated amount that the Company would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of age and in the condition expected at the end of its useful life, which are:

Computer equipment	3 years
Manufactured structures and handling equipment	4 – 5 years
Motor vehicles	4 – 5 years
Moulds and dies	5 years
Office equipment and furniture	5 – 10 years
Shop fittings	3 years

The residual values, if not insignificant, depreciation method and useful lives of plant and equipment are reviewed at each reporting date.

1.8 Impairment of assets

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated at each reporting date. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined at the Cash Generating Unit (CGU) level to which the asset belongs. A CGU is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit and loss.

The recoverable amount of an asset is the greater of its value in use and its fair value, less costs to sell.

In assessing value in use, the estimated future cash flows from the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill with an indefinite useful life is allocated to cash-generating units and is tested for impairment at each balance sheet date and whenever there is an indication that goodwill has been impaired.

An impairment loss is recognised in profit and loss when the carrying amount exceeds its recoverable amount. An impairment loss in respect of goodwill is not reversed.

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in profit or loss.

1. Accounting policies (continued)

1.9 Intangible assets

Goodwill

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess is negative, it is recognised immediately in profit or loss. Goodwill is measured at cost less any accumulated impairment losses.

Other intangibles

Software and trademarks that are acquired by the Group which have finite useful lives, are measured at cost less accumulated amortisation and impairment losses.

Subsequent expenditure on capitalised intangible assets is capitalised when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation is recognised in profit and loss on a straight line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, unless such lives are indefinite. The useful lives are currently as follows:

Software	3 years
Trademarks	10 years

1.10 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories comprises all costs of purchase, conversion and other costs incurred in bringing inventories to their present location and condition and is determined using the weighted average cost method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Obsolete, redundant and slow moving inventories are identified on a regular basis and are written down to their estimated net realisable values.

1.11 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks and other financial institutions, as well as short-term call deposits with financial institutions.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management, are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

1.12 Treasury shares

Shares in the Company held by the Special Purpose Entity are classified in the Group's shareholders' interest as treasury shares. These shares are treated as a deduction from the issued and weighted average number of shares. The cost price of the shares is presented as a deduction from total equity. Distributions received on treasury shares are eliminated on consolidation.

1.13 Leases

Operating leases – lessee

Leases where the lessor retains the risks and rewards of ownership of the underlying asset are classified as operating leases. Payments made under operating leases are charged against income on a straight line basis over the period of the lease. The leased assets are not recognised on the balance sheet.

1.14 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

1. Accounting policies (continued)

1.15 Financial instruments

1.15.1 Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for those instruments not at fair value through profit and loss, any directly attributable transaction costs.

Trade and other receivables
Trade and other receivables are stated at amortised cost less impairment losses.

Trade and other payables
Trade and other payables are recognised at amortised cost using the effective interest rate method.

Cash and cash equivalents
Cash and cash equivalents are measured at fair value.

Loans receivable
Interest-free loans to Directors, classified as loans receivable, are measured at amortised cost using the effective interest rate method.

Financial liabilities (loans and borrowings)
Financial liabilities not at fair value through profit or loss are measured at amortised cost, using the effective interest rate method.

Derecognition of non-derivative financial instruments
Financial assets are de-recognised when the Company loses control of the contractual rights that comprise the asset, for instance where those rights are realised, expire or are surrendered.

Financial liabilities are de-recognised when the obligations under the contract are discharged, cancelled or expire.

1.15.2 Derivative financial instruments

Derivatives are recognised initially at fair value; attributable transactions costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value and any changes therein are accounted for in profit or loss as they arise.

The Group holds derivative financial instruments, in the form of Forward Exchange Contracts, to hedge its foreign currency risk exposure.

Hedge accounting is not applied to these derivative instruments which economically hedge monetary assets and liabilities denominated in foreign currencies.

1.15.3 Share capital

Ordinary share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Preference share capital
Preference share capital is classified as a liability if it is redeemable on a specific date or at the option of the shareholders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

Repurchase of share capital (treasury shares)
When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, is net of any tax effects, and is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from retained earnings.

1. Accounting policies (continued)

1.16 Foreign currency transactions

Transactions in foreign currencies are recorded at the rate of exchange ruling at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Gains and losses arising on translation are credited to or charged against income.

1.17 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution funds are recognised as an employee benefit expense in profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

1.18 Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

1.19 Estimations and judgement applied by the Directors in applying the accounting policies

The following estimations and judgements have been exercised in applying the accounting policies:

1.19.1 Impairment of investment in subsidiary companies

Management continuously considers the recoverability of investments in and loans to subsidiary companies.
If the value of any investment has decreased below the carrying amount of the investment, the value is written down to recoverable amount.

1.19.2 Impairment of long outstanding trade receivables, including returns and credit risks

Management identifies impairment of trade receivables, including returns and credit notes on an ongoing basis. The estimation of the requirement for impairment is based on the current collectibility of the trade receivables, as well as our experience of the collection history of our trade receivables. Management believes that the allowance for impairment is conservative and there are no significant trade receivables that are doubtful and have not been impaired.

1.19.3 Impairment of inventory

Obsolete inventory is identified on a continuous basis. This identification is based on physical inspection as well as the rate of sale relative to the inventory quantity on hand. Once identified, such inventory will be offered to customers at a discount. Un-saleable inventory is scrapped and the scrap metal value recovered where possible.

1.19.4 Impairment of intangible assets – goodwill

Management considers the appropriateness of the value of goodwill continuously together with the value of investments in subsidiaries. Impairment write downs against goodwill occur where management believes there is a permanent reduction in the value of goodwill.

1.19.5 Impairment of other receivable

The amount is considered to be recoverable by the Directors and the Company's legal counsel. The amount is reflected as a non-current asset as the date of the appeal has not as yet been set.

1. Accounting policies (continued)

1.20 Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are measured initially at fair value.

After initial recognition, financial guarantee contracts are measured at the higher of:

- the amount required to be reimbursed; and
- the amount initially recognised, less cumulative amortisation.

1.21 New standards and interpretations not yet adopted

A number of standards, amendments to standards and interpretations are not yet effective for the year ended 29 February 2009, and have not been applied in preparing these financial statements. These standards are disclosed in note 32 to the financial statements.

2. Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the methods that follow below. When applicable, further information about the assumptions made in determining fair value is disclosed in the notes specific to that asset or liability.

For financial assets and liabilities with a maturity of less than one year, the face value less any estimated credit adjustments is assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

2.1 Trade and other receivables

The fair value of trade and other receivables with a useful life of less than one year is the amortised cost less impairment losses, discounted at the effective rate of interest at the reporting date.

2.2 Non-derivative financial instruments

Fair value which is determined for disclosure purposes is calculated based on the present value of the principal amount and interest cash flows, discounted at the effective rate of interest at the reporting date.

2.3 Derivative financial instruments

The fair value of forward exchange contracts is based on the mark to market rates obtained from the bank at the reporting date. The mark to market rates are tested for reasonableness by comparing the rates obtained with those of similar financial institutions.

2.4 Loans receivable

The fair value of loans receivable over a period of five years is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

2.5 Loans and borrowings repayable on demand

The fair value of interest-free borrowings that are repayable on demand cannot be reliably determined. The notional amount is deemed to reflect fair value.

2.6 Cash and cash equivalents

The notional amount of cash and cash equivalents with a remaining life of less than one year is deemed to reflect the fair value.

2.7 Trade and other payables

The fair value of trade and other payables with a useful life of less than one year is measured at amortised cost, using the effective rate of interest at the reporting date.

2.8 Prepayments

The fair value of prepayments with a useful life of less than one year is measured at the amortised cost, using the effective rate of interest at the reporting date.

2.9 Interest-bearing liabilities

The notional amount of interest-bearing liabilities with a remaining life of less than one year is deemed to reflect the fair value.

2.10 Preference share liability

The notional amount of cumulative preference shares is deemed to reflect the fair value.

3. Plant and equipment

	Computer equipment R	Manufacturing structures and handling equipment R	Moulds and dies R	Office furniture and equipment R	Motor vehicles R	Shop fittings R	Total R
Group							
Cost							
Balance at 1 March 2007	**1 750 928**	**1 232 156**	**521 492**	**3 181 445**	**9 896**	**3 090 092**	**9 786 009**
Additions	233 322	207 890	6 671	38 345	75 000	1 303 095	1 864 323
Disposals	(51 730)	–	–	–	–	–	(51 730)
Balance at 29 February 2008	**1 932 520**	**1 440 046**	**528 163**	**3 219 790**	**84 896**	**4 393 187**	**11 598 602**
Balance at 1 March 2006	1 572 246	1 077 156	298 054	3 113 035	9 896	–	6 070 387
Additions	229 084	155 000	223 438	71 240	–	3 090 092	3 768 854
Disposals	(50 402)	–	–	(2 830)	–	–	(53 232)
Balance at 28 February 2007	1 750 928	1 232 156	521 492	3 181 445	9 896	3 090 092	9 786 009
Accumulated depreciation							
Balance at 1 March 2007	**1 357 208**	**640 702**	**292 935**	**2 451 042**	**3 505**	**1 047 641**	**5 793 033**
Disposals	(34 427)	–	–	–	–	–	(34 427)
Depreciation for the year	283 538	258 784	80 404	288 095	18 099	1 264 171	2 193 091
Balance at 29 February 2008	**1 606 319**	**899 486**	**373 339**	**2 739 137**	**21 604**	**2 311 812**	**7 951 697**
Balance at 1 March 2006	989 923	433 628	240 040	2 059 234	1 031	–	3 723 856
Disposals	(21 438)	–	–	(1 273)	–	–	(22 711)
Depreciation for the year	388 723	207 074	52 895	393 081	2 474	1 047 641	2 091 888
Balance at 28 February 2007	1 357 208	640 702	292 935	2 451 042	3 505	1 047 641	5 793 033
Carrying amounts							
At 29 February 2008	**326 201**	**540 560**	**154 824**	**480 653**	**63 292**	**2 081 375**	**3 646 905**
At 28 February 2007	393 720	591 454	228 557	730 403	6 391	2 042 451	3 992 976
At 28 February 2006	582 323	643 528	58 014	1 053 801	8 865	–	2 346 531

Security:

These above moveable assets have been ceded as security for banking facilities (refer note 11).

Assessment of useful lives, residual values and depreciation methods:

During the year ended 29 February 2008, the Group conducted a review of the estimated useful lives, residual values and depreciation methods of plant and equipment. There were no changes required.

4. Intangible assets

	Goodwill R	Trademarks R	Computer software R	Total R
Group				
Cost				
Balance at 1 March 2007	**13 996 651**	**200 000**	**993 716**	**15 190 367**
Additions	–	–	151 483	151 483
Disposals	–	–	–	–
Balance at 29 February 2008	**13 996 651**	**200 000**	**1 145 199**	**15 341 850**
Balance at 1 March 2006	**13 996 651**	**200 000**	**613 796**	**14 810 447**
Additions	–	–	388 676	388 676
Disposals	–	–	(8 756)	(8 756)
Balance at 28 February 2007	**13 996 651**	**200 000**	**993 716**	**15 190 367**
Accumulated amortisation				
Balance at 1 March 2007	**–**	**133 333**	**619 007**	**752 340**
Amortisation for the year	–	20 000	252 180	272 180
Balance at 29 February 2008	**–**	**153 333**	**871 187**	**1 024 520**
Balance at 1 March 2006	**–**	**113 333**	**347 471**	**460 804**
Amortisation for the year	–	20 000	271 536	291 536
Balance at 28 February 2007	**–**	**133 333**	**619 007**	**752 340**
Carrying amounts				
At 29 February 2008	**13 996 651**	**46 667**	**274 012**	**14 317 330**
At 28 February 2007	13 996 651	66 667	374 709	14 438 027
At 28 February 2006	13 996 651	86 667	266 325	14 349 643

Impairment testing of cash-generating units containing goodwill

Goodwill arose on 1 July 2005 when Verimark Holdings Limited (formerly Creditvision Holdings Limited) acquired all of the shares in Verimark (Proprietary) Limited in terms of a reverse listing. A consideration of R275 000 000, satisfied by the issue of 110 000 000 ordinary shares, was paid.

In terms of IFRS 3 Business Combinations, the legal subsidiary is recognised as the accounting parent. The financial effects of the transaction are fully disclosed in the consolidated annual financial statements. Refer to note 29 for further explanation.

For impairment testing, goodwill is allocated to the Group's operating company and accounting parent (Verimark (Proprietary) Limited) which represents the cash-generating unit within which the goodwill is monitored for internal management purposes.

This goodwill arises on consolidation in terms of reverse listing principles. Refer to note 29 for further explanation.

No impairment of goodwill has been identified in the current financial year as the cash-generating unit, Verimark (Proprietary) Limited, has been valued by the Directors at R215 938 939 as per note 5, which is in excess of the subsidiary’s net asset value.

	Company	
	2008	2007
	R	R
5. Investment in subsidiary companies		
Number of shares held		
Verimark (Proprietary) Limited	**116**	116
Creditvision Rental Finance (Proprietary) Limited	**1**	1
Percentage holding	**%**	%
Verimark (Proprietary) Limited	**100**	100
Creditvision Rental Finance (Proprietary) Limited	**100**	100
Cost of shares		
Verimark (Proprietary) Limited	**283 229 623**	283 229 623
Impairment of investment	**(67 290 684)**	–
	215 938 939	283 229 623
Creditvision Rental Finance (Proprietary) Limited	**1**	1
	215 938 940	283 229 624
Loans to subsidiary companies		
Creditvision Rental Finance (Proprietary) Limited	**38 119**	36 408
The loan is unsecured, bears no interest and has no fixed terms of repayment		
Net investment	**215 977 059**	283 266 032

The fair value of Verimark (Proprietary) Limited has been determined by the Directors as R215 938 939 using the Discounted Cashflow model.

The cashflow projection was based on the Company's actual results for the prior three years, the authorised budget for the year to February 2009, and a projection up to 2015. Except for the February 2009 budget, a growth rate in revenue of 15% was projected for 2010 to 2013. A perpetuity growth rate of 3% was used to calculate a lifetime value. A discount rate of 17,68% was used to discount future cashflows to a current value. A beta of 1.4 was used.

An impairment loss of R67 290 684 has been recognised against the cost of the investment in Verimark (Proprietary) Limited for the current financial year. This impairment is expected to reverse as the profitability of the Group is restored.

	Group		Company	
	2008	2007	**2008**	2007
	R	R	**R**	R
6. Loan receivable				
Unsecured local loans				
Motor Vision (Proprietary) Limited	**697 772**	936 742	**697 772**	936 742
Short-term portion of loan receivable	**(238 970)**	(238 970)	**(238 970)**	(238 970)
	458 802	697 772	**458 802**	697 772

The loan is unsecured, interest-free and repayable in five equal annual instalments on 30 June of each year, ending 30 June 2010.

	Group		Company	
	2008	2007	**2008**	2007
	R	R	**R**	R
7. Other receivable	**2 908 443**	–	**–**	–

A favourable judgement has been received in a particular legal matter. This matter has been taken on appeal by the plaintiff. The Directors are of the opinion that there is reasonable prospect of the appeal not being upheld. This opinion is supported by the Group's legal counsel. This amount is therefore considered to be recoverable and as such is reflected as a non-current asset.

Should the appeal be upheld, a portion of this amount would need to be written back in the following year.

A market related interest rate is chargeable on the outstanding amount and the carrying amount is therefore considered to be the fair value.

	Group		Company	
	2008	2007	**2008**	2007
	R	R	**R**	R
8. Deferred taxation asset				
Balance at beginning of year	**670 818**	–	**–**	–
Current year movement per income statement	**(49 700)**	670 818	**–**	–
– prior year underprovision	**–**	217 123	**–**	–
– net (reversing)/deductible temporary differences	**(72 832)**	453 695	**–**	–
– tax rate change	**23 132**	–		
Balance at end of year	**621 118**	670 818	**–**	–

Deferred tax comprises temporary differences arising on:

	Assets	Liabilities	Total
2008	R	R	R
– Leave pay provision	**301 755**	**–**	**301 755**
– Doubtful debt provision	**9 795**	**–**	**9 795**
– Prepayments	–	**(37 217)**	**(37 217)**
– Plant and equipment	**323 653**	**–**	**323 653**
– Tax rate change	**23 132**	**–**	**23 132**
	658 335	**(37 217)**	**621 118**
2007			
– Leave pay provision	399 355	–	399 355
– Doubtful debt provision	119 555	–	119 555
– Prepayments	151 908	–	151 908
	670 818	–	670 818

	Group		Company	
	2008	2007	**2008**	2007
	R	R	**R**	R
Unrecognised deferred tax assets				
Deferred tax assets have not been recognised in respect of the following items:				
Tax losses	**907 392**	685 900	**907 392**	685 900

As a result of the legal parent company being expected to mainly earn non-taxable income in the form of dividends in the future, a deferred tax asset has not been recognised in respect of the estimated assessable loss of R3 240 685 (2007: R2 365 174).

	Group 2008 R	Group 2007 R	Company 2008 R	Company 2007 R
9. Inventories				
Finished goods	**34 246 843**	31 318 924	**–**	–
Finished goods in transit	**6 389 304**	6 742 508	**–**	–
Impairment of inventory	**(1 272 677)**	(500 000)	**–**	–
	39 363 470	37 561 432	**–**	–

Security:
Inventory has been ceded as security for banking facilities (refer note 11).

	Group 2008 R	Group 2007 R	Company 2008 R	Company 2007 R
10. Trade and other receivables				
Trade receivables	**38 261 684**	34 612 437	**19 882**	157 142
Other receivables	**3 625 517**	2 937 876	**–**	–
Impairment of receivables	**(1 246 410)**	(549 679)	**–**	–
	40 640 791	37 000 634	**19 882**	157 142

Group

Included in trade and other receivables is a loan to a former Director, E Le Maitre, of the legal subsidiary company, being Verimark (Proprietary) Limited, amounting to Rnil (2007: R487 000). The loan was interest-free and was repaid during the current financial year (refer note 24).

Company

Included in trade and other receivables are legal expenses paid on behalf of Verimark Employee Empowerment Trust (VEET) amounting to R5 902 (2007: R132 924).

The loan is unsecured, bears no interest and is payable on demand.

Security:
Trade receivables have been ceded as security for banking facilities (refer note 11).

	Group 2008 R	Group 2007 R	Company 2008 R	Company 2007 R
11. Cash and cash equivalents				
Sanlam Collective Investments Limited	**29 145**	27 140	**–**	–
Sanlam Dividend Income Fund units. The dividends earned on the investments for the year amounted to R2 005 (2007: R462 021).				
Bank balances and cash on hand	**380 337**	214 628	**134 856**	81 947
Bank and cash balances	**409 482**	241 768	**134 856**	81 947
Bank overdraft	**(7 579 603)**	(9 743 849)	**–**	–
	(7 170 121)	(9 502 081)	**134 856**	81 947

The following security has been provided in respect of banking facilities provided to:

Company

– Unlimited cross suretyship in respect of the joint and/or several obligations of, by and between the Company and Verimark (Proprietary) Limited

Verimark (Proprietary) Limited (legal subsidiary)

– Cession of a Life Policy on MJ van Straaten with a death value of no less than R20 000 000;
– Unlimited cession of accounts receivable;
– General Notarial bond over inventory and movable assets for an amount of R10 000 000 in the bank's favour, supported by a cession of Fire and SASRIA policy.

	Group 2008 R	Group 2007 R	Company 2008 R	Company 2007 R
12. Share capital				
Authorised				
200 000 000 ordinary shares of 0,3333 cents each	**666 667**	666 667	**666 667**	666 667
Issued				
114 272 328 ordinary shares of 0,3333 cents each	**381 024**	381 024	**380 908**	380 908
4 000 000 treasury shares of 0,3333 cents each	**(13 337)**	–	**–**	–
	367 687	381 024	**380 908**	380 908
Shares				
Number of shares at beginning of year	**114 272 328**	114 272 328	**114 272 212**	114 272 212
Treasury shares held by VEET	**(4 000 000)**	–	**–**	–
Number of shares at end of year	**110 272 328**	114 272 328	**114 272 212**	114 272 212

The un-issued share capital is under the control of the Directors.

At 29 February 2008 the authorised share capital comprised 200 000 000 ordinary shares of 0,3333 cents each totalling R666 667 (2007: R666 667). The issued share capital as at 29 February 2008 was R367 687 (2007: R381 024). All issued shares are fully paid up.

	Group 2008 R	Group 2007 R	Company 2008 R	Company 2007 R
13. Share premium				
Balance at beginning of year	**37 620 827**	37 620 827	**316 702 119**	316 702 119
Repurchase of own shares (treasury shares)	**(10 890 621)**	–	**–**	–
	26 730 206	37 620 827	**316 702 119**	316 702 119
14. Preference share liability				
Proceeds from issue of redeemable preference shares	**10 903 958**	–	**–**	–
Accumulated interest	**916 728**	–	**–**	–
Carrying amount at 29 February 2008	**11 820 686**	–	**–**	–

The rights of redeemable preference shares are discussed below. Interest is calculated cumulatively at a variable rate of 78% of the Prime interest rate. The preference shares are fully repayable by the first business day following 17 March 2010.

348 variable rate cumulative redeemable non-participating preference shares with a par value of R0,01 each and a premium of R28 999,99 per share and including, without limitation, all concomitant and any outstanding preference dividend, undeclared dividends, unpaid dividends and arrear interest, as the case may be, were issued to the Van Straaten Family Trust by Selcovest 35 (Proprietary) Limited (Selcovest). The consideration received was utilised by Selcovest to purchase 4 000 000 ordinary shares in Verimark Holdings Limited. The redeemable preference shares are classified as liabilities as Selcovest (a controlled entity of the Group) cannot avoid an obligation to pay dividends declared to redeem the preference shares on redemption date. Holders of the redeemable preference shares receive a cumulative dividend which is payable at the discretion of Selcovest, resulting from dividends received by Selcovest on its investment in Verimark Holdings Limited. The ordinary shareholders of Selcovest do not have the right to retain any dividends until such time as the preference shares are fully redeemed. Thereafter the preference shares do not have the right to participate in any additional dividends declared to ordinary shareholders. The preference shares do not carry any voting rights. The investment held by VEET in Selcovest stands as a guarantee to the Van Straaten Family Trust for the redemption of the preference shares on redemption date.

	Group 2008 R	Group 2007 R	Company 2008 R	Company 2007 R
15. Interest-bearing liabilities				
Secured local loans				
Industrial Development Corporation	**81 188**	244 259	**–**	–
Loans obtained for franchisees, bearing interest at a variable contractual rate of the prime bank lending rate less 2% and repayable in 48 equal instalments, commencing and ending on various dates.				
Investec Bank Limited	**5 825 512**	5 907 642	**–**	–
The loan bears interest at prime less 2%, is secured and is repayable in the next 12 months. This loan has been secured by the residential property of a Director, MJ van Straaten.				
	5 906 700	6 151 901	**–**	–
Less: Short-term portion included in current liabilities	**5 906 700**	6 070 617	**–**	–
Investec Bank Limited	**5 825 512**	5 907 642	**–**	–
Industrial Development Corporation	**81 188**	162 975	**–**	–
	–	81 284	**–**	–
16. Amounts owing to subsidiary company				
Verimark (Proprietary) Limited	**–**	–	**6 089 630**	5 553 085
The loan is unsecured, interest-free and is repayable on demand.				
17. Trade and other payables				
Trade payables	**19 542 576**	15 822 120	**–**	**–**
Other payables	**8 816 290**	3 599 395	**217 327**	245 596
	28 358 766	**19 421 515**	**217 327**	245 596
Included in trade and other payables for the Group is an amount of R139 658 (2007: Rnil) in respect of financial guarantee contracts.				
18. Shareholders for dividend				
Dividend 26 June 2006	**29 629**	29 629	**29 629**	29 629
Dividend 4 December 2006	**12 828**	12 828	**12 828**	12 828
	42 457	42 457	**42 457**	42 457
19. Interest-free liabilities				
Unsecured loan				
MJ van Straaten – Director				
Opening balance	**605**	10 200	**–**	–
Advances	**15 575**	1 661 591	**–**	–
Repayments	**(16 180)**	(1 671 186)	**–**	–
Closing balance	**–**	605	**–**	–
The loan was unsecured, interest-free and was paid during the year.				

	Group		Company	
	2008 R	2007 R	**2008 R**	2007 R
20. Revenue				
Net invoiced sales to customers	**253 031 329**	290 257 719	**–**	–
21. Operating profit/(loss) before finance costs				
Operating profit/(loss) is arrived at after taking the following items into account:				
Amortisation on computer software	**252 180**	271 536	**–**	–
Amortisation of trademark	**20 000**	20 000	**–**	–
Auditor's remuneration	**954 383**	282 000	**–**	–
– current year	**615 883**	240 000	**–**	–
– other services	**28 500**	42 000	**–**	–
– prior year under provision	**310 000**	–	**–**	–
Bad debts expensed	**22 533**	83 750	**–**	74 856
Depreciation on plant and equipment	**2 193 091**	2 091 888	**–**	–
Directors' emoluments for services as Directors	**3 605 845**	6 400 712	**75 750**	162 000
Employee costs	**30 971 743**	34 553 216	**–**	114 236
Impairment of accounts receivable	**696 731**	499 679	**–**	–
Impairment of investment in subsidiary	**–**	–	**67 290 684**	–
Impairment on inventory	**772 677**	(250 000)	**–**	–
(Profit)/loss on sale of plant and equipment	**(6 937)**	13 616	**–**	–
Loss on sale of intangible assets	**–**	8 756	**–**	–
Operating lease charges:	**4 915 564**	4 978 610	**–**	–
– property	**3 219 428**	3 241 354	**–**	–
– vehicles	**1 411 684**	1 548 758	**–**	–
– other office equipment	**284 452**	188 498	**–**	–
Other income (refer to note 7)	**2 908 443**	–	**–**	–
Retirement benefit contributions	**1 781 441**	2 541 300	**–**	–
Number of employees	**440**	581		
22. Net finance income/(costs)				
Finance income				
Interest income	**264 147**	110 039	**–**	–
Dividend income	**2 005**	462 021	**6 284 978**	23 997 189
	266 152	572 060	**6 284 978**	23 997 189
Finance costs				
Foreign exchange losses	**(2 655 113)**	(170 353)	**–**	–
Interest expense	**(1 744 553)**	(796 284)	**–**	–
Interest on preference shares – unrealised	**(916 728)**	–	**–**	–
	(5 316 394)	(966 637)	**–**	–
Net finance (costs)/income	**(5 050 242)**	(394 577)	**6 284 978**	23 997 189

	Group 2008 R	Group 2007 R
23. Income tax expense		
South African normal taxation	**(3 178 997)**	(7 044 910)
– current year	**(3 178 997)**	(7 260 825)
– prior year over provision	**–**	215 915
Deferred taxation	**(49 700)**	670 818
– current year	**(72 832)**	453 695
– tax rate change	**23 132**	–
– prior year under provision	**–**	217 123
Secondary Tax on Companies	**(785 490)**	(2 714 109)
– current year	**(785 490)**	(2 916 635)
– prior year over provision	**–**	202 526
	(4 014 187)	(9 088 201)
Reconciliation of tax rate	**%**	%
Current year's charge as a percentage of income before taxation	**47,3**	40,6
Secondary Tax on Companies	**(9,3)**	(12,1)
Non-deductible expenditure	**(9,3)**	(0,5)
Prior year over provision	**–**	1,0
Tax rate change	**0,3**	–
Standard taxation rate	**29,0**	29,0

Provision for taxation for the Company has not been made as no taxable income was earned during the current year.

An estimated assessable loss for the Company of R3 240 685 (2007: R2 365 174) is available for set off against future taxable income.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 29 February 2008 (continued)

	Group		Company	
	2008	2007	**2008**	2007
	R	R	**R**	R
24. Related party transactions				
24.1 Identity of related parties				
Details of the Company shareholders are included on page 63.				
Details of subsidiary companies and controlled entities are disclosed in note 5 and the Directors' report.				
The Directors of the Company are disclosed in the Directors' Report.				
Key management and Directors' emoluments are disclosed in note 33.				
24.2 Related party transactions				
Loans to subsidiary companies				
Creditvision Rental Finance Proprietary) Limited – refer note 5				
Opening balance			**36 408**	252 303
Advances			**1 711**	211 063
Repayments			**–**	(426 958)
Closing balance			**38 119**	36 408
This loan is unsecured, interest-free and has no fixed terms of repayment.				
Loans from/(to) Directors and shareholders				
MJ van Straaten – refer note 19	**–**	605	**–**	–
The loan is unsecured, interest-free and is repayable on demand.				
The residential property of MJ van Straaten has been ceded as security for the loan facility obtained from Investec Bank Limited (refer note 15).				
Preference shares have been issued to the Van Straaten Family Trust by a controlled entity of the Group. Refer to note 14 for further information.				
E Le Maitre				
Opening balance	**(487 000)**	(80 000)	**–**	–
Advances	**–**	(487 000)	**–**	–
Repayments	**487 000**	80 000	**–**	–
Closing balance	**–**	(487 000)	**–**	–

Included in accounts receivable in the prior year is a loan to a former Director of the legal subsidiary – refer note 10.

The loan was interest-free and was repaid during the current financial year.

On 1 November 2006, a loan in the form of inventory and shop fittings was granted to E Le Maitre. The inventory and shop fittings related to two Company owned stores, Pavilion and Chatsworth. With effect from 1 November 2006, ownership of these stores changed hands from Verimark (Proprietary) Limited to E Le Maitre. Verimark (Proprietary) Limited provides loans, for start up costs, to franchisees in certain circumstances and this loan to E Le Maitre, immediately prior to his resignation as a Director, was considered normal business practice and was concluded on an arm's length basis. Subsequent to the 2007 year end, the loan has been repaid by E Le Maitre using a loan obtained from ABSA Bank Limited. Verimark (Proprietary) Limited stands surety for the loan. This is once again in line with Company policies.

	Group 2008 R	Group 2007 R	Company 2008 R	Company 2007 R
24. Related party transactions (continued)				
24.2 Related party transactions (continued)				
H Bonsma (retired Non-executive Director)				
Motor Vision (Proprietary) Limited	**697 772**	936 742	**697 772**	936 742
Short-term portion of loan receivable	**(238 970)**	(238 970)	**(238 970)**	(238 970)
	458 802	697 772	**458 802**	697 772
The loan was made to H Bonsma, a retired independent Non-executive Director. The loan is unsecured, interest-free and repayable in five equal annual instalments on 30 June of each year, ending 30 June 2010 – refer note 6.				
Amounts due to subsidiary company				
Verimark (Proprietary) Limited	**–**	–	**6 089 630**	5 553 085
The loan is unsecured, interest-free and is repayable on demand – refer note 16.				
Directors' purchases of goods				
MJ v Straaten	**4 298**	989	**–**	–
DN Reichenberg	**231**			
JT Motlatsi	**–**	6 579	**–**	–
M MacDonald	**2 024**	3 150	**–**	–
FPDuT Britz	**–**	18 720	**–**	–
E Le Maitre	**–**	3 996	**–**	–
	6 553	33 434	**–**	–
Sale of goods is at a discount of 67%.				
Only Directors are considered key management.				
25. Notes to the cash flow statement				
25.1 Cash generated by operations				
Profit/(loss) before taxation	**8 488 137**	22 362 069	**(61 881 217)**	22 668 619
Adjustment for				
– Depreciation on plant and equipment	**2 193 091**	2 091 888	**–**	–
– Amortisation of computer software	**252 180**	271 536	**–**	–
– Amortisation of trademark	**20 000**	20 000	**–**	–
– Impairment of investment	**–**	–	**67 290 684**	–
– Finance income	**(266 152)**	(572 060)	**(6 284 978)**	(23 997 189)
– Finance costs	**5 316 394**	966 637	**–**	–
(Profit)/loss on sale of plant and equipment	**(6 937)**	13 616	**–**	–
Loss on sale of intangible assets	**–**	8 756	**–**	–
Operating profit/(loss) before changes in working capital	**15 996 713**	25 162 442	**(875 511)**	(1 328 570)
Increase in inventories	**(1 802 038)**	(10 122 481)	**–**	–
(Increase)/decrease in trade and other receivables	**(3 640 157)**	7 705 636	**137 260**	332 026
Decrease/(increase) in prepayments	**1 502 469**	(1 139 504)	**45 625**	–
Increase/(decrease) in trade and other payables	**8 937 251**	(4 652 121)	**(28 269)**	(347 716)
	20 994 238	16 953 972	**(720 895)**	(1 344 260)

	Group 2008 R	Group 2007 R	Company 2008 R	Company 2007 R
25. Notes to the cash flow statement (continued)				
25.2 Dividends paid				
Amount owing at beginning of year	**(42 457)**	–	**(42 457)**	–
Income statement charge	**(6 284 978)**	(23 997 189)	**(6 284 978)**	(23 997 189)
Amount owing at end of year	**42 457**	42 457	**42 457**	42 457
	(6 284 978)	(23 954 732)	**(6 284 978)**	(23 954 732)
25.3 Taxation paid				
Amount prepaid/(owing) at beginning of year	**187 226**	(16 498 208)	**37 043**	62 572
Income statement charge	**(3 964 487)**	(9 759 019)	**–**	–
Amount owing/(prepaid) at end of year	**440 320**	(187 226)	**(37 043)**	(37 043)
	(3 336 941)	(26 444 453)	**–**	25 529
25.4 Cash and cash equivalents				
Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:				
Bank balances	**354 687**	197 128	**134 856**	81 947
Cash on hand	**25 650**	17 500	**–**	–
Short-term deposits	**29 145**	27 140	**–**	–
Bank overdrafts	**(7 579 603)**	(9 743 849)	**–**	–
	(7 170 121)	(9 502 081)	**134 856**	81 947
26. Retirement benefits				
The Company provides retirement benefits for all its permanent employees through defined contribution pension and provident schemes which are subject to the Pension Funds Act, 1956 as amended. The Company contributes 6,67% and employees contribute 5%.				
The total value of contributions to the above schemes were	**1 781 441**	2 541 300	**–**	–

	Group 2008 R	Group 2007 R	Company 2008 R	Company 2007 R
27. Commitments				
27.1 Future operating lease commitments entered into for the Group				
Property				
– payable within one year	**857 652**	2 875 853	**–**	–
– payable between year 2 and 5	**291 204**	487 358	**–**	–
	1 148 856	3 363 211	**–**	–
Vehicles and office equipment				
– payable within one year	**2 589 092**	1 618 514	**–**	–
– payable between year 2 and 5	**3 727 965**	1 824 541	**–**	–
	6 317 057	3 443 055	**–**	–

The Group leases various motor vehicles under operating leases which expire after 36 months or 150 000 kms – whichever comes first.

Office equipment under operating leases are leased for a period of five years and these contracts expire on various dates.

The lease for the property relates to the head office premises. The lease expires in April 2008 with an annual fixed increase in the rental charge of 11%. A new rental agreement has been entered into subsequent to year end.

	Group 2008 R	Group 2007 R	Company 2008 R	Company 2007 R
27.2 Future operating lease commitments entered into for property occupied by franchisees				
Property				
– payable within one year	**6 383 052**	5 012 887	**–**	–
– payable between year 2 and 5	**13 582 660**	10 089 366	**–**	–
	19 965 712	15 102 253	**–**	–

Verimark (Proprietary) Limited, in certain instances, enters into lease agreements with landlords for and on behalf of its franchisees. The terms and conditions of the leases, as signed by Verimark (Proprietary) Limited, are agreed to by the franchisees in terms of their individual franchise agreements. The amounts charged by the landlords are on-charged to the franchisees as appropriate. There are no capital commitments.

27.3 Advertising commitment

Verimark (Proprietary) Limited has an advertising commitment for the period from 1 July 2007 to 31 March 2008. The amount still to be expensed after the financial year end amounts to R1 256 818 (2007: R462 298).

28. Financial instruments

28.1 Overview

The Group's activities expose it to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk (including currency risk, interest rate risk and price risk)

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Risk management is carried out by the management team under policies approved by the Board of Directors, and includes the overall risk management covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and investing excess liquidity.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk policies and system are reviewed regularly to reflect changes in market conditions and the Group's activities.

28.2 Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group has no significant concentration of credit risk, due to its wide spread of customers, other than that reported on page 54.

The Group has policies to ensure that sales of products and services are made to customers with an appropriate credit history. An established credit policy exists under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review of creditworthiness includes external ratings when available and in some cases bank references.

The majority of the Group's customers are established retail houses and this further limits exposure to credit risk. More than 85% of the Group's customers have been transacting with the Group for more than five years and losses have occurred infrequently. The Group does not require collateral in respect of trade and other receivables.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures as well as provision for returns post year end, relating to pre-year end sales.

Investments

The Group limits its exposure to credit risk by investing with reputable financial institutions. Management does not expect any counterparty to fail to meet its obligations.

28. Financial instruments (continued)

28.2 Credit risk (continued)

Guarantees

The Group's policy is to provide guarantees to franchisees for start up loan finance where necessary. Guarantees are held with reputable financial institutions, thus limiting exposure to credit risk. At 29 February 2008 financial guarantees contracts to the value of R450 000 (2007: R450 000) were outstanding. The fair value recognised is discussed in note 28 on page 58.

The Group also guarantees the trading losses of franchisees where necessary and adequate accruals have been made in the accounts.

28.3 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group receives sales revenue on a monthly basis and uses it to reduce its borrowings as well as earn interest income once deposited in the bank account. The Group ensures that it has sufficient cash on demand or overdraft facilities to meet expected operational expenses, including the servicing of financial obligations. In addition the Group maintains the following lines of credit:

- Direct overdraft facility of R40 000 000 that is secured. Interest is payable at the prime lending rate.

The Group is currently in an overdraft position to the value of R7,580 million (2007: R9,744 million). The Group's credit (overdraft) facility with ABSA Bank is monitored on a daily basis and renegotiated where necessary.

The Group prepares cash flow forecasts on a regular basis to monitor cash flow and is experienced in managing cyclical flows of the Group.

The Group makes use of bankers' acceptances where necessary. In future the Group plans to use "cash against documents" instead of "letters of credit" for foreign imports.

28.4 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

The Group buys and sells derivatives in order to manage market risk. All such transactions are carried out with the guidelines of senior management as well as within Reserve Bank monetary policy guidelines. Generally the Group seeks to economically hedge its position in order to manage volatility in profit or loss.

28.5 Currency risk

The Group is exposed to currency risk on purchases that are denominated in a currency other than the functional currency of entities within the Group, the South African Rand (ZAR). The currency in which these transactions primarily are denominated is the US Dollar (USD).

The Group enters into forward exchange contracts to hedge against exposure to foreign currency transactions entered into. At any point in time the Group hedges all of its estimated foreign currency exposure in respect of forecast purchases.

The Company's foreign bank accounts are denominated in USD. These are maintained to facilitate easier purchases of transactions denominated in foreign currency.

28. Financial instruments (continued)

28.6 Interest rate risk

The Group's interest rate risk arises from borrowings. The Group generally adopts a policy of ensuring that its exposure to changes in interest rates is on a variable rate basis.

28.7 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Loan finance relates to mostly interest-bearing loans obtained from reputable financial institutions.

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which is reflected by the Group's headline earnings per share. The Board of Directors also monitors the level of dividends to ordinary shareholders.

The Board of Directors monitors the shareholder spread in order to improve investor relations.

The Board intends to benefit previously disadvantaged employees by allocating Group shares to these selected employees through the Verimark Employment Equity Trust (VEET). This trust currently holds 4% of the Group equity. No grants have as yet been made to employees in terms of this Trust. These shares are classified as Treasury shares in the Group's results.

There were no changes in the Group's approach to capital management during the year. The Group is not subject to externally imposed capital requirements.

FINANCIAL INCOME AND EXPENSE

	Group	
	2008	2007
	R	R
Recognised in profit and loss		
Total interest income on financial assets	**266 152**	572 060
Total interest expense on financial liabilities	**(5 316 394)**	(966 637)
Net finance costs	**(5 050 242)**	(394 577)

LOANS AND BORROWINGS

Terms and debt repayment schedule

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost.

28. Financial instruments (continued)

The terms and conditions of outstanding loans were as follows:

				29 February 2008		28 February 2007	
	Currency	Nominal interest rate	Year of maturity	Face value R	Carrying amount R	Face value R	Carrying amount R
Secured bank overdraft	ZAR	Prime	–	**7 579 603**	**7 579 603**	9 743 849	9 743 849
Secured bank loans	ZAR	Prime -2%	2009	**5 825 512**	**5 825 512**	5 907 642	5 907 642
IDC liabilities	ZAR	Prime -2%	2008	**81 188**	**81 188**	244 259	244 259
Redeemable preference shares	ZAR	78% of Prime	2010	**11 820 686**	**11 820 686**	–	–
Total interest-bearing liabilities				**25 306 989**	**25 306 989**	15 895 750	15 895 750

Refer to note 9 for the security provided for the bank loans.

Refer to note 14 for further information on the preference share liability and the guarantee thereon.

CREDIT RISK

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Group Carrying amount		Company Carrying amount	
	2008 R	2007 R	2008 R	2007 R
Loans and receivables	**458 802**	697 772	**458 802**	697 772
Other receivable	**2 908 443**	–	**–**	–
Short-term portion of loans receivable	**238 970**	238 970	**238 970**	238 970
Trade receivable	**38 261 684**	34 612 437	**19 882**	157 142
Other receivables	**3 625 517**	2 937 876	**–**	–
Cash and cash equivalents	**409 852**	241 768	**134 856**	81 947
	45 903 268	38 728 823	**852 510**	1 175 831

28. Financial instruments (continued)

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	Group Carrying amount 2008 R	Group Carrying amount 2007 R
Domestic	**38 261 684**	34 393 204
Foreign (USA)	**–**	219 233
	38 261 684	34 612 437

Trade receivables exclude any impairment.

The maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

	Group Carrying amount 2008 R	Group Carrying amount 2007 R
Retailer customers	**27 862 039**	25 294 426
Franchisee customers	**10 399 645**	9 318 011
	38 261 684	34 612 437

The Group's most significant customer, a domestic retailer, accounts for R13 384 706 (2007: R14 226 514) of the trade receivables carrying amount at 29 February 2008. Normal trading terms are 60 days.

Impairment losses

The aging of trade receivables at the reporting date was:

	Gross 2008	**Impairment 2008**	Gross 2007	Impairment 2007
Not past due	**30 951 142**	**–**	31 037 652	–
Past due 30 – 120 days	**3 008 309**	**–**	1 518 566	–
More than 120 days	**4 302 233**	**1 246 410**	2 056 219	549 679
Total	**38 261 684**	**1 246 410**	34 612 437	549 679

Based on historic default rates and the Group's returns policy, the Group believes that no impairment allowance is necessary in respect of receivables not past due or past due by up to 120 days. This balance includes the Group's most significant customers and relates to customers that have good trade records.

	2008 R	2007 R

28. Financial instruments (continued)

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2008 R	2007 R
Balance at 1 March	**549 679**	50 000
Impairment loss/raised	**1 199 766**	499 679
Impairment loss reversed	**(500 000)**	–
Impairment loss utilised	**(3 035)**	–
Balance at 29 February	**1 246 410**	549 679

LIQUIDITY RISK

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

	Carrying amount	Contractual cash flows	6 mths or less	6 – 12 mths	1 – 2 years
29 February 2008					
Non-derivative financial liabilities					
Secured bank loans	**5 825 512**	**6 447 695**	**912 655**	**5 535 040**	**–**
IDC liabilities	**81 188**	**100 089**	**59 081**	**41 008**	**–**
Trade and other payables	**28 358 766**	**28 358 766**	**28 358 766**	**–**	**–**
Bank overdraft	**7 579 603**	**7 579 603**	**7 579 603**	**–**	**–**
Redeemable preference shares	**11 820 686**	*****	*****	*****	*****
Derivative financial liabilities					
Other forward exchange contracts:					
Outflow	**(758 571)**	**8 597 331**	**8 597 331**	**–**	**–**
	52 907 184	**51 083 484**	**45 507 436**	**5 576 048**	**–**
28 February 2007					
Non-derivative financial liabilities					
Secured bank loans	5 907 642	6 708 091	386 156	6 321 935	–
IDC liabilities	244 259	292 102	102 608	89 405	100 089
Trade and other payables	19 421 515	19 421 515	19 421 515	–	–
Bank overdraft	9 743 849	9 743 849	9 743 849	–	–
Derivative financial liabilities					
Other forward exchange contracts:					
Outflow	(526 376)	28 287 000	28 287 000	–	–
	34 790 889	64 452 557	57 941 128	6 411 340	100 089

**Contractual cash flows cannot be determined as the holders of the redeemable preference shares receive a dividend at the discretion of Selcovest 35 (Pty) Limited, resulting from dividends received on its investment in Verimark Holdings Limited. Dividends have not been declared by Verimark and it is expected that dividend payments will resume in accordance with the current payout policy of 80% of headline earnings once the turnaround is effected.*

28. Financial instruments (continued)

CURRENCY RISK

Exposure to currency risk

The Group's exposure to foreign currency risk was as follows based on notional amounts:

	Group	
	2008	2007
	R	R
Bank and cash balances	**(5 583 951)**	(7 371 301)
Trade receivables	**–**	30 800
Trade payables	**6 658 705***	5 391 539*
Gross exposure at year end	**1 074 754**	(1 948 962)
Forward exchange contracts for future purchases	**8 597 331**	28 287 000

**Foreign trade payables are paid in advance*

The following significant exchange rates applied during the year:

	Average rate		Reporting date mid-spot rate	
	2008	2007	**2008**	2007
USD	**7,05**	6,93	**7,49**	7,14

Sensitivity analysis

A 10 percent strengthening of the South African Rand (ZAR) against the following currencies at 29 February 2008 would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2007.

	Profit or loss
29 February 2008	
USD	**108 238**
28 February 2007	
USD	194 052

A 10 percent weakening of the South African Rand (ZAR) against the above currencies at 29 February 2008 would have had an equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

INTEREST RATE RISK

Profile

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

	Group		Company	
	Carrying amount		Carrying amount	
	2008	2007	**2008**	2007
	R	R	**R**	R
Variable rate instruments				
Financial assets	**409 482**	241 768	**134 851**	81 947
Financial liabilities	**(25 306 989)**	(15 895 750)	**–**	–
	(24 897 507)	(15 653 982)	**134 851**	81 947

28. Financial instruments (continued)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2007.

	Profit or loss	
	100 bp Increase	100 bp Decrease
29 February 2008		
Variable rate instruments	**(248 981)**	**248 981**
Cash flow sensitivity (net)	**(248 981)**	**248 981**
28 February 2007		
Variable rate instruments	(156 540)	456 540
Cash flow sensitivity (net)	(156 540)	156 540

FAIR VALUES

Fair values versus carrying amounts

The fair values of financial assets and liabilities approximate the carrying amounts shown in the balance sheet and are as follows:

	29 February 2008			28 February 2007		
	Amortised cost	Loans and receivables	Non-financial instruments	Amortised cost	Loans and receivables	Non-financial instruments
Loans receivable	–	458 802	–	–	697 772	–
Other receivable	–	2 908 443	–	–	–	–
Trade and other receivables	–	40 640 791	–	–	37 000 634	–
Prepayments	132 919	–	–	1 635 388	–	–
Short-term portion of loans receivable	–	238 970	–	–	238 970	–
Bank and cash balances	409 482	–	–	241 768	–	–
Interest-bearing liabilities	–	–	–	(81 284)	–	–
Preference share liability	–	–	–	(11 820 686)	–	–
Trade and other payables	(28 358 766)	–	–	(19 421 515)	–	–
Shareholders for dividend	(42 457)	–	–	(42 457)	–	–
Short-term portion of interest-bearing liabilities	(5 906 700)	–	–	(6 070 617)	–	–
Interest-free liabilities	–	–	–	–	–	–
Bank overdraft	(7 579 603)	–	–	(9 743 849)	–	–
Taxation payable	–	–	(477 363)	–	–	–
Plant and equipment	–	–	3 646 905	–	–	3 992 976
Intangible assets	–	–	14 317 330	–	–	14 438 027
Deferred tax asset	–	–	621 118	–	–	670 818
Inventories	–	–	39 363 470	–	–	37 561 432
Prepaid taxation	–	–	37 043	–	–	187 226
Equity	–	–	(48 589 698)	–	–	(61 304 684)

28. Financial instruments (continued)

Suretyship

Verimark (Proprietary) Limited provided surety to ABSA Bank Limited (the Bank) as co-principal debtor for a franchisee, *in solidum*, for repayment on demand of any sum or sums of money which the franchisee may owe the Bank, in terms of a loan agreement entered into between the franchisee and the Bank for an amount of R450 000. The fair value of this surety is R139 658 (2007: Nil).

Guarantees

Verimark franchisees

Verimark (Proprietary) Limited guarantees the trading losses of franchisees, where necessary.

Guarantees held by Bank

ABSA Bank Limited holds guarantees by Verimark (Proprietary) Limited to the value of R1 284 337 (2007: R1 134 036) in respect of operating rentals.

Guarantee in respect of preference shares

The investment held by VEET in Selcovest 35 (Proprietary) Limited stands as a guarantee to the Van Straaten Family Trust for the repayment of the preference share liability.

29. Application of IFRS3 and reverse listing – preparation and presentation of consolidated financial statements

In a reverse acquisition, the acquirer is the entity whose equity interest has been acquired (the legal subsidiary) and the issuing entity (the legal parent) is the acquiree. Although legally the issuing entity is regarded as the parent and the entity whose equity interest has been acquired is regarded as the subsidiary, the legal subsidiary is the acquirer as it has the power to govern the financial and operating policies of the legal parent so as to obtain benefits from its activities.

Consolidated financial statements prepared following a reverse listing are issued under the name of the legal parent, but are a continuation of the financial statements of the legal subsidiary (i.e. the acquirer for accounting purposes). Because such consolidated financial statements represent a continuation of the financial statements of the legal subsidiary:

- the assets and liabilities of the legal subsidiary are recognised and measured in those consolidated financial statements at their pre-combination carrying amounts;
- the retained earnings and other equity balances recognised in the consolidated financial statements are the retained earnings and other equity balances of the legal subsidiary immediately before the business combination; and
- the amount recognised as issued equity instruments in the consolidated financial statements shall be determined by adding to the issued equity of the legal subsidiary immediately before the business combination, the cost of the combination. However the equity structure appearing in the consolidated financial statements (i.e. the number and type of equity instruments issued) reflects the equity structure of the legal parent, including the equity instruments issued by the legal parent to effect the combination.

Reverse acquisition accounting applies only in the consolidated financial statements. Therefore, in the legal parent's separate financial statements, the investment is accounted for in accordance with the requirements in IAS 27 Consolidated and Separate Financial Statements on accounting for investments in an investor's separate financial statements.

30. Segmental information

Verimark (Proprietary) Limited operates in the retail sector, but a small part of the business for the year still related to financing activities conducted by the old Creditvision company. The financing activities are deemed insignificant to the Group and therefore no segmental report is prepared.

No geographical segmental report is produced as the Company operates mainly in South Africa and exports are deemed insignificant to the Group.

	Group 2008 R	Group 2007 R
31. Earnings per share		
The calculation of basic earnings per share is based on profit after tax of R4 473 950 (2007: R13 273 868) attributable to the ordinary shareholders and a weighted average of 110 272 328 (2007: 114 272 328) ordinary shares in issue during the year.		
The calculation of headline earnings is based on the net profit attributable to ordinary shareholders of R4 467 013 (2007: R13 296 240) and a weighted average of 110 272 328 (2007: 114 272 328) ordinary shares in issue during the year.		
Profit/(loss) per financial statements	**4 473 950**	13 273 868
Adjustments:		
Loss on sale of assets	**(6 937)**	22 372
Headline earnings	**4 467 013**	13 296 240
Basic earnings per share	**4,1**	11,6
Headline earnings per share	**4,1**	11,6
Diluted basic earnings per share	**4,1**	11,6
Diluted headline earnings per share	**4,1**	11,6
There are no dilutive instruments to both shares and earnings.		

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 29 February 2008 (continued)

32. Issued but not yet effective IFRS statements

At the date of authorisation of the financial statements of Verimark Holdings Limited and its subsidiaries for the year ended 29 February 2008, the following Standards and Interpretations were in issue but not yet effective.

Standard/Interpretation		Effective date
IFRS 2	Share-based Payment: Vesting Conditions and Cancellations	Annual periods commencing on or after 1 January 2009*
IFRS 3	Business Combinations	Annual periods commencing on or after 1 July 2009*
IFRS 8	Operating Segments	Annual periods commencing on or after 1 January 2009*
IAS 1	Presentation of Financial Statements	Annual periods commencing on or after 1 January 2009*
IAS 23	Borrowing Costs	Annual periods commencing on or after 1 January 2009*
IAS 27	Consolidated and Separate Financial Statements	Annual periods commencing on or after 1 July 2009*
IAS 32	(AC 125) Financial Instruments: Presentation and IAS 1(AC) Presentation of Financial Statements: Puttable Financial Instruments and Obligations Arising on Liquidation	Annual periods commencing on or after 1 January 2009*
IFRIC 12	Service Concession Arrangements	Annual periods commencing on or after 1 January 2008*
IFRIC 13	Customer Loyalty Programmes	Annual periods commencing on or after 1 July 2008*
IFRIC 14	The Limit of a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	Annual periods commencing on or after 1 January 2008*

* *All Standards and Interpretations will be adopted at their effective date (except for those Standards and Interpretations that are not applicable to the Group).*

IFRIC 12, IFRIC 13, IFRIC 14 and IAS 23 are not applicable to the business of the Group and will therefore have no impact on future financial statements. The Directors are of the opinion that the impact of the application of the remaining Standards and Interpretations will be as follows:

IFRS 2

IFRS 2 will be adopted by the Group for the first time for its financial reporting period ending 28 February 2010 and applies retrospectively.

The amendments apply to equity-settled share-based payment transactions and clarify what are vesting and "non-vesting conditions".

Vesting conditions are now limited to service conditions (as defined in the current IFRS 2) and performance conditions. *Non-vesting conditions* are conditions that do not determine whether the entity receives the services that entitle the counterparty to a share-based payment. Non-vesting conditions are taken into account in measuring the grant date fair value and thereafter there is no "true-up" for differences between expected and actual outcomes.

These changes will have no impact on the Group's financial statements as the treatment of 'non-vesting' conditions is consistent with the Group's current accounting policies.

32. Issued but not effective IFRS statements (continued)

IFRS 3

The revised IFRS 3 will be adopted by the Group for the first time for its financial reporting period ending 28 February 2010.

IFRS 3 applies to all new business combinations that occur after 1 January 2010. For these future business combinations, the Group will change its accounting policies to be in line with the revised IFRS 3. In future all transaction costs will be expensed and contingent purchase consideration will be recognised at fair value at acquisition date. For successive share purchases, any gain or loss for the difference between the fair value and the carrying amount of the previously held equity interest in the acquiree will be recognised in profit and loss.

This change will have an impact on any future business combinations and the Group's accounting policies will be adjusted.

IFRS 8

IFRS 8 will be adopted by the Group for the first time for its financial reporting period ending 28 February 2010.

In terms of this IFRS, segment reporting will be based on the information that management uses internally for evaluating segment performance and when deciding how to allocate resources to operating segments. Such information may be different from what is used to prepare the income statement and balance sheet.

The operating segments of Verimark are the same as the current business segments based on IAS 14.

The accounting policies are the same as those disclosed in the summary of significant accounting policies.

IAS 1

IAS 1 will be adopted by the Group for the first time for its financial reporting period ending 28 February 2010.

The Group will present all non-owner changes in equity in a single statement of comprehensive income (which will include the current income statement) and owner changes in equity in the statement of changes in equity.

Reclassification adjustments and income tax relating to each component of other comprehensive income will be disclosed on the face of the statement of comprehensive income.

IAS 27

IAS 27 will be adopted by the Group for the first time for its financial reporting period ending 28 February 2010.

In accordance with IAS 27 amendments, acquisitions of additional non-controlling equity interests in subsidiaries have to be accounted for as equity transactions. Disposals of equity interests while retaining control are also accounted for as equity transactions. When control of an investee is lost, the resulting gain or loss relating to the transaction will be recognised in profit and loss.

It has always been the Group's accounting policy to treat all acquisitions of additional interests in subsidiaries, as well as disposals of interests in subsidiaries as equity transactions. The Group will, however, change its accounting policy relating to the loss of control when an equity interest is retained. In future, when control is lost, through sale or otherwise, the resulting gain or loss recognised in profit and loss will include any remeasurement to fair value of the retained equity interest.

The amendments to IAS 27 also require that losses (including negative "other comprehensive income" as detailed in the revised IAS 1) have to be allocated to the non-controlling interest even if doing so causes the non-controlling interest to be in a deficit position. The Group will in future change its accounting polices on the allocation of losses to non-controlling interests. In the past losses were allocated only until the non-controlling interests had a zero balance.

The Group has no puttable instruments.

IAS 32

The amendment to IAS 32 and IAS 1 will be adopted by the Group for the first time for its financial reporting period ending 28 February 2010.

IAS 32 requires certain puttable instruments that meet the definition of a financial liability to be classified as equity if and only if they meet the required conditions.

The Group has no puttable instruments.

33. Directors' emoluments

	Basic salary and fees R	Allowances and other benefits R	Incentive bonuses R	Pension and medical aid contributions R	Total R
28 February 2008					
Executive Directors					
Paid by subsidiary					
MJ van Straaten	**1 463 432**	**523 240**	**–**	**228 162**	**2 214 834**
DN Reichenberg *	**297 093**	**65 520**	**–**	**61 747**	**424 360**
FDDuT Britz **	**34 491**	**22 172**	**–**	**8 062**	**64 725**
M MacDonald (1)	**532 415**	**177 051**	**–**	**116 710**	**826 176**
	2 327 431	**787 983**	**–**	**414 681**	**3 530 095**
Non-executive Directors					
Paid by Company					
JM Pieterse	**29 000**	**290**	**–**	**–**	**29 290**
JT Motlatsi	**46 000**	**460**	**–**	**–**	**46 460**
	75 000	**750**	**–**	**–**	**75 750**
Total	**2 402 431**	**788 733**	**–**	**414 681**	**3 605 845**
28 February 2007					
Non-executive Directors					
Paid by subsidiary					
MJ van Straaten	1 349 408	645 926	800 000	209 413	3 004 747
FDDuT Britz	554 498	15 116	349 000	290 989	1 209 603
M MacDonald	452 915	128 921	258 500	99 896	940 232
E Le Maitre ***	477 685	148 199	351 400	106 846	1 084 130
	2 834 506	938 162	1 758 900	707 144	6 238 712
Non-executive Directors					
Paid by Company					
HW Bonsma ****	32 000	–	–	–	32 000
JM Pieterse	65 000	–	–	–	65 000
JT Motlatsi	65 000	–	–	–	65 000
	162 000	–	–	–	162 000
Total	2 996 506	938 162	1 758 900	707 144	6 400 712

(1) Director of the subsidiary Verimark (Proprietary) Limited
** Appointed 11 October 2007*
*** Resigned 23 March 2007*
**** Resigned 17 November 2006*
***** Resigned 22 June 2006*
Refer to note 24 for additional disclosure on transactions with Directors.

SHAREHOLDER SPREAD

as at 29 February 2008

	Number of holders	% of holders	Number of shares	% of issued shares
Public shareholders				
Individual	885	86,85	14 928 645	13,06
Banks and nominees	58	5,69	12 499 244	10,94
Companies and other corporates	60	5,89	13 080 668	11,45
Investment trusts and pension funds	14	1,37	13 263 771	11,61
Non-public shareholders				
Directors	2	0,20	60 500 000	52,94
Total	1 019	100,00	114 272 328	100,00
Size of shareholding				
Public				
1 – 10 000	707	69,38	1 624 260	1,42
10 001 – 50 000	226	22,18	4 238 286	3,71
50 001 – 100 000	58	5,69	10 332 789	9,04
100 001 – 1 000 000	16	1,57	1 150 000	1,01
1 000 001 and over	10	0,98	36 346 993	31,81
Non-public				
1 – 10 000	0	0,00	0	0,00
10 001 – 50 000	0	0,00	0	0,00
50 001 – 100 000	0	0,00	0	0,00
100 001 – 1 000 000	0	0,00	0	0,00
1 000 001 and over	2	0,20	60 580 000	53,01
Total	1 019	100,00	114 272 328	100,00

MAJOR SHAREHOLDERS

The Van Straaten Family Trust and Prime Rental CC hold 53% of the issued share capital of the Company. The beneficiaries of the trust and the members of the close corporation are the CEO, MJ van Straaten and his family.

To the best of the Directors' and the Company's knowledge, the following shareholders hold 5% or more of the Company's issued share capital. No changes occurred between the end of the financial year (ended 29 February 2008) and the date of posting of the annual report.

Beneficial shareholders holding 5% or more	% held	Shares
Van Straaten Family Interests	52,9%	60 500 000
Mirror Ball Investments 49 (Proprietary) Limited t/a Teba Development	6,6%	7 500 000
Barclays Bank Plc Mauritius	5,0%	5 729 139

SHAREHOLDERS' DIARY

Financial year end	Friday, 29 February 2008
Announcement of annual results	Friday, 16 May 2008
Announcement of interim results	On or about Thursday, 13 November 2008
Annual General Meeting	Thursday, 3 July 2008
Interim Dividend Declaration	On or about Thursday, 13 November 2008
Final Dividend Declaration	Thursday, 15 May 2008

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of Verimark Holdings Limited will be held at 11:00 on Thursday, 3 July 2008 at the offices of the Company, 67 CR Swart Drive, Cnr Freda Road, Bromhof Extension 48, Randburg, 2194 to conduct the following business:

Ordinary business

1. Ordinary Resolution Number 1

To receive and adopt the audited annual financial statements of the Group for the financial year ended 29 February 2008, including the Directors' report and the report of the auditors therein.

2. Ordinary Resolution Number 2

To authorise the Directors to re-appoint KPMG Inc. as independent auditors of the Company and to appoint Mrs Charmaine Swart, being a member of KPMG, as the individual registered auditor who will undertake the audit of the Company, for the ensuring period terminating on the conclusion of the next annual general meeting of the Company and to authorise the Directors to fix the auditors' remuneration for the past year.

3. Ordinary Resolution Number 3

To re-elect Messrs Michael van Straaten and Johann Pieterse who in accordance with the provisions of the Company's articles of association, retire by rotation at the Annual General Meeting, but, being eligible, offer themselves for re-election.

Messrs van Straaten and Pieterse's abbreviated *curriculum vitae* is set out on page 4 of the annual report.

4. Ordinary Resolution Number 4

Resolved that Mr Daniel Reichenberg, who was appointed as the Financial Director during the financial year, be appointed in terms of the provisions of the articles of association of the Company.

Mr Reichenberg's abbreviated *curriculum vitae* is set out on page 4 of the annual report.

5. Ordinary Resolution Number 5

To approve the fees of the Non-executive Directors for the year ended 29 February 2008 as contained on page 62 of the annual financial statements.

During the year non-executive fees were paid to the Non-executive Directors for services rendered. Shareholders are being asked to approve these fees.

Special business

In addition, members will be requested to consider, and if approved, to pass the following ordinary resolutions:

6. Ordinary Resolution Number 6

"To renew the Directors' general authority that all the unissued shares in the capital of the Company be placed under the control of the Directors (which shall be limited in aggregate to 10 per cent of the Company's shares in issue at 29 February 2008) at their discretion until the next annual general meeting of the Company as a general authority in terms of sections 221 and 222 of the Companies Act 61, 1973, as amended (the Act), subject to the provisions of the Act and the Listings Requirements of the JSE Limited."

7. Ordinary Resolution Number 7

"To renew the authority that, pursuant to the articles of association of the Company and subject to the Act and the Listings Requirements of the JSE, the Directors of the Company be and are hereby authorised, by way of a general authority, to allot and issue ordinary shares for cash on the following basis:

- that this authority shall not be extended beyond 15 months from the date of this annual general meeting; [5.50 (b)]
- that in the event of a five percent or more issue, a paid press announcement giving full details, including the impact on the Company's net asset value and its earnings per share, will be published at the time of issue; [11.22]

- that issues in the aggregate in any one financial year will not exceed 15 percent of the Company's issued shares, the number that may be issued being determined in accordance with sub-paragraph 5.52 (c) of such Requirements; and [5.52 (c)]
- that the maximum discount at which shares will be issued will be 10 percent of the weighted average traded price of the shares measured over the 30 business days prior to the date that the price of the issue is determined or agreed by the Directors [5.52 (d)]
- that the relevant shares to be issued under such authority must be of a class already in issue [5.52(a)]; and
- that any issue will only be made to public shareholders and not to any related parties, as defined in the Listings Requirements [5.52 (b)].

The approval of a 75 percent majority of votes cast in favour of Ordinary Resolution Number 7 is required by all shareholders present or represented by proxy at the Annual General Meeting. [5.52(e)]

8. Special resolution

That the Company hereby approves, as a general approval contemplated in the Companies Act 61 of 1973 ("Act"), the repurchase of shares from time to time, either by the Company itself or by its subsidiaries, of the Company's issued shares, upon such terms and conditions and in such amounts as the directors of the Company may from time to time decide, subject however to the provisions of the Act and the Listings Requirements of the JSE Limited ("JSE"), it being recorded that in terms of the Listings Requirements of the JSE, general repurchases of the Company's shares can only be made subject to the following:

8.1 that the Company and its subsidiaries are enabled by their articles of association to repurchase such shares; [5.72 (b)]

8.2 that the repurchase of shares be effected through the order book operated by the JSE trading system and be done without any prior understanding or arrangement between the Company and the counter party; [5.72 (a)]

8.3 that the Company and its subsidiaries are authorised by its members in terms of a special resolution taken at general meetings, to make such general repurchases, such authorisation being valid only until the next annual general meetings or for 15 months from the date of this special resolution, whichever is the earlier date; [5.72 (c)]

8.4 that an announcement be made giving such details as may be required in terms of the Listings Requirements of the JSE when the Company has cumulatively repurchased three percent of the initial number (the number of that class of share in issue at the time that the general authority is granted) of the relevant class of shares and for each three percent in aggregate of the initial number of that class acquired thereafter; [5.79]

8.5 at any one time the Company may only appoint one agent to effect any repurchase on the Company's behalf; [5.72 (e)]

8.6 the repurchase of shares will not take place during a prohibited period and will not affect compliance with the shareholders' spread requirements as laid down by the JSE; [5.72 (g) (f)]

8.7 the repurchase of shares shall not, in the aggregate, in any one financial year, exceed 20% of the Company's issued share capital and a maximum of 10% in aggregate of the Company's issued share capital that may be repurchased in terms of the Act, by the subsidiaries of the Company, at the time this authority is given; [5.68]

8.8 the repurchase of shares may not be made at a price greater than 10% above the weighted average traded price of the market value of the shares as determined over the five business days immediately preceding the date on which the transaction is effected. [5.72 (d)]

The reason for this special resolution is to grant the Company and its subsidiaries a generally authority to repurchase the Company's shares by way of open market transactions on the JSE, subject to the Act and the Listings Requirements of the JSE.

The effect of this special resolution would be that the Company and its subsidiaries will have been authorised generally to repurchase the Company's shares on the open market, subject to the Act and the Listings Requirements of the JSE.

At the present time the directors have no specific intention with regard to the utilisation of this authority, which will only be used if the circumstances are appropriate.

NOTICE OF ANNUAL GENERAL MEETING
(continued)

Disclosures required in terms of the Listings Requirements of the JSE

In terms of the Listings Requirements of the JSE, the following disclosures are required with reference to the repurchase of the Company's shares as set out in the special resolution above:

Working capital statement

The directors are of the opinion that, after considering the effect of the maximum repurchase permitted and the maximum general payments to shareholders, for a period of 12 months after the date of this notice of annual general meeting:

- the Company and the Group will be able, in the ordinary course of business, to pay its debts;
- the assets of the Company and the Group will be in excess of the liabilities of the Company and the Group, recognised and measured in accordance with the accounting policies used in the latest annual financial statements;
- the share capital and reserves of the Company and the Group will be adequate for ordinary business purposes; and
- the working capital resources of the Company and the Group will be adequate for ordinary business purposes.

Litigation statement

Other than disclosed or accounted for in this annual report, the directors of the Company, whose names are given on page 4 of this annual report, are not aware of any legal or arbitration proceedings, pending or threatened against the Group, which may have or have had, in the 12 months preceding the date of this notice of annual general meeting, a material effect on the Group's financial position.

Directors' responsibility statement

The directors, whose names are given on page 4 of this annual report, collectively and individually, accept full responsibility for the accuracy of the information pertaining to the above special resolution and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the above special resolution contains all information required.

Material changes

Other than the facts and developments reported on in this annual report, there have been no material changes in the affairs, financial or trading position of the Group since the signature date of this annual report and the posting date thereof.

The following further disclosures required in terms of the Listings Requirements of the JSE are set out in accordance with the reference pages in the annual report of which this notice forms part:

Directors and management (Refer to page 4)
Major shareholders of the Company (Refer to page 63)
Directors' interests in the Company's shares (Refer to page 24)
Share capital (Refer to page 42)

Voting and attendance

Certificated shareholders

Shareholders wishing to attend the annual general meeting have to ensure beforehand with the transfer secretaries of the Company that their shares are in fact registered in their name. Should this not be the case and the shares are registered in another name, or in the name of a nominee company, it is incumbent on shareholders attending the meeting to make the necessary arrangements with that party to be able to attend and vote in their capacity.

A shareholder entitled to attend and vote at the annual general meeting is entitled to appoint a proxy or proxies to attend, speak and, on a poll, vote in his/her stead. A proxy need not be a shareholder of the Company.

For the convenience of registered shareholders of the Company, a form of proxy is enclosed herewith, containing detailed instructions in this regard.

Uncertificated shareholders

Beneficial owners of dematerialised shares who wish to attend the annual general meeting have to request their Central Securities Depository Participant (CSDP) or broker to provide them with a letter of representation, or they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker.

Proxies

The instrument appointing a proxy and the authority (if any) under which it is signed must reach the transfer secretaries of the Company at the address given below, by no later than 11:00 on Tuesday, 1 July 2008. On a poll, ordinary shareholders will have one vote in respect of each share held.

By order of the Board
Verimark Holdings Limited

Daniel Reichenberg
Company Secretary

Johannesburg
15 May 2008

Designed by motiv
Printed by INCE

FORM OF PROXY

VERIMARK HOLDINGS LIMITED
(Registration number 1998/006957/06)
JSE Share Code: VMK ISIN Code: ZAE000068011

ANNUAL GENERAL MEETING

NB: THIS FORM OF PROXY IS FOR USE BY SHAREHOLDERS HOLDING SHARE CERTIFICATES AND SHAREHOLDERS WHO HAVE DEMATERIALISED THEIR SHARE CERTIFICATES AND HAVE ELECTED "OWN NAME" REGISTRATION THROUGH A CENTRAL SECURITIES DEPOSITORY PARTICIPANT ("CSDP") OR BROKER, AT THE ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD AT 11:00 ON THURSDAY, 3 JULY 2008

If you are a shareholder entitled to attend and vote at the abovementioned annual general meeting you can appoint a proxy to attend, vote and speak in your stead. A proxy need not be a shareholder of the Company.

If you are a shareholder and have dematerialised your share certificate through a CSDP or broker, and have not selected own name registration in the sub-register maintained by a CSDP, you must not complete this form of proxy but must instruct your CSDP or broker to issue you with the necessary authority to attend the annual general meeting, or if you do not wish to attend, you may provide your CSDP or broker with your voting instructions in terms of the custody agreement entered into with your CSDP or broker.

I/We

(Name in block letters)

of

(Address in block letters)

being a member/members of Verimark Holdings Limited and entitled to votes, hereby appoint

1. or failing him/her

2. or failing him/her

the Chairman of the meeting

as my/our proxy to act for me/us at the Annual General Meeting, to be held at 11:00 on Thursday, 3 July 2008, at the offices of the Company, 67 CR Swart Drive, Cnr Freda Road, Bromhof Extension 48, Randburg, 2194 and at any adjournment thereof, as follows:

	Number of Verimark Shares		
	In favour	Against	Abstain
Ordinary Resolution Number 1 To receive and adopt the audited annual financial statements for the year ended 29 February 2008			
Ordinary Resolution Number 2 To re-appoint KPMG as independent auditors			
Ordinary Resolution Number 3.1 To re-elect Mr M van Straaten who retires by rotation in terms of the Company's Articles of Association			
Ordinary Resolution Number 3.2 To re-elect Mr J Pieterse who retires by rotation in terms of the Company's Articles of Association			
Ordinary Resolution Number 4 To confirm Mr D N Reichenberg's appointment as Director			
Ordinary Resolution Number 5 To approve the fees of the Non-executive Directors			
Ordinary Resolution Number 6 Authority to place unissued shares under the control of the Directors			
Ordinary Resolution Number 7 General authority to issue shares for cash			
Special Resolution General authority to repurchase shares			

Please read the instructions on the reverse side of this form of proxy.

FORM OF PROXY – INSTRUCTIONS

1. On a poll a shareholder is entitled to one vote for each share held.
2. Forms of proxy must be lodged at, posted to or faxed to Computershare Investor Services (Pty) Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107 Fax +27 11 688 5238), by no later than 11:00 on Tuesday, 1 July 2008.
3. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided, with or without deleting the words "the Chairman of the annual general meeting". Any such deletion must be individually initialled by the shareholder, failing which it will not have been validly effected. The person present at the annual general meeting whose name appears first on the form of proxy and has not been deleted shall be entitled to act as proxy to the exclusion of the persons whose names follow.
4. Any alterations or corrections to this form of proxy have to be initialled by the relevant signatory(ies).
5. Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder (s) of the Company) to attend, speak and vote (either on a poll or by show of hands) in place of that shareholder at the annual general meeting.
6. Voting instructions for each of the resolutions must be completed by filling the number of votes (one per ordinary share) under the "In Favour", "Against" or "Abstain" headings on the form of proxy. If no instructions are filled in on the form of proxy, the Chairman of the annual general meeting, if the Chairman is the authorised proxy, or any other proxy shall be authorised to vote in favour of, against or abstain from voting as he/she deems fit.
7. A shareholder or his/her proxy is entitled but not obliged to vote in respect of all the ordinary shares held by the shareholder. The total number of votes for or against the ordinary and special resolutions and in respect of which any abstention is recorded may not exceed the total number of shares held by the shareholder.
8. Documentary evidence establishing the authority of a person signing this form must be attached to this form of proxy unless previously recorded by the transfer secretaries of the Company or waived by the Chairman of the annual general meeting.
9. This form of proxy is to be completed only by those shareholders who either still hold shares in a certificated form, or whose shares are recorded in their "own name" in electronic form in the sub-register.
10. Shareholders whose dematerialised shares are held in the name of a nominee and wish to attend the annual general meeting must contact their Central Securities Depository Participant (CSDP) or broker who will furnish them with the necessary letter of authority to attend the annual general meeting. Alternatively, they have to instruct their CSDP or broker as to how they wish to vote. This has to be done in terms of the agreement between the shareholder and the CSDP or the broker.
11. Shareholders who wish to attend and vote at the meeting must ensure that their letters of authority from their CSDP or broker reach the transfer secretaries not later than 11:00 on Tuesday, 1 July 2008.
12. The completion and lodging of this form of proxy does not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person to the exclusion of any proxy appointed by the shareholder.
13. The Chairman of the annual general meeting may accept or reject any form of proxy which is completed and/or received other than in accordance with these instructions, provided that he shall not accept a proxy unless he is satisfied as to the manner in which a shareholder wishes to vote.

Transfer secretaries' office

Computershare Investor Services (Proprietary) Limited
70 Marshall Street, Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)