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THE BOARD ASKED THAT AECI'S BUSINESSES "MAINTAIN MARKET SHARE AND MARGINS THROUGH CONTINUED EXCELLENT SERVICE". OVERALL, MARKET SHARE WAS AT LEAST MAINTAINED AND WAS INCREASED IN SOME INSTANCES. ALTHOUGH CHEMSERVE'S MARGINS WERE DEPRESSED IN THE FIRST SIX MONTHS, PERFORMANCE IN THE SECOND HALF WAS MORE IN LINE WITH THAT OF PREVIOUS YEARS. AEL ALSO IMPROVED ITS MARGINS AND GREW MARKET SHARE THANKS TO ITS INTERNATIONAL EXPANSION.

ANNUAL FINANCIAL STATEMENTS

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The following conversion guide is provided to facilitate the interpretation of this report.

Foreign currencies	2009 (R)	2008 (R)
At 31 December one foreign unit was worth approximately:		
Euro	10,63	13,20
Japanese yen	0,08	0,10
Pound sterling	11,89	13,58
Swiss franc	7,16	8,87
US dollar	7,38	9,37

INDEPENDENT AUDITORS' REPORT

To the shareholders of AECI Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the Group annual financial statements and the annual financial statements of AECI Limited, which comprise the statements of financial position at 31 December 2009, and the income statements, the statements of comprehensive income, the statements of changes in equity and statements of cash flow 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 104 to 171 and 98 to 101 respectively.

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, No. 61 of 1973, as amended. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these 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, the financial statements present fairly, in all material respects, the consolidated and separate financial position of AECI Limited at 31 December 2009, 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, No. 61 of 1973, as amended.

KPMG Inc.

Registered auditor



Per N van Niekerk

Chartered Accountant (SA)

Registered auditor

Director

85 Empire Road, Parktown, 2193, Johannesburg

30 March 2010

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The following reports and statements have been approved by the Board of directors:

Values and profile
Corporate governance
Review of operations
Corporate citizenship
Directors' report
Audit and Risk Committee's report
Remuneration report
Basis of reporting
Significant accounting policies
Statements of financial position
Income statements
Statements of comprehensive income
Statements of changes in equity
Statements of cash flow
Notes to the statements of cash flow
Notes to the financial statements

For and on behalf of the Board



Fani Titi

Chairman



Graham Edwards

Chief executive
Woodmead, Sandton

30 March 2010

DECLARATION BY THE COMPANY SECRETARY

I hereby confirm that AECI Limited has lodged with the Registrar of Companies all such returns in respect of the year under review, as are required of a public company, in terms of the Companies Act, No. 61 of 1973, as amended, and that all such returns are, to the best of my knowledge and belief, true, correct and up-to-date.



EA Rea

Acting Company secretary
Woodmead, Sandton

30 March 2010

DIRECTORS' REPORT

The directors have pleasure in submitting their report together with the Group and Company annual financial statements for the year ended 31 December 2009.

NATURE OF BUSINESS

AECI is a specialty product and services Group of companies which provides value-adding solutions to customers through science, technology and industry knowledge. The focus is on serving the mining and manufacturing sectors and in 2009 the Group invested a further R1 billion of the R2 billion strategic capital programme in capital projects to enhance its future growth in these areas.

By the end of 2009, all significant projects were mechanically complete. Commissioning had been concluded or was in progress. Although the projects relate mainly to the mining sector, capital was also invested to augment the Group's ability to service consumer-driven markets.

AECI's core businesses serve global and regional markets. They are characterised by application know-how and service delivery, operate in niche markets, and are supported by leading international technology alliances.

Principal manufacturing sites are located in South Africa, near Johannesburg (explosives and mining services, provided by AEL Mining Services, and specialty chemicals provided by Chemical Services).

Chemical Services, which comprises 20 separate operations, also has a major site near Durban as well as a number of smaller sites country-wide. Its mining chemicals thrust is anchored in Senmin, which operates at Sasolburg in the Free State.

AEL Mining Services and Chemical Services have expanded their presence beyond South Africa. Both businesses continue to explore opportunities to take their products and service packages to niche markets in countries beyond their traditional areas of activity.

AEL Mining Services has a presence in 23 countries. It is well established across the African continent and, in line with the company's international strategy,

business in its South East Asian hub made pleasing progress in 2009, particularly in Indonesia. In the year, the company's excellent technology and product position in initiating systems and bulk explosives enabled it to enter into mutually beneficial channel partnerships with leading regional explosives players in Europe and in South America.

Chemical Services has established a stable presence in Brazil and more acquisitions continue to be sought using the existing investment as a platform for growth. To an increasing degree, opportunities in other territories in Southern Africa and beyond are being explored.

In addition to its core businesses, the Group has a most valuable land asset, the release of which it manages carefully. The property activities are managed by Heartland and this company seeks to optimise the value of the property holdings surplus to AECI's operational requirements by selling land and by selectively investing in revenue-producing buildings in order to grow an existing portfolio of properties.

The land holdings are significant and are located in prime locations near Johannesburg and Cape Town. More than 2 000 hectares of excess land are available for redevelopment over the next 15 to 20 years for residential, commercial and industrial end uses and for leasing purposes.

SANS Technical Fibers, in the USA, is the Group's fourth business.

GROUP RESULTS

The activities and results of the Group have been reviewed on pages 30 to 91 of this annual report.

GOING CONCERN

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

BORROWING POWERS

In terms of its articles of association, the Company has unlimited borrowing powers.

ACCOUNTING POLICIES

The audited annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretation in line with the International Accounting Standards Board (IASB), the Listings Requirements of the JSE Limited (JSE) and the Companies Act, No. 61 of 1973, as amended, are consistent with those applied at 31 December 2008 and at 30 June 2009.

INDEPENDENT AUDITORS

The independent auditors, KPMG Inc., will be recommended for re-appointment at the forthcoming annual general meeting. Mr N van Niekerk will be recommended for re-appointment as the individual designated auditor who will undertake the audit of the Company for the ensuing year. All non-audit services provided by KPMG Inc. are tabled at and approved by the Audit and Risk Committee.

SHARE CAPITAL AND SHARE PREMIUM

The issued ordinary share capital of the Company, at 31 December 2009, was 119 135 869 (2008: 118 846 986).

288 883 ordinary shares were issued during the year. The shares were issued to shareholders who elected to receive scrip in terms of ordinary dividend No. 151 at par value.

The Company also has in issue 3 000 000 5,5% cumulative preference shares of R2 each.

Details of the share premium and the movements during the year are provided in note 12 on page 135 of the annual financial statements.

STRATE

Dematerialisation of the Company's issued shares commenced in July 2001. Shares still in paper form are no longer good for delivery and will require to be dematerialised before participation in any transaction. Shareholders may direct any enquiries in this regard to the Company's transfer secretaries on telephone number +27 0861 100 950 in South Africa or +44 0870 889 3176 in the United Kingdom.

DIVIDENDS TO ORDINARY AND PREFERENCE SHAREHOLDERS

A final cash dividend of 62 cents per share was declared on 22 February 2010 and is payable on 19 April 2010.

Details of the dividends declared and paid on the Company's ordinary and preference shares during the 2009 financial year are set out in note 25 on page 145 to the annual financial statements.

DIRECTORATE AND SECRETARY

Details of the directorate and secretary of the Company, at the date of this report, are shown on pages 18 to 22 of this annual report.

In terms of Section 22.4 of the Company's articles of association, Ms Z Fuphe and Messrs MJ Leeming and F Titi retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

Changes to the Board and Company secretary:

- Ms A Kennedy resigned as Company secretary with effect from 31 March 2009. Mr EA Rea was appointed Acting Company secretary with effect from 1 April 2009;
- Mr AC Parker resigned from the Board as an independent non-executive director with effect from 31 December 2009;
- Mr FPP Baker will retire as an executive director on the Board on 31 March 2010.

DIRECTORS' REPORT

(continued)

DIRECTORS' AND COMPANY SECRETARY'S INTERESTS IN SHARES

	Number of shares		Number of shares	
	2009 Direct	2009 Indirect	2008 Direct	2008 Indirect
Executive directors				
FPP Baker ¹	2 500	–	2 500	–
GN Edwards	2 010	–	2 000	–
	4 510	–	4 500	–
Non-executive directors				
S Engelbrecht	46 629	600	46 623	600
MJ Leeming	2 500	7 000	2 500	7 000
LC van Vught ²			6 000	5 500
	49 129	7 600	55 123	13 100
	53 639	7 600	59 623	13 100

1 Retiring on 31 March 2010.

2 Retired on 31 December 2008.

At 31 December 2009, the directors and their associates (as defined in terms of the JSE Listings Requirements) had direct and indirect beneficial interests in the share capital of the Company as set out in the table above. There have been no changes in the above interests between the end of the financial year and the date of this report.

In addition to the above, certain directors have been allocated share options as detailed in note 31 to the financial statements.

MAJOR SHAREHOLDERS

Details of the interests of shareholders who are directly or indirectly beneficially interested in 3% or more of the Company's capital, are included on pages 12 to 17 of this annual report.

SUBSIDIARIES AND JOINT VENTURES

Details of each trading subsidiary and joint venture are set out in note 35 on pages 170 and 171 and in note 34 on page 169 of this annual report, respectively.

The aggregate net profits and losses, after tax, of subsidiaries and joint ventures attributable to the Company for 2009 were as follows:

Profits: R554 million (2008: R579 million).
Losses: R207 million (2008: R237 million).

SPECIAL RESOLUTION

The Company passed the following special resolution at the annual general meeting held on 25 May 2009:

- to grant the directors the general authority to buy back a maximum of 5% of the Company's issued shares.

MATERIAL CHANGES

There have been no material changes in the financial or trading position of the Company and its subsidiaries since 31 December 2009.

MAJOR CAPITAL EXPENDITURE

The Group made total additions to its property, plant and equipment of R1 150 million (2008: R1 005 million) in the past financial year.

LITIGATION STATEMENT

The directors are not aware of any litigation or arbitration proceedings, including proceedings that are pending or threatened, that may have or had in the recent past, being at least the previous 12 months, a material effect on the Company's financial position.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors whose names appear on pages 18 to 20 of this annual report collectively and individually accept full responsibility for the accuracy of the information given 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 this statement contains all information required by law and the JSE Listings Requirements.

The directors acknowledge that their responsibility includes:

- designing, implementing and maintaining internal controls relevant to the presentation 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.

INTERESTS OF DIRECTORS AND OFFICERS

During 2009, no contracts were entered into in which directors and officers of the Company had an interest and which significantly affected the business of the Company. The directors had no interests in any third party or company responsible for managing any of the business activities of AECI.

REMUNERATION AND EMPLOYEE INCENTIVE PARTICIPATION SCHEMES

Full details regarding directors' remuneration and the Group's long-term incentive schemes are disclosed in notes 30 and 31 on pages 157 to 166 of this annual report.

AUDIT AND RISK COMMITTEE'S REPORT

IN TERMS OF SECTION 270A(1)(F) OF THE COMPANIES ACT, NO. 61 OF 1973, AS AMENDED ("THE ACT")

The Audit and Risk Committee comprised the following independent non-executive directors during the 2009 financial year and at the date of this report:

- MJ Leeming (chairman)
- RMW Dunne
- LM Nyhonyha

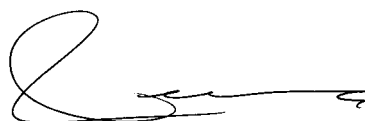
The Audit and Risk Committee reports that it has adopted appropriate formal terms of reference as its Audit and Risk Committee mandate, and has regulated its affairs in compliance with this mandate, and has discharged all of the responsibilities set out therein.

The Audit and Risk Committee considered the matters set out in Section 270A(5) of the Act, as amended by the Corporate Laws Amendment Act, and is satisfied with the independence and objectivity of KPMG Inc. as external auditors and Mr N van Niekerk as the designated auditor. The Audit and Risk Committee further determined the fees to be paid to KPMG Inc. and its terms of engagement and pre-approved any proposed contract with KPMG Inc. for the provision of non-audit services to the Company.

As required by the JSE Listings Requirement 3.84(h), the Audit and Risk Committee has satisfied itself that the chief financial officer has the appropriate expertise and experience.

The Audit and Risk Committee is satisfied that there was no material breakdown in the internal accounting controls during the financial year. This is based on the information and explanations given by management and the Group internal audit function as well as discussions with the independent external auditors on the results of their audits.

The Audit and Risk Committee has evaluated the financial statements of AECI Limited and the Group for the year ended 31 December 2009 and, based on the information provided to the Audit and Risk Committee, considers that the Group complies, in all material respects, with the requirements of the Act and International Financial Reporting Standards.



MJ Leeming

Chairman
Audit and Risk Committee

30 March 2010

REMUNERATION REPORT

The remuneration philosophy endorsed by the Remuneration Committee and the Board is to set basic salary and benefits in line with market norms whilst rewarding excellent performance through generous short- and longer-term incentives. For all employees and executives, basic salary is managed in relation to market median, having regard to individual performance against defined objectives. Benefits such as travel allowances and contributions to retirement and medical funds are maintained at market-competitive levels.

EXECUTIVE DIRECTORS AND SENIOR MANAGERS

For executives and senior management, an annual incentive bonus is provided with awards dependent partly on strategic delivery and partly on the achievement of defined financial targets over a three-year period. These targets incorporate a required rate of real growth in either or both operating profit after tax and headline earnings per share. The proportion of basic salary which may be earned as an annual bonus varies according to the position of each individual. In terms of current guidelines, full attainment of financial targets and strategic objectives gives rise to a bonus of 50% for the chief executive and between 40% and 50% for executive directors and the leaders of operating businesses. Outperformance of financial targets yields a higher percentage bonus. Bonuses are uncapped at present but this will be reviewed in 2010. The Remuneration Committee approves bonuses before payment.

Executives and senior management also participate either in a share option scheme, as approved by shareholders in 2001, or in a benefit unit scheme which emulates the performance of share options. These schemes are intended to align the longer-term interests of executives with those of shareholders. In 2003, the Remuneration Committee approved an earnings-per-share-based scheme that supplements the existing option scheme and links long-term executive wealth accumulation more directly to the actual financial performance of the Company.

Details of the remuneration earned and share options held by executive directors are disclosed in notes 30 and 31 to the financial statements.

NON-EXECUTIVE DIRECTORS

The Board applies principles of good corporate governance relating to directors' remuneration and also keeps abreast of changing trends. Governance of directors' remuneration is undertaken by the Remuneration Committee.

The remuneration of non-executive directors is determined by the Company's shareholders in general meeting, acting pursuant to a recommendation of the Board acting, in turn, pursuant to a recommendation of the Executive Committee.

The Remuneration Committee takes cognizance of market norms and practices, as well as the additional responsibilities placed on Board members by new legislation and corporate governance principles.

Independent non-executive directors do not have service contracts and are not members of the Group's pension schemes. The Company does not grant options or shares to non-executive directors. Non-executive directors receive an annual fee for their contribution. The annual fee comprises a base retainer fee and, where applicable, a committee membership fee. Fees are not dependent on individual attendance at meetings. Full details are set out in note 30.

The Group pays for all travel and accommodation expenses incurred by directors to attend Board meetings and visits to Company businesses. Details of the emoluments paid to non-executive directors are given in note 30 to the financial statements.

No non-executive director has an employment contract with the Company.

BASIS OF REPORTING

REPORTING ENTITY

AECI Limited ("the Company") is a public company domiciled in South Africa. The address of the Company's registered office is AECI Place, 24 The Woodlands, Woodlands Drive, Woodmead, Sandton. The consolidated financial statements of the Company as at and for the year ended 31 December 2009 comprise the Company and its subsidiaries (together referred to as "the Group" and individually as "Group entities") and the Group's interest in associates and jointly-controlled entities. The Group is involved primarily in the manufacture and distribution of explosives, mainly to the mining sector; chemicals to the mining and manufacturing sectors; as well as the realisation of property surplus to the Group's operational requirements.

BASIS OF PREPARATION

STATEMENT OF COMPLIANCE

The consolidated financial statements and the separate financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS), and interpretations of those standards, as adopted by the International Accounting Standards Board (IASB) and applicable legislation, and in accordance with the requirements of the Companies Act of South Africa, No. 61 of 1973, as amended.

The following accounting standards, interpretations and amendments to published accounting standards, which are relevant to the Group but not yet effective, have not been adopted in the current year:

- IFRS 3 – relating to revision of the standard on business combinations (effective for annual periods commencing on or after 1 July 2009).

Revised IFRS 3 Business Combinations (2008) incorporates the following changes that are likely to be relevant to the Group's operations:

- the definition of a business has been broadened, which is likely to result in more acquisitions being treated as business combinations;

- contingent consideration will be measured at fair value, with subsequent changes therein recognised in profit or loss;
- transaction costs, other than share and debt issue costs, will be expensed as incurred;
- any pre-existing interest in the acquiree will be measured at fair value with the gain or loss recognised in profit or loss; and
- any non-controlling (minority) interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

Revised IFRS 3, which becomes mandatory for the Group's 2010 consolidated financial statements, will be applied prospectively and, therefore, there will be no impact on prior periods in the Group's 2010 consolidated financial statements.

- IAS 27 – accounting for ownership changes in a subsidiary (effective for annual periods commencing on or after 1 July 2009).

Amended IAS 27 requires accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The amendments to IAS 27, which becomes mandatory for the Group's 2010 consolidated financial statements, are not expected to have a significant impact on the consolidated financial statements.

- IAS 39 – amendments relating to eligible hedged items (effective for annual periods commencing on or after 1 July 2009).

Amendments to IAS 39 clarify how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation should be applied in particular situations.

The amendments to IAS 39, which becomes mandatory for the Group's 2010 consolidated financial statements, are not expected to have a significant impact on the consolidated financial statements.

- IFRIC 17 – distributions of non-cash assets to owners (effective for annual periods commencing on or after 1 July 2009).

This interpretation provides guidance in respect of distributions of non-cash assets to owners acting in their capacity as owners. Distributions within the scope of IFRIC 17 are measured at the fair value of the assets to be distributed. Any gain or loss on settlement of the liability for the dividend payable is recognised in profit or loss.

The scope of IFRS 5 was expanded to include distributions of non-cash assets to owners. IFRIC 17, which becomes mandatory for the Group's 2010 consolidated financial statements, will be applied prospectively and, therefore, there will be no impact on prior periods in the Group's 2010 consolidated financial statements.

- IFRS 5 – amendments relating to non-current assets held for sale and discontinued operations (effective for annual periods commencing on or after 1 July 2009).

The amendments specify that:

- if an entity is committed to a plan to sell a subsidiary, then it would classify all of that subsidiary's assets and liabilities as held for sale when the held for sale criteria are met; this applies regardless of the entity retaining an interest (other than control) in the subsidiary; and
- disclosures for discontinued operations are required by the parent when a subsidiary meets the definition of a discontinued operation.

The revised IFRS 5, which becomes mandatory for the Group's 2010 consolidated financial statements, will be applied prospectively and, therefore, there will be no impact on prior periods in the Group's 2010 consolidated financial statements.

- IFRS 2 – amendments that clarify the scope of share-based payments (effective for annual periods commencing on or after 1 July 2009).

The amendments clarify business combinations that are outside the scope of IFRS 2. Business combinations among entities under common control and the contribution of a business upon the formation of a joint venture will not be accounted for under IFRS 2. The revised IFRS 2, which becomes mandatory for the Group's 2010 consolidated financial statements, is not expected to have a significant impact on the consolidated financial statements.

BASIS OF MEASUREMENT

The consolidated financial statements and the separate financial statements have been prepared on the going concern basis using the historical cost convention, except for financial instruments at fair value through profit or loss, available-for-sale financial assets, derivative instruments, the Pension Fund employer surplus and liabilities and for cash-settled share-based payment arrangements which are measured at fair value.

FUNCTIONAL AND PRESENTATION CURRENCY

The consolidated financial statements and the separate financial statements have been prepared in South African rand, which is the Company's functional currency. All the financial information has been rounded to the nearest million of rand, except where otherwise stated.

JUDGEMENTS MADE BY MANAGEMENT AND SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements in conformity with IFRS 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. Actual results may differ from these estimates.

BASIS OF REPORTING

(continued)

Certain accounting policies have been identified as involving particularly complex or subjective judgements or assessments, as follows:

DEFERRED TAX ASSETS

Deferred tax assets are recognised to the extent that it is probable that taxable income will be available in future against which they can be utilised. Future taxable profits are estimated based on business plans which include estimates and assumptions regarding economic growth, interest, inflation and tax rates and competitive forces.

ENVIRONMENTAL REMEDIATION

Estimating the future costs of environmental and rehabilitation obligations is complex and requires management to make estimates and judgements because most of the obligations will be fulfilled in the future and contracts and laws are often not clear regarding what is required. The resulting provisions are further influenced by changing technologies and political, environmental, safety, business and statutory considerations. As explained in note 14 to the financial statements, the Group has to apply judgement in determining the environmental remediation provision. The provision may need to be adjusted when detailed characterisation of the land is performed or when the end use is determined.

ASSET LIVES AND RESIDUAL VALUES

Property, plant and equipment is depreciated over its useful life taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In reassessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as current market conditions, the remaining useful life of an asset and disposal values.

POST-RETIREMENT BENEFIT OBLIGATIONS

Post-retirement defined benefits are provided for certain existing and former employees. Actuarial valuations are based on assumptions which include employee turnover, mortality rates, the discount rate, the expected long-term rate of return of retirement plan assets, healthcare inflation costs and rates of increase in compensation costs. The net present value of current estimates for post-retirement medical aid benefits has been discounted to its present value at 10,0% per annum (2008: 7,9%) being the estimated investment return assuming the liability is fully funded. Medical cost inflation of 7,8% per annum has been assumed (2008: 5,8%). See note 31 to the financial statements.

RESTATEMENT OF COMPARATIVES

The Group has made enhancements to the disclosure in the 2009 annual financial statements. This has resulted in expanded disclosure of certain Group and Company comparative information. The changes affect the 2008 disclosures and do not affect the opening statement of financial position for that year.

There is no effect on the face of the income statement, the statement of changes in equity or the statement of financial position of the Group. The statement of cash flows has changed to provide more detailed disclosure relating to the earnings-based incentive scheme provision disclosed in note 14. The increase in the provision is disclosed under non-cash adjustments to cash generated by operations and cash paid against the provision is disclosed on the face of the statement of cash flows as expenditure relating to non-current provisions. The cash flows were previously disclosed in changes in working capital.

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of the Group as set out herein have been applied consistently throughout the Group and are consistent with those followed in the previous year in all material respects, except as otherwise stated.

The Group applies revised IAS 1, presentation of financial statements, which became effective as of 1 January 2009. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented so to comply with the revised standard. Since the change in the accounting policy only impacts presentation aspects, there is no impact on earnings per share.

BASIS OF CONSOLIDATION

SUBSIDIARIES

Subsidiaries are those entities controlled by the Company. Control is the power to govern the financial and operating policies of an entity so as to obtain economic benefits from its activities.

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. The results of subsidiaries acquired or disposed of during the year are included from the dates control commenced and up to the dates control ceased. Intergroup transactions and balances between Group entities as well as any unrealised income and expenditure arising from such transactions are eliminated on consolidation. Non-controlling interests in the net assets of subsidiaries are identified separately from the Group's equity therein.

JOINT VENTURES

Joint ventures are those entities in respect of which there is a contractual agreement whereby the Group and one or more other venturers undertake an economic activity, which is subject to joint control.

The Group's participation in joint ventures is accounted for using the proportionate consolidation method by including its share of the underlying assets and liabilities and income statement items with items of a similar nature on a line-by-line basis from the dates of their acquisition until their disposal. Intergroup transactions and balances between Group entities are eliminated on proportionate consolidation to the extent of the Group's interest in the joint venture.

ASSOCIATES

An associate is an entity in which the Group holds an equity interest, over which the Group has significant influence and is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the associate but is not control or joint control over those policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

The post-acquisition results of associate companies are accounted for in the consolidated financial statements using the equity method of accounting from the date that significant influence commences until the date that significant influence ceases. Where a Group entity transacts with an associate of the Group, unrealised profits are eliminated to the extent of the Group's interest in the associate.

When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued, except to the extent that the Group has an obligation to or has made payments on behalf of the investee.

SIGNIFICANT ACCOUNTING POLICIES

(continued)

SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Investments in subsidiaries, associates and joint ventures in the separate financial statements are recognised at cost less impairment losses.

DISCONTINUED OPERATIONS

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operation that has been disposed of or is classified as held for sale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When the operation is classified as a discontinued operation, the comparative income statement and the statement of cash flow are re-presented as if the operation had been discontinued from the start of the comparative period.

GOODWILL

The excess of cost of business combinations over the net value of identifiable assets, liabilities and contingent liabilities at acquisition is capitalised as goodwill in the Group financial statements and is measured at cost less accumulated impairment losses. Goodwill is not amortised. Goodwill of associates is included in the carrying amount of the relevant associate. Goodwill acquired in a business combination for which the agreement date was before 31 March 2004 was previously amortised on a systematic basis over its estimated useful life. The accumulated amortisation previously raised has been set off against the cost.

On disposal of a subsidiary, associate, jointly controlled entity or business unit to which the goodwill was allocated on acquisition, the amount attributable to such goodwill is included in the determination of the profit or loss on disposal.

If, on a business combination, the fair value of the Group's interest in the identifiable assets and liabilities exceeds the cost of acquisition, this excess is recognised in the income statement immediately.

DEFERRED TAX

A deferred tax asset is the amount of income tax recoverable in future periods in respect of deductible temporary differences, the carry forward of unused tax losses and unused tax credits. A deferred tax liability is the amount of income tax payable in future periods in respect of taxable temporary differences.

Temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax base. The tax base of an asset is the amount that is deductible for tax purposes if the economic benefits from the asset are taxable, or is the carrying amount of the asset if the economic benefits are not taxable. The tax base of a liability is the carrying amount of the liability less the amount deductible in respect of that liability in future periods.

Deferred tax is recognised in respect of temporary differences between the carrying values of assets and liabilities for accounting purposes and their corresponding values for tax purposes. Deferred tax is also recognised on tax losses. No deferred tax is recognised on temporary differences relating to the initial recognition of goodwill; the initial recognition (other than in a business combination) of an asset or a liability to the extent that neither accounting nor tax profit is affected on acquisition; and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is possible that they will not reverse in the foreseeable future.

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxes levied by the same tax authority on the same taxable entity.

Deferred tax is measured at rates that have been enacted or substantially enacted at the reporting date.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure directly attributable to the acquisition of an 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 into a working condition for its intended use, as well as gains and losses on qualifying cash flow hedges and borrowing costs attributable to that asset. Depreciation is provided on property, plant and equipment, other than land, on the straight-line basis at rates which will write off the assets over their estimated useful lives. Assets under construction are not depreciated until they are available for use. Depreciation methods, useful lives and residual values are reviewed at each reporting date.

The estimated useful lives are as follows:

– buildings	5 to 56 years
– plant and equipment	3 to 30 years
– furniture and fittings	3 to 15 years
– computer equipment	3 to 10 years
– motor vehicles	3 to 12 years

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Gains and losses on disposals of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amounts of the items sold and are recognised in the income statement.

Specific plant spares are valued at cost and are depreciated over the estimated useful lives of the plants to which they relate.

The cost of replacing part of an item of property, 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 Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The cost of maintaining property, plant and equipment is recognised in the income statement.

INVESTMENT PROPERTIES

Certain of the Group's land, which was originally acquired as an item of property, plant and equipment and which was subsequently determined to be surplus to the Group's operational requirements, is included at deemed cost on transition to IFRS. The deemed cost is at values determined by sworn appraisers in a period prior to the implementation of IFRS. The basis of the valuation was open market value at the time and the surplus over original cost was recognised in other comprehensive income as a separate reserve.

When such land is eventually sold to third parties, the proportion of the reserve relating to that land is transferred to distributable reserves. Investment properties comprising properties surplus to the Group's operational requirements, and leased to third parties, are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated and buildings are estimated to have useful lives of 20 years.

ASSETS CLASSIFIED AS HELD FOR SALE

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered principally through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter, the assets (or disposal groups) are measured at the lower of their carrying amount and the fair value less costs to sell.

SIGNIFICANT ACCOUNTING POLICIES

(continued)

Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefits and investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in the income statement.

Gains are not recognised in excess of any cumulative impairment losses.

IMPAIRMENT

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. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

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. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in other comprehensive income is transferred to 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 and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities the reversal is recognised directly in other comprehensive income.

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 there is any indication that an asset may be impaired, its recoverable amount is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of its fair value, less costs to sell, and its value in use.

Value in use is estimated taking into account future cash flows, forecast market conditions and the expected lives of the assets. An impairment loss is recognised whenever the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement. Subsequent to the recognition of an impairment loss, the depreciation charge for the asset is adjusted to allocate its remaining carrying value, less any residual value, over its remaining useful life.

Impairment losses recognised in respect of a cash-generating unit are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amount of the other assets of the cash-generating unit.

An impairment loss is reversed only to the extent that the carrying amount of the asset or cash-generating unit does not exceed the net carrying amount that would have been determined if no impairment loss had been recognised. A reversal of an impairment loss is recognised in the income statement.

Goodwill and the cash-generating units to which it has been allocated are tested for impairment on an annual basis even if there is no indication of impairment. Impairment losses on goodwill are not reversed.

INVENTORIES

Inventories of raw and packing materials, products and intermediates and merchandise are carried at cost using the first-in-first-out (FIFO) method.

The cost of products and intermediates comprises raw and packing materials, manufacturing costs, depreciation and an appropriate allocation of production overheads. Costs may include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases.

Spares not specific to particular plants and stores are carried at weighted average cost.

Property developments include the cost of properties acquired for resale and development costs.

In all cases inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses, taking into account obsolescence.

PROVISIONS

A provision is recognised when the Group has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will occur and where a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Non-current provisions are determined by discounting the expected future cash flows to their present value at a pre-tax rate that reflects current market assessment of the time value of money.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

ENVIRONMENTAL REMEDIATION

A provision for environmental remediation is recognised in accordance with the Group's environmental policy and applicable legal requirements. The adequacy of the provision is reviewed annually at the reporting date against changed circumstances, legislation and technology.

REVENUE

Revenue comprises net invoiced sales of goods and services to customers, excluding cash and early settlement discounts, rebates and value-added tax; rental income from investment properties; and sales of property that is surplus to the Group's operational requirements.

Revenue in respect of goods and services sold is recognised when the significant risks and rewards of ownership have been transferred to the purchaser; when delivery has been made and title has passed; when the amount of the revenue and the related costs can be measured reliably; and when recovery of the sale consideration is probable.

Revenue in respect of rentals received from leasing activities is recognised on a straight-line basis over the period of the lease, where fixed escalation clauses apply, and when there is a reasonable expectation that recovery of the lease rental is probable. Where no fixed escalation clauses are applicable to a lease, rental income is recognised in the period in which it is due by the lessee.

SIGNIFICANT ACCOUNTING POLICIES

(continued)

Revenue in respect of property transactions is recognised when it is highly probable that the significant risks and rewards of ownership have transferred to the buyer, when there is a binding, unconditional sale agreement. Agreements are unconditional only when the purchase price is covered, in full, by either cash deposited with the conveyancing attorney or by means of an irrevocable guarantee from an acceptable bank in favour of the Group, and when servicing arrangements and costs are substantially finalised.

FOREIGN CURRENCIES

FOREIGN CURRENCY TRANSLATIONS

Transactions in foreign currencies are translated into the functional currencies of each entity within the Group at the rates of exchange ruling on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated into the functional currency of the entity concerned at the rates of exchange ruling at the dates that fair value was determined.

Gains or losses arising on exchange differences are recognised in the income statement. Costs associated with forward cover contracts linked to borrowings are included in financing costs.

FOREIGN OPERATIONS

The financial statements of foreign operations within the Group are translated into South African rand as follows:

- assets, including goodwill, and liabilities at the rates of exchange ruling at the reporting date;
- income, expenditure and cash flow items at the weighted average rate of exchange during the accounting period;
- differences arising on translation are recognised in other comprehensive income and disclosed under the foreign currency translation reserve in non-distributable reserves;
- when a foreign operation is disposed of, in part or in full, the relevant amount in the foreign currency translation reserve is recognised in the income statement; and
- differences arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income in the foreign currency translation reserve.

FINANCIAL INSTRUMENTS

Financial instruments are initially recognised at fair value plus, for investments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition these instruments are measured as set out below in respect of derivative and non-derivative financial instruments.

OFFSET

If a legally enforceable right currently exists to set off recognised amounts of financial assets and liabilities, which are in determinable monetary amounts, and the Group intends either to settle on a net basis or realise the asset and settle the liability simultaneously, the relevant financial assets and liabilities are offset.

NON-DERIVATIVE FINANCIAL INSTRUMENTS

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

The Group recognises loans and receivables on the date that they are originated. All other financial assets are recognised on the date on which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Investments

Listed investments are classified as financial assets at fair value through profit and loss and are carried at market value, calculated by reference to securities exchange prices ruling at the close of business on the reporting date. Changes in the market value are taken to the income statement.

Unlisted investments classified as available-for-sale financial assets are measured at fair value. Changes in fair value are reflected in other comprehensive income unless there is objective evidence that the asset is impaired, in which event the impairment loss is recognised in the income statement. Fair value, for this purpose, is a value arrived at by using appropriate valuation techniques. When an instrument is derecognised, the cumulative gain or loss in other comprehensive income is transferred to the income statement.

Accounts receivable

Accounts receivable are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and cash equivalents

Cash and cash equivalents are measured at amortised cost.

Other financial assets

Other financial assets are measured at fair value plus transaction costs with changes in fair value being included in the income statement.

Financial liabilities

Financial liabilities, including borrowings and accounts payable, are measured at amortised cost using the effective interest rate method.

DERIVATIVE FINANCIAL INSTRUMENTS

The Group uses derivative financial instruments including currency and interest rate swaps, forward rate agreements and forward exchange contracts to manage its exposure to foreign exchange, interest rate and commodity price risks arising from operational, financing and investment activities. The Group does not hold or issue derivative financial instruments for trading purposes.

Derivative instruments

Derivative instruments are measured at fair value with changes in fair value being included in the income statement, other than derivatives designated as cash flow hedges.

Hedge accounting

If a fair value hedge meets the conditions for hedge accounting, any gain or loss on the hedged item attributable to the hedged risk is included in the carrying amount of the hedged item and recognised in the income statement.

If a cash flow hedge meets the conditions for hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in the income statement.

If an effective hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses recognised in other comprehensive income are transferred to the income statement in the same period in which the asset or liability affects the income statement.

SIGNIFICANT ACCOUNTING POLICIES

(continued)

If the hedge of a forecast transaction subsequently results in the recognition of an asset or liability, the associated gains or losses recognised in other comprehensive income are included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued on a prospective basis when the hedge no longer meets the hedge accounting criteria (including when the hedge becomes ineffective); when the hedge instrument is sold, terminated or exercised; when, for cash flow hedges, the forecast transaction is no longer expected to occur; or when the hedge designation is revoked. Any cumulative gain or loss on the hedging instrument for a forecast transaction is retained in other comprehensive income until the transaction occurs, unless the transaction is no longer expected to occur, in which case it is transferred to the income statement.

INVESTMENT INCOME

Interest income is accrued on a time basis by reference to the principal outstanding and at the interest rate applicable. Dividend income from investments is recognised when the shareholders' right to receive payment has been established.

BORROWING COSTS

Borrowing costs (net of investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets) directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use. All other borrowing costs are recognised in the income statement in the period in which they are incurred.

RESEARCH AND DEVELOPMENT

Research costs are written off in the income statement in the year in which they are incurred. Development costs are reviewed on an ongoing basis and are capitalised if they can be measured reliably, result in an asset that can be identified, and it is probable that the asset will generate future economic benefits. Development costs are expensed in the income statement if they do not qualify for capitalisation. If a project is abandoned during the development stage, the total accumulated expenditure is written off in the income statement. Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

LEASES

FINANCE LEASES

Leases that transfer substantially all the risks and rewards of ownership are classified as finance leases. Assets acquired in terms of finance leases are capitalised at the lower of fair value and the present value of the minimum lease payments at the inception of the lease, and depreciated over the estimated useful life of the asset. Lease payments are allocated using the effective interest method to determine the lease finance cost, which is charged against income over the lease period, and the capital repayment, which reduces the finance lease liability to the lessor.

OPERATING LEASES

All other leases 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.

EMPLOYEE BENEFITS

SHORT-TERM EMPLOYEE BENEFITS

The cost of all short-term employee benefits is recognised in the income statement during the period in which the employee renders the related service.

Accruals for employee entitlements to salaries, performance bonuses and annual leave represent the amount of the Group's present obligation as a result of employees' services provided up to the reporting date.

Accruals are calculated at undiscounted amounts based on current salary rates.

RETIREMENT BENEFITS

The Group provides defined-contribution and defined-benefit funds for the benefit of employees, the assets of which are held in separate funds. These funds are financed by payments from employees and the Group, taking account of the recommendations of independent actuaries.

DEFINED-CONTRIBUTION PLANS

A defined-contribution plan is a post-retirement 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 pension plans are recognised in the income statement as incurred.

DEFINED-BENEFIT PLANS

A defined-benefit plan is a post-retirement benefit other than a defined-contribution plan.

The Group's net obligation in respect of defined-benefit plans is determined using the projected unit credit method. Actuarial valuations are conducted every three years and interim adjustments to those valuations are made annually.

The difference between the present value of the Group's defined-benefit obligations and the fair value of plan assets represents an actuarial gain or loss.

Actuarial losses are recognised immediately in the income statement. Actuarial gains are only recognised to the extent that the Group has a legally enforceable right thereto. To the extent that there is uncertainty as to entitlement to a surplus, no asset is recognised.

POST-RETIREMENT MEDICAL AID BENEFITS

The Group provides post-retirement healthcare benefits to certain of its retirees. The present value of the post-retirement medical aid obligations is actuarially determined annually on the projected unit credit method. Actuarial gains and losses are recognised immediately in the income statement.

EQUITY COMPENSATION BENEFITS

The Group has granted share options to certain employees under a share option scheme. In respect of options granted prior to 7 November 2002, no costs are recognised in the income statement other than costs incurred in administering the scheme. In respect of options granted after 7 November 2002, the fair value of the options is measured at grant date and is recognised in the income statement over the vesting period with reference to the costs determined in accordance with the binomial option pricing model. The Group has also granted cash-settled share appreciation rights to certain employees under an equity-based incentive scheme. The fair value is initially measured at the grant date using the binomial option pricing model and is recognised in the income statement over the vesting period with a corresponding increase in liabilities. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognised in the income statement.

TERMINATION BENEFITS

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal and detailed plan to terminate employment before the normal retirement age.

SIGNIFICANT ACCOUNTING POLICIES

(continued)

INCOME TAX

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

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

DIVIDENDS

Dividends are recognised as a liability when declared and are included in the statement of changes in equity. Scrip dividends are recognised, when declared, in share capital and retained earnings in the statement of changes in equity, and are measured at the par value of the shares issued. Secondary tax on companies in respect of such dividends is recognised as a liability when the dividends are recognised as a liability and is included in the tax charge in the income statement.

SEGMENT REPORTING

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. The operating results of all segments are reviewed monthly by the Group's executive committee to make decisions about resources to be allocated to the segment and to assess its performance.

Inter-segmental transactions are made on an arm's length basis.

The Group reports on its segments based on the nature of the products or services offered, as follows:

- AEL Mining Services, comprising mainly the manufacture of explosives and initiating systems used by the mining industry;
- Chemical Services, comprising niche-orientated small- to medium-sized businesses marketing specialty chemicals to a broad range of industries;
- Heartland, comprising mainly the realisation of surplus land and property assets of the Group; and
- SANS Technical Fibers in the USA, comprising mainly the manufacture of nylon yarns used for industrial purposes.

The basis of segment reporting is representative of the internal structure used for management reporting.

STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2009

R millions	Note	Group		Company	
		2009	2008	2009	2008
ASSETS					
Non-current assets		5 360	4 510	6 648	6 004
Property, plant and equipment	1	3 260	2 431	368	329
Investment property	2	430	422	73	67
Goodwill	3	1 063	1 013	905	923
Pension Fund employer surplus accounts	4	236	213	236	213
Investment in subsidiaries	5			4 863	4 230
Other investments	6	13	98	59	41
Deferred tax	7	344	333	144	201
Non-current loan receivables	8	14	–	–	–
Current assets		4 668	6 441	1 282	2 866
Inventories	9	1 827	2 795	607	1 193
Accounts receivable	10	2 159	3 188	657	1 592
Assets classified as held for sale	11	14	14	14	14
Cash and cash equivalents		668	444	4	67
Total assets		10 028	10 951	7 930	8 870
EQUITY AND LIABILITIES					
Ordinary capital and reserves		3 937	3 852	3 168	3 149
Share capital and share premium	12	215	215	333	333
Reserves		251	427	224	267
Retained earnings		3 471	3 210	2 611	2 549
Preference share capital	12	6	6	6	6
Shareholders' equity		3 943	3 858	3 174	3 155
Non-controlling interest		115	111		
Total equity		4 058	3 969	3 174	3 155
Non-current liabilities		2 564	2 385	2 582	2 763
Deferred tax	7	85	61	–	–
Loans from subsidiaries	5			514	826
Non-current borrowings	13	1 731	1 745	1 489	1 477
Non-current provisions	14	748	579	579	460
Current liabilities		3 406	4 597	2 174	2 952
Accounts payable	15	2 208	3 225	995	1 676
Current borrowings	16	1 080	1 058	1 148	1 142
Tax payable		118	314	31	134
Total liabilities		5 970	6 982	4 756	5 715
Total equity and liabilities		10 028	10 951	7 930	8 870

INCOME STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

R millions	Note	Group		Company	
		2009	2008	2009	2008
CONTINUING OPERATIONS					
Revenue	17	10 709	12 876	3 685	5 601
Net operating costs	18	(9 942)	(11 841)	(3 566)	(5 350)
Profit from operations		767	1 035	119	251
Net income/(loss) from Pension Fund employer surplus accounts	4	23	(13)	23	(13)
Net income/(loss) from plan assets for post-retirement medical aid liabilities	14	11	(57)	7	(46)
		801	965	149	192
Fair value adjustments – interest		4	(16)	2	(16)
Interest expense	19	(243)	(233)	(349)	(246)
Interest received	20	21	28	369	328
Investment income	21	9	12	145	238
Share of (loss)/profit of associate companies	6	(2)	1		
		590	757	316	496
Impairment of goodwill	3	(18)	(42)	(18)	(27)
Impairment of property, plant and equipment	1	(16)	(4)	(4)	–
Reversal of impairment of property, plant and equipment	1	7	–	–	–
Reversal of impairment of investments	5	–	–	29	–
Profit before tax		563	711	323	469
Income tax expense	22	(176)	(238)	(69)	(80)
Profit from continuing operations		387	473	254	389
DISCONTINUED OPERATIONS					
Profit/(loss) from discontinued operations, net of tax	23	53	(94)	(5)	(116)
Profit for the year		440	379	249	273
Attributable to:					
Ordinary shareholders		421	385	247	271
Preference shareholders		2	2	2	2
Non-controlling interest		17	(8)		
		440	379	249	273
Per ordinary share (cents)					
– Basic earnings	24	393	358		
– Diluted basic earnings	24	392	356		
– Headline earnings	24	346	412		
– Diluted headline earnings	24	344	410		
Continuing operations					
– Basic earnings	24	344	445		
– Diluted basic earnings	24	343	443		
– Ordinary dividends paid	25	169	231		
– Ordinary dividends declared after the reporting date	25	62	141		

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2009

R millions	Group		Company	
	2009	2008	2009	2008
Profit for the year	440	379	249	273
Other comprehensive income before tax:	(205)	187	(61)	77
Foreign currency loan translation differences	(82)	125	(67)	84
Foreign operation translation differences	(114)	54	–	–
Cash flow hedge fair value adjustments	(9)	8	6	(7)
Recognition of share-based payments	–	*	–	*
Tax effects on other comprehensive income:	30	(35)	18	(22)
Foreign currency loan translation differences	27	(33)	18	(24)
Cash flow hedge fair value adjustments	3	(2)	*	2
Total comprehensive income for the year	265	531	206	328
Total comprehensive income attributable to:				
Ordinary shareholders	250	529	204	326
Preference shareholders	2	2	2	2
Non-controlling interest	13	–	–	–
	265	531	206	328

* Nominal amount.

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2009

R millions	Ordinary share capital	Share premium	Total ordinary capital
Group			
Balance at 1 January 2008	110	343	453
Total comprehensive income for the year:			
Profit for the year			
Foreign currency loan translation differences			
Deferred tax on foreign currency loan translation differences			
Transfers to retained earnings			
Foreign operation translation differences			
Cash flow hedge fair value adjustments			
Deferred tax on fair value adjustments			
Recognition of share-based payments			
Transactions with owners:	(3)	(235)	(238)
Business combinations			
Dividends paid (see note 25)			
Shares repurchased during the year	(3)	(235)	(238)
Balance at 31 December 2008	107	108	215
Total comprehensive income for the year:			
Profit for the year			
Foreign currency loan translation differences			
Deferred tax on foreign currency loan translation differences			
Transfers to retained earnings			
Foreign operation translation differences			
Cash flow hedge fair value adjustments			
Deferred tax on fair value adjustments			
Transactions with owners:	*		*
Dividends paid (see note 25)	*		*
Business combinations			
Balance at 31 December 2009	107	108	215

* Nominal amount.

Property revaluation reserve	Foreign currency translation reserve	Other reserves	Total reserves	Retained earnings	Total	Non- controlling interest	Preference share capital	Total equity
243	15	13	271	3 064	3 788	135	6	3 929
(9)	138	6	135	394	529		2	531
				385	385	(8)	2	379
	125		125		125			125
	(33)		(33)		(33)			(33)
(9)			(9)	9				
	46		46		46	8		54
		8	8		8			8
		(2)	(2)		(2)			(2)
		*	*		*			*
6	15		21	(248)	(465)	(24)	(2)	(491)
6	15		21		21	(24)		(3)
				(248)	(248)		(2)	(250)
					(238)			(238)
240	168	19	427	3 210	3 852	111	6	3 969
(3)	(165)	(8)	(176)	426	250	13	2	265
				421	421	17	2	440
	(82)		(82)		(82)			(82)
	27		27		27			27
(3)		(2)	(5)	5				
	(110)		(110)		(110)	(4)		(114)
		(9)	(9)		(9)			(9)
		3	3		3			3
				(165)	(165)	(9)	(2)	(176)
				(165)	(165)		(2)	(167)
						(9)		(9)
237	3	11	251	3 471	3 937	115	6	4 058

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2009 (continued)

R millions	Ordinary share capital	Share premium	Total ordinary capital
Company			
Balance at 1 January 2008	121	342	463
Total comprehensive income for the year:			
Profit for the year			
Foreign currency loan translation differences			
Deferred tax on foreign currency loan translation differences			
Transfers to retained earnings			
Cash flow hedge fair value adjustments			
Deferred tax on fair value adjustments			
Recognition of share-based payments			
Transactions with owners:			
Dividends paid (see note 25)	(2)	(128)	(130)
Shares repurchased during the year	(2)	(128)	(130)
Balance at 31 December 2008	119	214	333
Total comprehensive income for the year:			
Profit for the year			
Foreign currency loan translation differences			
Deferred tax on foreign currency loan translation differences			
Cash flow hedge fair value adjustments			
Deferred tax on fair value adjustments			
Transactions with owners:			
Dividends paid (see note 25)	*		*
	*		*
Balance at 31 December 2009	119	214	333

* Nominal amount.

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences from the translation of the financial statements of foreign operations, as well as from the translation of monetary items receivable from or payable to a foreign operation.

Property revaluation surplus reserve

The surplus on the revaluation of property arose on the revaluation of all Group property on a date prior to the transition to IFRS and is used as deemed cost in accordance with IFRS1. The surplus is released to retained earnings as and when the related investment property is disposed of.

Other reserves

Included in reserves is a revaluation reserve for cash flow hedges, an equity-settled share-based payment reserve and the statutory reserve required for the Group's captive insurance subsidiary company.

Property revaluation reserve	Foreign currency translation reserve	Other reserves	Total reserves	Retained earnings	Total	Preference share capital	Total equity
242	(31)	3	214	2 551	3 228	6	3 234
(1)	60	(6)	53	273	326	2	328
				271	271	2	273
	84		84		84		84
	(24)		(24)		(24)		(24)
(1)		(1)	(2)	2			
		(7)	(7)		(7)		(7)
		2	2		2		2
		*	*		*		*
				(275)	(405)	(2)	(407)
				(275)	(275)	(2)	(277)
					(130)		(130)
241	29	(3)	267	2 549	3 149	6	3 155
	(49)	6	(43)	247	204	2	206
				247	247	2	249
	(67)		(67)		(67)		(67)
	18		18		18		18
		6	6		6		6
		*	*		*		*
				(185)	(185)	(2)	(187)
				(185)	(185)	(2)	(187)
241	(20)	3	224	2 611	3 168	6	3 174

STATEMENTS OF CASH FLOW

FOR THE YEAR ENDED 31 DECEMBER 2009

R millions	Note	Group		Company	
		2009	2008	2009	2008
Cash generated by operations	i	1 137	1 690	227	676
Dividends received		12	12	145	238
Interest paid		(349)	(276)	(363)	(251)
Interest received		22	30	372	344
Income tax paid	ii	(333)	(232)	(110)	(90)
Changes in working capital	iii	1 161	(978)	1 000	(521)
Expenditure relating to non-current provisions		(93)	(114)	(59)	(99)
Expenditure relating to retrenchments and restructuring		(105)	(103)	(105)	(103)
Cash available from operating activities		1 452	29	1 107	194
Dividends paid	25	(167)	(250)	(187)	(277)
Cash flows from operating activities		1 285	(221)	920	(83)
Cash flows from investing activities		(981)	(1 002)	(1 000)	(1 207)
Net replacement of property, plant and equipment to maintain operations		(20)	(279)	(53)	(121)
Replacement of property, plant and equipment		(187)	(361)	(80)	(132)
Proceeds from disposal of property, plant and equipment		167	82	27	11
Investments to expand operations		(1 055)	(747)	(947)	(1 086)
Acquisition of					
– property, plant and equipment		(963)	(644)	(17)	(39)
– investments		(6)	(25)	–	–
– subsidiaries	iv	(53)	(64)	–	–
– businesses	iv	(33)	(14)	–	–
Loans with subsidiaries and joint ventures				(930)	(1 047)
Proceeds from disposal of investments and businesses		94	24	–	–
Proceeds from disposal of					
– subsidiaries	iv	–	10	–	–
– listed investments		94	14	–	–
Net cash generated/(utilised)		304	(1 223)	(80)	(1 290)
Cash flows from financing activities		(6)	1 136	18	1 337
Non-current borrowings					
– raised		188	1 620	180	1 613
– repaid		(109)	(307)	(74)	(260)
Current borrowings					
– raised		306	462	289	515
– repaid		(377)	(401)	(377)	(401)
Non-current loan receivables		(14)	–	–	–
Shares repurchased		–	(238)	–	(130)
Increase/(decrease) in cash and cash equivalents		298	(87)	(62)	47
Cash and cash equivalents at the beginning of the year		444	428	67	20
Translation (loss)/gain on cash and cash equivalents		(74)	90	(1)	–
Classified as held for sale		–	13	–	–
Cash and cash equivalents at the end of the year		668	444	4	67

NOTES TO THE STATEMENTS OF CASH FLOW

FOR THE YEAR ENDED 31 DECEMBER 2009

R millions	Group		Company	
	2009	2008	2009	2008
i.	CASH GENERATED BY OPERATIONS			
Profit from continuing operations	767	1 035	119	251
Profit from discontinued operations	66	(49)	13	(90)
Profit from operations	833	986	132	161
Adjusted for non-cash movements:				
Closure costs	16	204	16	204
Depreciation and amortisation	267	216	49	50
Impairments of loans to subsidiaries	-	-	-	33
Non-current provisions	118	299	55	232
Surplus on disposal of property, plant and equipment	(88)	(38)	(25)	(4)
Surplus on disposal of listed investments	(34)	(10)	-	-
Change in fair value of investments	25	33	-	-
	1 137	1 690	227	676
ii.	INCOME TAX PAID			
Owing at the beginning of the year	(314)	(175)	(134)	(109)
Current charge for the year	(145)	(371)	(7)	(115)
Translation differences	8	-	-	-
Owing at the end of the year	118	314	31	134
	(333)	(232)	(110)	(90)
iii.	CHANGES IN WORKING CAPITAL			
Decrease/(increase) in inventories	968	(1 215)	586	(518)
Decrease/(increase) in accounts receivable	1 029	(1 164)	935	(674)
(Decrease)/increase in accounts payable	(773)	1 068	(462)	447
	1 224	(1 311)	1 059	(745)
Translation differences	(72)	17	(59)	(22)
Classified from held for sale	-	314	-	263
Business combinations	9	2	-	(17)
	1 161	(978)	1 000	(521)
iv.	BUSINESS COMBINATIONS			
Property, plant and equipment	1	(17)	-	-
Working capital	9	2	-	(17)
Non-controlling interest	9	24	-	-
Reserves	-	(15)	-	-
Net loss on disposal of investments and businesses	-	17	-	17
Goodwill	67	57	-	-
Net cash outflow	86	68	-	-
Proceeds from disposal of other businesses and subsidiaries	-	(10)	-	-
Acquisition of businesses and subsidiaries (see note 33)	86	78	-	-
Net consideration paid to acquire subsidiaries	53	64	-	-
Consideration paid to acquire businesses	33	14	-	-
	86	68	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

R millions	Property	Plant and equipment	Furniture and fittings	Computer equipment	Motor vehicles	Under construction	Total
1. PROPERTY, PLANT AND EQUIPMENT							
Group							
2009							
Cost	528	3 093	89	196	232	1 083	5 221
At the beginning of the year	507	3 137	85	183	187	1 063	5 162
Additions	75	451	9	37	32	543	1 147
Additions through business combinations	–	1	*	*	*	–	1
Finance charges capitalised	–	33	–	–	–	72	105
Disposals	(45)	(981)	(2)	(21)	(8)	–	(1 057)
Transfers and other	*	547	*	(2)	33	(585)	(7)
Translation differences	(9)	(95)	(3)	(1)	(12)	(10)	(130)
Less: accumulated depreciation and impairment	161	1 483	60	133	124	–	1 961
At the beginning of the year	167	2 261	55	135	113	–	2 731
Disposals	(24)	(925)	(1)	(21)	(7)	–	(978)
Transfers and other	1	*	*	*	(1)	–	*
Additions through business combinations	–	*	*	*	*	–	*
Translation differences	(4)	(48)	(3)	(4)	(7)	–	(66)
Impairment reversals during the year	–	(7)	–	–	–	–	(7)
Impairment during the year	–	16	–	–	–	–	16
Depreciation for the year	21	186	9	23	26	–	265
Carrying amount	367	1 610	29	63	108	1 083	3 260
2008							
Cost	507	3 137	85	183	187	1 063	5 162
At the beginning of the year	397	1 682	72	132	137	462	2 882
Additions	57	227	11	29	42	633	999
Additions through business combinations	–	–	1	1	2	–	4
Finance charges capitalised	–	–	–	–	–	38	38
Transfer from assets held for sale	47	1 178	2	19	*	6	1 252
Disposals	(10)	(117)	(2)	(6)	(6)	–	(141)
Transfers and other	*	77	–	5	1	(83)	–
Disposals through business combinations	(2)	(29)	(2)	(2)	*	–	(35)
Translation differences	18	119	3	5	11	7	163
Less: accumulated depreciation and impairment	167	2 261	55	135	113	–	2 731
At the beginning of the year	131	957	48	93	86	–	1 315
Disposals	(4)	(80)	–	(1)	(4)	(6)	(95)
Transfers and other	–	3	(3)	–	–	–	–
Additions through business combinations	–	*	*	1	1	–	2
Transfer from assets held for sale	20	1 117	*	19	–	6	1 162
Disposals through business combinations	(4)	(7)	*	*	*	*	(11)
Translation differences	6	81	2	4	8	*	101
Impairment during the year	–	43	–	–	–	–	43
Depreciation for the year	18	147	8	19	22	*	214
Carrying amount	340	876	30	48	74	1 063	2 431

* Nominal amount.

R millions	Property	Plant and equipment	Furniture and fittings	Computer equipment	Motor vehicles	Under construction	Total
1. PROPERTY, PLANT AND EQUIPMENT (continued)							
Company							
2009							
Cost	38	651	25	38	19	22	793
At the beginning of the year	35	1 496	23	42	18	84	1 698
Additions	10	59	2	14	2	8	95
Finance charges capitalised	–	–	–	–	–	4	4
Disposals	(1)	(978)	*	(18)	(1)	–	(998)
Transfers and other	(6)	74	*	*	–	(74)	(6)
Less: accumulated depreciation and impairment	8	367	16	20	14	–	425
At the beginning of the year	8	1 299	15	34	13	–	1 369
Disposals	(1)	(976)	*	(17)	(1)	–	(995)
Transfers and other	*	*	*	*	–	–	–
Impairment during the year	–	4	–	–	–	–	4
Depreciation for the year	1	40	1	3	2	–	47
Carrying amount	30	284	9	18	5	22	368
2008							
Cost	35	1 496	23	42	18	84	1 698
At the beginning of the year	21	493	24	21	17	15	591
Additions	13	81	3	5	2	60	164
Finance charges capitalised	–	–	–	–	–	3	3
Transfer from assets held for sale	1	978	–	19	–	6	1 004
Disposals	–	(60)	*	(3)	(1)	(6)	(70)
Transfers and other	–	4	(4)	*	–	6	6
Less: accumulated depreciation and impairment	8	1 299	15	34	13	–	1 369
At the beginning of the year	6	292	16	15	11	–	340
Disposals	*	(53)	*	(3)	*	–	(56)
Transfers and other	–	9	(3)	*	*	(6)	–
Transfer from assets held for sale	1	972	–	19	*	6	998
Impairment during the year	–	39	–	–	–	–	39
Depreciation for the year	1	40	2	3	2	–	48
Carrying amount	27	197	8	8	5	84	329

* Nominal amount.

Impairment losses

The Group closed the remaining South African businesses of SANS Fibres during 2009. The majority of the plant has been dismantled and disposed of. Certain plant was moved to SANS Technical Fibers in the USA during the year and will be brought into use in 2010. The impairment losses on such plant amounting to R7 million was reversed.

In 2008, impairment losses on the property, plant and equipment of SANS Fibres' businesses of R39 million was recognised in the income statement and classified as discontinued operations (see note 23). The impairment losses related to the nylon light decitex industrial nylon and polyethylene terephthalate polymer businesses and was based on the assets' fair value less the costs of dismantling the plants.

Other impairments of plant and equipment of R16 million (2008: R4 million) were recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

1. PROPERTY, PLANT AND EQUIPMENT (continued)**Additional information**

R millions	Group		Company	
	2009	2008	2009	2008
Insured value of property, plant and equipment	9 330	8 101	1 750	3 188

Registers containing details of the properties of the Company and its subsidiaries and joint ventures are available for inspection at the registered offices of the companies.

2. INVESTMENT PROPERTY

Cost	487	477	131	123
At the beginning of the year	477	464	123	116
Additions	4	7	2	7
Disposals	*	–	*	–
Transfers and other	6	6	6	–
Less: accumulated depreciation	57	55	58	56
At the beginning of the year	55	53	56	54
Depreciation for the year	2	2	2	2
Carrying amount	430	422	73	67
Fair value	2 898	2 964	872	228

* Nominal amount.

The Valuation Division of Old Mutual Investment Group Property Investments compiled an independent valuation of the surplus Group-owned property in 2008 and 2009 to assist management in determining the fair value of the investment property. The valuation was performed to determine an indicative market value. Market value is based on the concept of highest and best use, which can be defined as the optimum likely use to which a property can be exploited, given the physical feasibility, the economic viability and legal constraints. A number of valuation techniques were used depending on the optimum likely use of the property. These techniques included the comparable sales approach, the residual sales approach based on a discounted cash flow, and the income approach for the income-producing properties.

The comparable sales approach is based on recent sales of comparable properties in the surrounding area, which are analysed to provide an estimate of value for the subject property with adjustments for differing characteristics. The comparable transactions are analysed in terms of their use and the purchase price adjusted for variances in the quality of the space. This purchase price is then divided by the Gross Lettable Area (GLA) to determine a value rate per square metre which is applied to the subject property in order to derive a value.

The residual sales approach determines the present value of the difference between the income that will be derived from the sale of the subdivided erven less the costs to be incurred to produce the income generated from the sale of the subdivided erven to arrive at a residual land value.

The income approach is based on a discounted cash flow incorporating the lease obligations, including escalations, to termination. At lease expiry, a new lease is assumed and the commencing rent is assumed to be the current gross market rental escalated at an appropriate growth rate. The present value of the future cash flow is added to the present value of the hypothetical exit value, being the hypothetical net annual income capitalised into perpetuity at an appropriate market-related rate. The discount and exit capitalisation rates are determined by reference to comparable sales, appropriate surveys prepared by industry professionals, benchmarking against other comparable valuations, and after consultation with experienced and informed people in the property industry including other valuers, brokers, managers and investors.

2. INVESTMENT PROPERTY (continued)

R millions	Group		Company	
	2009	2008	2009	2008
Amounts recognised in the income statement				
Rental and service income from investment property	244	210	263	215
Direct operating expenses	(120)	(112)	(120)	(112)
The Company leases property, offices and industrial sites to external customers as well as to its subsidiary companies under operating leases. The lease periods are between 3 and 5 years, with most leases having a 3 year term, with annual escalations between 8% and 10%. The GLA of the office and industrial sites is approximately 342 000m ² (2008: 326 000m ²). Revenue from the investment property also includes amounts related to the provision of steam, water, effluent management, rail services and bulk electricity, mainly at the Umbogintwini site.				

3. GOODWILL

Cost	1 159	1 091	977	977
At the beginning of the year	1 091	1 022	977	977
Additions through business combinations	67	60	–	–
Translation differences	1	12	–	–
Disposals	–	(3)	–	–
Less: accumulated impairment losses	96	78	72	54
At the beginning of the year	78	36	54	27
Impairment charge for the year	18	42	18	27
Carrying amount	1 063	1 013	905	923
Goodwill is allocated to groups of cash-generating units based on Group business segments as follows:				
AEL Mining Services	273	273	–	–
Chemical Services	790	740	905	923
Carrying amount	1 063	1 013	905	923

The goodwill arose on the acquisition of subsidiaries and businesses by the Group. The goodwill in the Chemical Services segment is allocated to individual business units. During the year, three business units experienced severe reductions in their trading volumes. This resulted in the impairment of a portion of the related goodwill allocated to those business units.

Impairment of goodwill

Goodwill is tested for impairment by calculating the value-in-use of the cash-generating unit or units to which the goodwill is allocated.

Value-in-use was determined by discounting the future cash flows generated from the continuing use of the cash-generating unit and was based on the following key assumptions:

- cash flows were projected based on actual operating results and the business plan;
- a discount rate of 14% was applied in determining the recoverable amount of the units. The discount rate was estimated based on the Group's weighted average cost of capital.

A reasonably possible change in the assumptions used to calculate the value-in-use is not likely to cause the carrying value of the remaining cash-generating units to exceed their recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

R millions	Group		Company	
	2009	2008	2009	2008
4. PENSION FUND EMPLOYER SURPLUS ACCOUNTS				
AECI Pension Fund				
At the beginning of the year	213	226	213	226
Net income/(loss) for the year	14	(13)	14	(13)
Apportionment of surplus during the year	100	–	100	–
Utilised during the year				
– Transferred to the AECI Supplementary Pension Fund	(90)	–	(90)	–
– Settlement of contribution shortfalls	(22)	–	(22)	–
Pro rata share of investment returns/(losses) earned by the AECI Pension Fund	26	(13)	26	(13)
At the end of the year	227	213	227	213
AECI Supplementary Pension Fund				
At the beginning of the year	–	–	–	–
Net income for the year	9	–	9	–
Transferred from the AECI Pension Fund	90	–	90	–
Utilised during the year				
– Settlement of shortfall on reserves of the fund	(81)	–	(81)	–
At the end of the year	9	–	9	–
Total Pension Fund employer surplus accounts	236	213	236	213

Employer surplus accounts, belonging to the Company, in the AECI Pension Fund and the AECI Supplementary Pension Fund are recognised as assets (see note 31). The employer surplus account in the AECI Pension Fund was allocated a pro rata share of the investment returns on the AECI Pension Fund's invested assets up to 1 November 2009. At this time, a portion of the employer surplus account was invested specifically in the AECI Pension Fund's property portfolio and the remainder is held in cash. The returns earned from this date are net rental income and cash interest only, eliminating the Company's exposure to equities that make up a significant part of the AECI Pension Fund's investments. The pro rata share of the profit or loss is recognised in the income statement.

The trustees of the AECI Pension Fund resolved, on 25 November 2009, to apportion R200 million of the surplus in the Fund equally to the employer surplus account and to an employee surplus account. The employer-elected trustees of the AECI Pension Fund resolved to transfer R90 million of the surplus to an employer surplus account in the AECI Supplementary Pension Fund, which was to be utilised to fund the deficit in that Fund, as valued by the Fund's independent actuaries, and to establish solvency reserves to the full extent determined by the actuaries. The Company is the sponsor of both Funds and the transfer will ensure that contributing members and pensioners of both Funds are afforded the same measure of security of their retirement benefits by providing the same level of solvency margin. A certificate of approval for the transfer was granted by the Registrar of Pension Funds after the reporting date.

R millions	Group		Company	
	2009	2008	2009	2008
5. INVESTMENT IN SUBSIDIARIES				
(see note 35)				
Unlisted shares			919	920
– At cost			971	976
– Less: impairment losses			(52)	(56)
Loans to subsidiaries			3 944	3 310
– Amounts owing			4 055	3 450
– Less: impairment losses			(111)	(140)
Investment in subsidiaries			4 863	4 230
Loans from subsidiaries			(514)	(826)
Net investment in subsidiaries			4 349	3 404

All subsidiaries' financial information included in the financial statements is prepared as at the reporting date of the parent.

Impairment losses on investments in unlisted shares of dormant companies were made with reference to the net asset value of those companies. Where this resulted in the value of the investment having a fair value lower than the carrying value, the investments were impaired (see note 18).

Impairment losses on the loans to subsidiary companies were made with reference to the net asset value of those companies and their ability to repay the loans. Where this resulted in the loan having a fair value lower than its carrying value, the loans were impaired. Impairment losses on loans were reversed as a result of the related loan being recovered during the year (see note 18).

%	Group		Company	
	2009	2008	2009	2008
6. OTHER INVESTMENTS				
Associate companies				
Effective holding				
Dussek Campbell (Pty) Limited	49,0	49,0	–	–
agVantage (Pty) Limited	17,5	25,1	–	–
Mining Explosives Limited	49,0	–	–	–

On 23 March 2009, agVantage (Pty) Limited issued shares as a rights issue, in which the Group participated. The effective holding increased to 31,3% at a cost of R2 million. On 1 July 2009, agVantage issued further shares as a rights issue. The Group did not participate in the second rights issue and the effective holding was diluted to 17,5%. The Group has significant influence as the actual holding is 35% (2008: 50%) but the investment is held by a joint venture company in which the Group has a 50% interest.

R millions	Group		Company	
	2009	2008	2009	2008
Summarised financial information				
Total assets	59	74	–	–
Total liabilities	(24)	(46)	–	–
Revenue	85	144	–	–
(Loss)/profit for the year	(7)	2	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

R millions	Group		Company	
	2009	2008	2009	2008
6. OTHER INVESTMENTS (continued)				
Associate companies (continued)				
Unlisted shares at fair value	10	5	-	-
Loans	(4)	(5)	-	-
Post-acquisition retained earnings	*	5	-	-
Balance at the beginning of the year	5	4		
Dividend received	(3)	-		
Current year's share of (losses)/profits of associate companies	(2)	1		
Total investment in associate companies	6	5	-	-
Joint ventures (see note 34)			53	35
Unlisted shares at cost			28	28
Loans to joint ventures			25	7
Investments at fair value through profit and loss				
Listed investments at market value	-	82	-	-
Available-for-sale investments				
Unlisted investments at fair value	7	11	6	6
Shares	2	5	-	-
Loans	5	6	6	6
Total other investments	7	93	59	41
Total investments	13	98	59	41
7. DEFERRED TAX				
At the beginning of the year	(272)	(165)	(201)	(173)
Recognised in the income statement				
- normal activities	43	(149)	75	(57)
- change in tax rate	-	7	-	7
Recognised directly in other comprehensive income				
- foreign currency loan translation	(27)	33	(18)	24
- fair value adjustments	(3)	2	*	(2)
At the end of the year	(259)	(272)	(144)	(201)
Analysis by major temporary differences:				
Property, plant and equipment	190	85	42	13
Provisions	(311)	(336)	(238)	(284)
Share options hedge premium	(3)	(5)	(2)	(4)
Pension Fund employer surplus accounts	66	60	66	60
Deferred foreign exchange differences	(6)	21	(10)	10
Computed tax losses	(204)	(115)	(3)	-
Fair value adjustments	(2)	18	(1)	(2)
Other	11	-	2	6
	(259)	(272)	(144)	(201)
Comprising:				
Deferred tax assets	(344)	(333)	(144)	(201)
Deferred tax liabilities	85	61	-	-
	(259)	(272)	(144)	(201)

* Nominal amount.

R millions	Group		Company	
	2009	2008	2009	2008
8. LOAN RECEIVABLES				
Gross investment in finance leases	23	–	–	–
Unearned finance income	(4)	–	–	–
Present value of minimum lease payments	19	–	–	–
Current portion included in accounts receivable (see note 10)	(5)	–	–	–
At the end of the year	14	–	–	–
Gross investment in finance leases		–	–	–
– within 1 year	7	–	–	–
– from 2 to 5 years	16	–	–	–
– later than 5 years	–	–	–	–
	23	–	–	–
Present value of minimum lease payments		–	–	–
– within 1 year	5	–	–	–
– from 2 to 5 years	14	–	–	–
– later than 5 years	–	–	–	–
	19	–	–	–

Loan receivables consist of finance leases where the Group is the lessor. The finance leases are in respect of plant and equipment constructed on customer sites and the terms of the leases are between two and five years. All leasing arrangements were undertaken in 2009 for the first time.

9. INVENTORIES				
Raw and packing materials	634	1 113	178	459
In progress	101	364	3	96
Finished goods and merchandise	825	1 174	414	627
Spares and stores	42	34	12	11
Property developments	225	110	–	–
	1 827	2 795	607	1 193
Inventories included above stated at fair value less costs to sell	*	285	*	117

* Nominal amount.

Property developments have a development cycle which is longer than normal cycles of other items of inventory and are not expected to be realised within 12 months of the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

R millions	Group		Company	
	2009	2008	2009	2008
10. ACCOUNTS RECEIVABLE				
Trade	1 694	2 855	544	1 461
Pre-payments	104	55	9	15
Other	356	278	49	77
Subsidiaries and joint ventures			55	39
	2 154	3 188	657	1 592
Current portion of loan receivables	5	–	–	–
	2 159	3 188	657	1 592
Trade receivables are exposed to credit risk as described in note 28.				
The maximum exposure to credit risk for trade receivables at 31 December, by geographic region was:				
South Africa	1 207	1 816	485	869
Rest of Africa	256	413	24	125
North America	35	38	–	2
South America	20	51	–	27
Asia	134	103	13	27
Australia	4	11	2	7
Rest of Europe	24	50	9	35
United Kingdom	14	373	11	369
	1 694	2 855	544	1 461
The ageing of gross trade receivables at 31 December was:				
Not past due	1 286	2 104	413	1 251
Past due 0 to 30 days	244	498	93	192
Past due 30 to 90 days	117	141	22	16
Past due more than 90 days	161	188	92	44
	1 808	2 931	620	1 503
The ageing of impairments of trade receivables at 31 December was:				
Not past due	(1)	(16)	–	(13)
Past due 0 to 30 days	(4)	(2)	(3)	(2)
Past due 30 to 90 days	(5)	(21)	(2)	(2)
Past due more than 90 days	(104)	(37)	(71)	(25)
	(114)	(76)	(76)	(42)
Net trade receivables	1 694	2 855	544	1 461
Impairment of trade receivables				
At the beginning of the year	(76)	(45)	(42)	(30)
Additional impairments recognised during the year	(76)	(47)	(60)	(27)
Impairments reversed during the year	24	14	17	13
Impairments applied to trade receivables deemed irrecoverable	14	2	9	2
At the end of the year	(114)	(76)	(76)	(42)
Carrying amount of balances where terms have been renegotiated	*	7	*	7

* Nominal amount.

Impairments of trade receivables are recognised with reference to the ageing of trade receivables that are past due date, payments received after the reporting date, payment history of the specific customer and the length of the relationship with that customer, as well as objective evidence relating to the economic environment, the credit status of the customer and the market in which the customer operates.

11. ASSETS CLASSIFIED AS HELD FOR SALE

The Group has decided to dispose of its investment in Botswana Ash (Pty) Limited, an unlisted investment previously measured as a financial asset available-for-sale. The Group has entered into an agreement to sell its shares in that company but there are a number of conditions precedent which have to be met before the disposal can meet the criteria to derecognise the asset. As a result, the investment has been classified as held for sale at its carrying amount. The final sale price is still to be determined but management believes that the carrying amount represents the fair value of the asset.

R millions	Group		Company	
	2009	2008	2009	2008
Available-for-sale investments	14	14	14	14

	2009	2008	Group		Company	
	Number of shares		2009 R millions	2008 R millions	2009 R millions	2008 R millions

12. SHARE CAPITAL AND SHARE PREMIUM**Ordinary shares**

Authorised						
Shares of R1 each	180 000 000	180 000 000	180	180	180	180
Issued						
At the beginning of the year						
Group	106 962 287	110 431 458	107	110		
Company	118 846 986	120 742 578			119	121
Repurchased during the year						
Group	-	(3 469 171)	-	(3)		
Company	-	(1 895 592)			-	(2)
Issued during the year ¹						
Group	288 883	-	*	-		
Company	288 883	-			*	-
At the end of the year						
Group	107 251 170	106 962 287	107	107		
Company	119 135 869	118 846 986			119	119
Share premium less share issue expenses			108	108	214	214
At the beginning of the year			108	343	214	342
Shares repurchased			-	(235)	-	(128)
			215	215	333	333
Treasury shares held by a subsidiary company	11 884 699	11 884 699	12	12		
Preference shares						
Authorised and issued						
5,5% cumulative shares of R2 each	3 000 000	3 000 000	6	6	6	6

* Nominal amount.

¹ Issued in terms of scrip dividend (see note 25).

In terms of the Company's articles of association all payments of dividends on the preference shares and all payments to be made in respect of the preference shares in the event of liquidation shall be made in pound sterling and calculated as though the shares were one pound sterling. The capital repayment to preference shareholders, in the event of liquidation, is limited to 3 150 000 pound sterling (1,05 pound sterling per share).

Capital management

The Board of directors' policy is to maintain a strong capital base so as to maintain investor and market confidence and to sustain future development of the business. The Board of directors monitors the spread of shareholders, the level of dividends to ordinary shareholders and return on capital, which the Group defines as profit from operations plus investment income related to average property, plant and equipment, goodwill, investments, inventories and accounts receivable less accounts payable. The Group's target is to achieve a return on net assets of 23%. In 2009 the return was 18% (2008: 20,3%).

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R millions	Weighted closing interest rate %	Group		Company	
		2009	2008	2009	2008
13. NON-CURRENT BORROWINGS					
Unsecured					
Local					
Loans					
2008/2013	10,46	1 430	1 500	1 430	1 500
2009/2011	11,00	3	–	–	–
2009/2010	9,00	100	–	100	–
Foreign					
Loans – US dollar	2,24	129	52	129	52
Loans – other currencies	7,51	8	12	–	–
Secured					
Local					
Loans – other ¹	17,39	10	16	1	2
Foreign					
Loans – other ¹	10,80	1	–	–	–
		1 681	1 580	1 660	1 554
Non-controlling shareholder loan to subsidiary					
2004/2012 ²	9,13	255	277		
		1 936	1 857	1 660	1 554
Current portion (see note 16)		(205)	(112)	(171)	(77)
		1 731	1 745	1 489	1 477

1 Secured in terms of capitalised finance lease agreements over plant and equipment having a net book value of R1 million (2008: R1 million) and mortgages over property having a net book value of R21 million (2008: R17 million).

2 Equity loan from empowerment consortium to AEL Holdco Limited. Interest and capital repayments of the loan have been guaranteed by the Company.

Summary of repayments

R millions	Year	Local	Foreign	Total
Group				
	2010	198	7	205
	2011	589	37	626
	2012	547	92	639
	2013	465	1	466
		1 799	137	1 936
Company				
	2010	171	–	171
	2011	559	37	596
	2012	336	92	428
	2013	465	–	465
		1 531	129	1 660

R millions	Group		Company	
	2009	2008	2009	2008
14. NON-CURRENT PROVISIONS				
Environmental remediation				
At the beginning of the year	146	141	141	138
Expenditure incurred during the year	(11)	(71)	(11)	(71)
Liability for property acquired during the year	5	–	–	–
Charged to net operating costs during the year				
– Additional provision made	4	76	(3)	74
	144	146	127	141
Current portion included in accounts payable (see note 15)	–	(80)	–	(80)
At the end of the year	144	66	127	61
Earnings-based incentive schemes				
At the beginning of the year	101	44	67	32
Expenditure incurred during the year	(53)	(9)	(25)	(4)
Charged to net operating costs during the year				
– Additional provision made	26	67	15	40
– Reversal of provision	(21)	(1)	(21)	(1)
	53	101	36	67
Current portion included in accounts payable (see note 15)	(26)	(101)	(17)	(67)
At the end of the year	27	–	19	–
Post-retirement medical aid benefits				
At the beginning of the year	513	333	399	258
Benefits paid during the year	(29)	(34)	(23)	(24)
Charged to net operating costs during the year	104	157	64	119
– Current service cost	5	5	2	3
– Interest cost	69	69	53	53
– Additional provision made	30	83	9	63
Net (income)/loss from plan assets for post-retirement medical aid liabilities	(11)	57	(7)	46
At the end of the year	577	513	433	399
Made up as follows:				
Actuarial valuation of obligations (see note 31)	994	919	753	712
Plan assets to meet post-retirement medical aid contribution liability	(417)	(406)	(320)	(313)
At the beginning of the year	(406)	(463)	(313)	(359)
Pro rata share of investment return earned by the AECI Pension Fund	(49)	25	(39)	19
Benefits paid during the year	38	32	32	27
	577	513	433	399
Total non-current provisions	748	579	579	460

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FOR THE YEAR ENDED 31 DECEMBER 2009

14. NON-CURRENT PROVISIONS (continued)**Environmental remediation**

The environmental remediation provision is based on the Group's environmental policy, the intended use of the land and obligations in terms of legislation to remediate land. The expenditure is expected to be incurred as and when the Group is legally required to do so depending on end use. When detailed characterisation of the land is performed, the provision may need to be adjusted.

Earnings-based incentive schemes

The earnings-based incentive scheme provision represents the present value of obligations to employees who have been granted units in terms of the incentive scheme (see note 31). The amount paid depends on employees meeting the vesting period and the earnings of the Group during the life of the units.

Post-retirement medical aid benefits

Details of the nature of the post-retirement medical aid benefits provision are contained in note 31. The costs will be incurred over the lifetime of all eligible employees and will vary depending on expected lives, changes to salary inflation, healthcare costs and discount rates. Assumptions used to determine the provision are also detailed in note 31.

R millions	Group		Company	
	2009	2008	2009	2008
15. ACCOUNTS PAYABLE				
Trade	1 460	1 994	634	1 004
Non-trade	641	880	249	337
Subsidiaries and joint ventures			14	18
	2 101	2 874	897	1 359
Closure costs	81	170	81	170
Current portion of non-current provisions (see note 14)	26	181	17	147
	2 208	3 225	995	1 676
16. CURRENT BORROWINGS				
Current portion of non-current borrowings (see note 13)	205	112	171	77
Unsecured interest-bearing short-term borrowings	875	946	977	1 065
	1 080	1 058	1 148	1 142
17. REVENUE				
Sale of goods and related services	11 024	13 961	3 576	6 529
Leasing and related services of investment property	244	210	263	215
Sale of surplus land	(90)	169	11	–
Sales to subsidiary companies			304	321
	11 178	14 340	4 154	7 065
Continuing operations	10 709	12 876	3 685	5 601
Local	8 189	9 470	3 166	4 142
Foreign	2 520	3 406	215	1 138
Sales to subsidiary companies			304	321
Discontinued operations	469	1 464	469	1 464
Local	260	877	260	877
Foreign	209	587	209	587
Sales to subsidiary companies				
	11 178	14 340	4 154	7 065

R millions	Group		Company	
	2009	2008	2009	2008
18. NET OPERATING COSTS				
Cost of sales	8 004	10 813	3 177	5 608
Selling and distribution expenses	1 012	1 157	541	576
Closure costs and related impairments	16	204	16	204
Administrative expenses	1 313	1 180	288	516
Net operating costs	10 345	13 354	4 022	6 904
Continuing operations	9 942	11 841	3 566	5 350
Discontinued operations – closure costs and related impairments	16	204	16	204
Discontinued operations	387	1 309	440	1 350
Net operating costs have been arrived at after taking into account:				
Auditors' remuneration	15	17	5	6
– Audit fees	14	16	5	6
– Other services	1	1	*	*
Auditors' remuneration	15	17	5	6
– Continuing operations	15	16	5	5
– Discontinued operations	*	1	*	1
Change in fair value of listed investments classified as at fair value through profit and loss – continuing operations	25	33	–	–
Depreciation and amortisation	267	216	49	50
– Property, plant and equipment	265	214	47	48
– Investment property	2	2	2	2
Depreciation and amortisation	267	216	49	50
– Continuing operations	267	211	49	45
– Discontinued operations	–	5	–	5
Foreign exchange gains	(400)	(333)	(296)	(140)
– Realised	(342)	(179)	(241)	(32)
– Unrealised	(58)	(154)	(55)	(108)
Foreign exchange gains	(400)	(333)	(296)	(140)
– Continuing operations	(373)	(265)	(269)	(72)
– Discontinued operations	(27)	(68)	(27)	(68)
Foreign exchange losses	451	301	323	162
– Realised	347	225	245	117
– Unrealised	104	76	78	45
Foreign exchange losses	451	301	323	162
– Continuing operations	423	247	295	108
– Discontinued operations	28	54	28	54

* Nominal amount.

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R millions	Group		Company	
	2009	2008	2009	2008
18. NET OPERATING COSTS (continued)				
Inventory	139	147	64	136
– Losses and write-downs	144	166	66	139
– Reversal of losses and write-downs	(5)	(19)	(2)	(3)
Inventory losses and write-downs and reversals	139	147	64	136
– Continuing operations	135	145	60	132
– Discontinued operations	4	2	4	4
Investments and loans to subsidiary companies – continuing operations			(29)	33
– Impairments			–	33
– Reversal of impairments			(29)	–
Increase/(decrease) in non-current provisions – continuing operations	113	299	55	232
– Environmental remediation	4	76	(3)	74
– Earnings-based incentive scheme	5	66	(6)	39
– Post-retirement medical aid benefits	104	157	64	119
Operating lease costs	100	70	22	20
– Continuing operations	97	61	19	11
– Discontinued operations	3	9	3	9
Research and development expenditure – continuing operations	12	13	7	10
Surplus on disposal of listed investments – continuing operations	(34)	(10)	–	–
Surplus on disposal of property, plant and equipment	(88)	(38)	(25)	(4)
– Property	(59)	(28)	–	–
– Plant and equipment	(29)	(10)	(25)	(4)
(Surplus)/loss on disposal of property, plant and equipment	(88)	(38)	(25)	(4)
– Continuing operations	(9)	(2)	*	4
– Discontinued operations	(79)	(36)	(25)	(8)
Total salaries and other staff costs	1 923	1 804	495	577
Salaries and other staff costs	1 839	1 681	472	514
Company contributions to retirement funds	84	123	23	63
Total salaries and other staff costs	1 923	1 804	495	577
– Continuing operations	1 873	1 651	445	424
– Discontinued operations	50	153	50	153

* Nominal amount.

R millions	Group		Company	
	2009	2008	2009	2008
19. INTEREST EXPENSE				
Interest paid	(349)	(276)	(363)	(251)
Non-current borrowings	(208)	(93)	(174)	(49)
Current borrowings	(141)	(183)	(133)	(178)
Subsidiary companies			(56)	(24)
Interest capitalised	105	40	4	3
	(244)	(236)	(359)	(248)
Continuing operations	(243)	(233)	(349)	(246)
Discontinued operations	(1)	(3)	(10)	(2)
20. INTEREST RECEIVED				
Subsidiary companies and joint ventures			363	327
Loans and receivables	22	30	9	17
	22	30	372	344
Continuing operations	21	28	369	328
Discontinued operations	1	2	3	16
21. INVESTMENT INCOME				
Dividends from investments	9	12	7	5
– Listed	2	7	–	–
– Unlisted	7	5	7	5
Dividends from unlisted South African subsidiaries			138	233
	9	12	145	238
Continuing operations	9	12	145	238
Discontinued operations	–	–	–	–
Aggregate income from subsidiaries and joint ventures				
Dividends			138	233
Net interest received			307	303
Secretarial and administrative fees			15	15
			460	551

NOTES TO THE FINANCIAL STATEMENTS

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R millions	Group		Company	
	2009	2008	2009	2008
22. INCOME TAX EXPENSE				
Current tax	(161)	(423)	(8)	(163)
South African and foreign normal tax	(142)	(398)	*	(153)
Foreign withholding taxes	(2)	(1)	*	
Secondary tax on companies	(17)	(24)	(8)	(10)
Deferred tax	(43)	192	(51)	99
	(204)	(231)	(59)	(64)
Adjustment for prior years	16	5	(21)	–
South African normal tax	16	52	1	48
Deferred tax	*	(47)	(22)	(48)
	(188)	(226)	(80)	(64)
Continuing operations	(176)	(238)	(69)	(80)
Discontinued operations	(12)	12	(11)	16
Analysis of deferred tax charge by major temporary differences:				
Property, plant and equipment	(106)	14	(29)	(4)
Provisions	(25)	137	(46)	95
Share options hedge premium	(2)	(3)	(1)	(3)
Pension Fund employer surplus accounts	(6)	6	(6)	6
Deferred foreign exchange differences	(2)	–	3	–
Computed tax losses	89	29	3	–
Fair value adjustments	20	(2)	(1)	2
Change in rate	–	7	–	7
Other	(11)	4	26	(4)
	(43)	192	(51)	99
Prior year adjustment	*	(47)	(22)	(48)
	(43)	145	(73)	51
Computed tax losses				
Utilised to reduce deferred tax or create deferred tax assets	738	415	11	–
Losses on which no deferred tax assets were raised because of uncertainty regarding their utilisation	181	148	–	–
	919	563	11	–
	%	%	%	%
Reconciliation of tax rate computed in relation to profit before tax				
Effective rate	29,9	37,4	24,3	19,1
Capital and non-taxable receipts	6,2	3,2	14,0	20,3
Non-deductible expenses	(3,5)	(9,0)	(0,8)	(6,4)
Secondary tax on companies	(2,7)	(4,0)	(2,4)	(2,9)
Adjustment for prior years	2,6	0,8	(6,4)	(0,1)
Capital gains	(1,7)	(0,7)	(0,7)	(0,2)
Tax rate change	–	(1,1)	–	(1,8)
Other	(2,8)	1,4	–	–
South African standard rate	28,0	28,0	28,0	28,0

* Nominal amount.

23. DISCONTINUED OPERATIONS

The South African businesses of SANS Fibres at Bellville have been closed. Manufacturing activities ceased at the end of March 2009 and the remaining working capital was recovered by the end of the year. The plant on the site has been or is in the process of being dismantled and sold, either as operating plant or as scrap. A portion of the Bellville site has also been disposed of, with proceeds of R55 million being recognised during the year. Closure costs in respect of the businesses amounting to R16 million (2008: R204 million) have been charged to the income statement.

The loss on disposal of discontinued operations in 2008 represents the disposal of the Dulux business. The loss was incurred as a result of a reduction of the purchase price based on a revised estimate of the cost of remediation of certain property occupied by Dulux.

R millions	Group		Company	
	2009	2008	2009	2008
Results of discontinued operations				
Revenue	469	1 464	469	1 464
Net operating costs	(387)	(1 309)	(440)	(1 350)
	82	155	29	114
Closure costs and related impairments	(16)	(204)	(16)	(204)
Profit from operations	66	(49)	13	(90)
Interest expense	(1)	(3)	(10)	(2)
Interest received	*	2	3	16
Impairment of discontinued plant and equipment	-	(39)	-	(39)
Net loss on disposals of investments and businesses	-	(17)	-	(17)
Profit/(loss) before tax	65	(106)	6	(132)
Tax	(12)	12	(11)	16
Profit/(loss) for the year	53	(94)	(5)	(116)
Cash flows from/(utilised by) discontinued operations				
Net cash from operating activities	112	(63)	168	(64)
Net cash from investing activities	80	65	25	66
Net cash from financing activities	(4)	4	(4)	4
	188	6	189	6
Effect of the disposals of investments and businesses				
Accounts payable	-	17	-	17
Loss on disposal	-	(17)	-	(17)
Consideration received in cash	-	-	-	-

* Nominal amount.

	Group	
	2009	2008
24. EARNINGS PER SHARE (continued)		
Reconciliation of the weighted average number of ordinary shares for diluted earnings per share:		
Weighted average number of ordinary shares	107 031 144	107 569 154
Number of options available for future exercise	630 800	793 100
Number of shares that would be issued at fair value	(247 409)	(243 290)
Weighted average number of ordinary shares for diluted earnings per share	107 414 535	108 118 964

The diluted earnings per ordinary share have been shown in accordance with the provisions of IAS 33 – earnings per share. The Company has purchased call options over AECI ordinary shares which will obviate the need for the Company to issue new shares in terms of the AECI share option scheme. In practice, therefore, there will be no future dilution of earnings from this source.

R millions	Group		Company	
	2009	2008	2009	2008
25. DIVIDENDS				
Ordinary				
Final for the previous year: No. 150 of 141 cents (2008: 141 cents) paid 20 April 2009	151	152	168	167
Interim for the current year: No. 151 of 28 cents (2008: 90 cents) paid 5 October 2009	14	96	17	108
Total ordinary dividends paid: 169 cents (2008: 231 cents)	165	248	185	275
Preference				
Nos. 142 and 143 paid 15 June 2009 and 15 December 2009 respectively	2	2	2	2
	167	250	187	277
Dividend No. 151 was declared as a scrip dividend with a cash dividend alternative. 288 883 shares were issued (see note 12) and the remaining shareholders elected to receive the cash alternative.				
Proposed final cash dividend No. 152 for the year ended 31 December 2009 of 62 cents (2008: 141 cents) per share payable on 19 April 2010	66	151	74	168
Secondary tax on companies thereon	7	15	8	17

26. CONTINGENT LIABILITIES

Disputes with the SA Revenue Service in respect of various tax matters

– Property realisation companies	83	78	–	–
– Other	–	4	–	–
	83	82	–	–

Assessments were issued by the SA Revenue Service in respect of four subsidiary companies for various years of assessment between 1995 and 2002. The companies objected to the assessments, the objections were disallowed and appeals were made to the Tax Court. Judgement was handed down in favour of the Group on 28 October 2009 in one of the cases but the SA Revenue Service has lodged an appeal in the Supreme Court of Appeal. No date has been set for the hearing of the appeal nor for the hearing of the remaining cases.

The contingent liability represents the assessed liabilities and computed interest up to the reporting date. There is no clear indication of the likely timing of the cases.

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R millions	Group		Company	
	2009	2008	2009	2008
27. COMMITMENTS				
Capital commitments authorised	737	978	32	65
Contracted for	71	550	8	22
Not contracted for	666	428	24	43
The expenditure will be financed from funds on hand and internally generated, supplemented by borrowings against facilities available to the Group.				
All capital commitments relate to additions of property, plant and equipment, mostly relating to the expansion of operations.				
The above includes the Group's share of the capital commitments of joint ventures.				
Future rentals on property, plant and equipment leased	185	317	38	101
Payable within one year	84	144	17	64
Payable between 1 and 5 years	91	171	20	37
Payable thereafter	10	2	1	-
The Group's leasing arrangements relate primarily to property and vehicles and the lease periods range from 3 to 6 years. Certain of the properties have renewal options either at the option of the lessee or of the Group.				
Guarantees*	73	34	205	220
Performance guarantees	47	14	202	210
Other guarantees	26	20	3	10
	995	1 329	275	386

* Performance guarantees relate primarily to property development and are granted to local government authorities in terms of agreements for bulk infrastructure services. The Company guarantees include the loan guarantee as described in note 13. Other guarantees relate primarily to service contracts with the most significant guarantees relating to Eskom in terms of electricity supply agreements.

28. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Group finances its operations by a combination of retained profits, current borrowings, non-current borrowings and financial instruments such as trade bills denominated in both rand and foreign currencies. The Group also enters into derivative transactions in order to manage the currency and interest rate risk arising from its operations.

The Group raises non-current and current borrowings centrally and on-lends to its operating units at market-related interest rates. The Group borrows in both the local and international debt markets in rand and foreign currencies. It uses derivatives where appropriate to generate the desired effective currency and interest rate profile. The derivatives used for this purpose are principally forward foreign currency contracts, cross-currency swaps, forward rate agreements, interest rate swaps and interest rate caps and floors.

The Group does not write interest rate or currency options and only purchases currency options where these are considered to offer a cost-effective alternative to forward foreign exchange contracts. It is Group policy that no financial instruments are purchased or sold unless they relate to underlying commercial transactions.

The main risks arising in the normal course of business from the Group's financial instruments are currency, interest rate, liquidity and credit risk. This note presents information about the Group's exposure to these risks and the Group's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included with other relevant notes as indicated.

The Board of directors is responsible for the risk management activities in the Group. 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 management policies and systems are reviewed regularly to reflect changes in market conditions and in the Group's activities. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit and Risk Committee. The Audit and Risk Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Categories of financial instruments and fair values

R millions	Carrying amount		Fair value	
	2009	2008	2009	2008
Group				
<i>Financial assets</i>				
Available-for-sale financial assets ¹	16	19	16	19
– Unlisted investments	2	5	2	5
– Unlisted investments classified as held for sale	14	14	14	14
Financial assets at fair value through profit and loss	7	88	7	88
– Listed investment classified as held for trading	–	82	–	82
– Forward exchange contracts	7	6	7	6
Loans and receivables	2 839	3 632	2 839	3 632
– Accounts receivable	2 147	3 182	2 147	3 182
– Cash and cash equivalents	668	444	668	444
– Finance lease receivables	19	–	19	–
– Loans relating to unlisted investments	5	6	5	6
	2 862	3 739	2 862	3 739
<i>Financial liabilities</i>				
– Loans from associate companies	(4)	(5)	(4)	(5)
– Accounts payable	(1 991)	(2 668)	(1 991)	(2 668)
– Forward exchange contracts	(23)	(17)	(23)	(17)
– Interest rate swap agreements	(6)	(19)	(6)	(19)
– Borrowings	(2 811)	(2 803)	(2 811)	(2 803)
	(4 835)	(5 512)	(4 835)	(5 512)

* Nominal amount.

¹ Items are classified as available-for-sale when they are not classified in another category or when specifically designated as such.

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28. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)**Categories of financial instruments and fair values (continued)**

R millions	Carrying amount		Fair value	
	2009	2008	2009	2008
Company				
<i>Financial assets</i>				
Available-for-sale financial assets ¹	14	14	14	14
– Unlisted investments classified as held for sale	14	14	14	14
Financial assets at fair value through profit and loss				
– Forward exchange contracts	3	2	3	2
Loans and receivables	664	1 663	664	1 663
– Accounts receivable	654	1 590	654	1 590
– Cash and cash equivalents	4	67	4	67
– Loans relating to unlisted investments	6	6	6	6
	681	1 679	681	1 679
<i>Financial liabilities</i>				
– Accounts payable	(795)	(1 168)	(795)	(1 168)
– Forward exchange contracts	(15)	(2)	(15)	(2)
– Interest rate swap agreements	(6)	(19)	(6)	(19)
– Borrowings	(2 637)	(2 619)	(2 637)	(2 619)
	(3 453)	(3 808)	(3 453)	(3 808)

1 Items are classified as available-for-sale when they are not classified in another category or when specifically designated as such.

Fair value of financial instruments

The carrying amounts of financial instruments are either at fair value based on the methods and assumptions for determining the fair value as stated in the accounting policies, or at values which approximate fair value based on the nature or maturity period of the financial instrument.

Fair value measurements can be classified into three levels based on the observability and significance of the inputs used in making the measurement.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values are all measured using inputs as described in Level 2.

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 and the value of its financial instruments. The objective of market risk management is to manage and control exposures within acceptable limits.

(a) Currency risk

The Group's non-South African operations are relatively small in relation to its total operations. Where possible, foreign entities match their assets and liabilities in the same currency to avoid unnecessary currency exposures. However, forward currency markets do not exist in some of the territories in which the Group operates.

Currency risk arises as a result of sale and purchase transactions and borrowings in currencies other than rand. The currencies giving rise to currency risk are mainly US dollar, Japanese yen, euro and pound sterling. Currency exposures are managed using appropriate exposure management techniques.

The board of directors of each operating unit is tasked with managing the foreign currency exposures arising within its own unit in consultation with the central treasury function. All material purchases and sales in foreign currencies are transacted through the central treasury.

28. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

(a) Currency risk (continued)

Hedge accounting

Fair value hedges

Fair value hedges have been recognised for the net exposure to trading in foreign currency. Forward exchange contracts have been designated as hedging instruments in respect of amounts denominated in US dollars, pound sterling, euro and Japanese yen.

The rand value of the hedged items, based on contract rates at 31 December 2009 for the Group was R250 million (2008: R194 million). The loss on the hedging instruments for the year for the Group was R1 million (2008: profit of R15 million) and was recognised in the income statement.

Cash flow hedges

The Group has hedged its foreign currency exposure on the import of plant and equipment by a subsidiary company by entering into forward exchange contracts for the purchase commitments. The rand value of the forward exchange contracts, based on the contract rates, at 31 December 2009 was R11 million (2008: R169 million).

The Group has hedged its foreign currency exposure on the import of raw materials by entering into forward exchange contracts for the purchase commitments. The rand value of the forward exchange contracts, based on the contract rates, at 31 December 2009 was R17 million (2008: R88 million).

The cash flows relating to the hedging instruments will occur in 2010 and will not affect the income statement if the hedge is effective as the amount recognised in equity will be removed from equity and recognised in the initial cost of the items of plant and equipment and inventory.

The amount recognised directly in other comprehensive income for the year in respect of the cash flow hedges for the Group was a debit of R9 million (2008: credit of R14 million).

Transactions in foreign currencies

Foreign currency	Foreign amount		Rand amount [#]	
	2009 millions	2008 millions	2009 R millions	2008 R millions
Group				
Forward exchange contracts at 31 December 2009, relating to specific items in the statements of financial position				
Accounts receivable			59	122
Euro	*	1	2	12
Pound sterling	-	*	-	3
US dollar	7	11	57	107
Accounts payable			366	368
Euro	7	7	78	92
Japanese yen	100	6	8	1
Pound sterling	3	2	35	32
Swiss franc	1	*	4	2
US dollar	31	25	241	241
Non-current borrowings			*	1
US dollar	*	*	*	1
Forward exchange contracts at 31 December 2009, not relating to specific items in the statements of financial position but which were entered into to cover firm import and export commitments not yet due				
Imports			158	273
Euro	3	9	29	115
Pound sterling	1	3	10	36
Swiss franc	-	3	-	27
US dollar	16	10	119	95
Exports			171	42
US dollar	23	4	171	42

* Nominal amount.

[#] Rand amount calculated with reference to the rate per the underlying forward exchange contracts.

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28. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

(a) Currency risk (continued)

Transactions in foreign currencies

Company	Foreign currency	Foreign amount		Rand amount [#]	
		2009 millions	2008 millions	2009 R millions	2008 R millions
Forward exchange contracts at 31 December 2009, relating to specific items in the statements of financial position					
Accounts receivable				41	122
	Euro	-	1	-	12
	Pound sterling	-	*	-	3
	US dollar	5	11	41	107
Accounts payable				240	292
	Euro	5	6	52	83
	Pound sterling	*	*	1	1
	Swiss franc	-	*	-	2
	US dollar	24	21	187	206
Non-current borrowings				*	*
	US dollar	*	*	*	*
Forward exchange contracts at 31 December 2009, not relating to specific items in the statements of financial position but which were entered into to cover firm import and export commitments not yet due					
Imports				88	23
	Euro	2	1	20	8
	US dollar	9	2	68	15
Exports				1	-
	US dollar	*	-	1	-

* Nominal amount.

[#] Rand amount calculated with reference to the rate per the underlying forward exchange contracts.

28. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Exposure to currency risk

The Group's exposure to foreign currency risk at 31 December was:

R millions	2009				2008			
	Euro	Pound sterling	US dollar	Other	Euro	Pound sterling	US dollar	Other
Cash and cash equivalents	3	2	255	95	2	3	(1)	–
Trade receivables	10	1	395	20	30	7	631	21
Other receivables	–	–	12	–	–	–	5	4
Finance lease receivables	–	–	17	–	–	–	–	–
Interest-bearing liabilities	–	–	(136)	(1)	–	–	(47)	–
Trade payables	(92)	(31)	(362)	(17)	(131)	(38)	(422)	(19)
Other payables	–	–	–	–	–	–	(13)	(1)
Gross exposure	(79)	(28)	181	97	(99)	(28)	153	5
Forward exchange contracts	105	45	132	12	195	65	188	30
Net exposure	26	17	313	109	96	37	341	35

The Company's exposure to foreign currency risk at 31 December was:

R millions	2009				2008			
	Euro	Pound sterling	US dollar	Other	Euro	Pound sterling	US dollar	Other
Cash and cash equivalents	*	*	3	*	1	1	(33)	–
Trade receivables	*	–	39	–	17	2	544	1
Other receivables	–	–	–	–	–	–	4	–
Loans to subsidiaries	–	–	167	–	–	–	194	–
Interest-bearing liabilities	–	–	(129)	–	–	–	(47)	–
Trade payables	(53)	(2)	(219)	–	(89)	(3)	(344)	(2)
Other payables	–	–	–	–	–	–	(3)	–
Loans from subsidiaries	–	–	(2)	–	–	–	(2)	–
Gross exposure	(53)	(2)	(141)	–	(71)	–	313	(1)
Forward exchange contracts	72	1	213	–	79	(2)	114	2
Net exposure	19	(1)	72	–	8	(2)	427	1

* Nominal amount.

The following significant exchange rates applied during the year:

Rand	Closing rate		Average rate	
	2009	2008	2009	2008
Euro	10,63	13,20	11,48	12,01
Japanese yen	0,08	0,10	0,09	0,08
Pound sterling	11,89	13,58	12,93	15,06
Swiss franc	7,16	8,87	7,63	7,52
US dollar	7,38	9,37	8,27	8,21

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

28. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Sensitivity analysis

Based on the Group's net exposure to currency risk, a 10% strengthening of the rand at 31 December would have (decreased)/increased other comprehensive income and profit by the amounts shown below, assuming all other variables remained constant:

R millions	Group		Company	
	2009	2008	2009	2008
Other comprehensive income	(46)	(26)	(17)	(2)
Profit for the year before tax	2	(16)	2	(24)

(b) Interest rate risk

The Group borrows extensively in both local and offshore markets to minimise its borrowing costs in rand terms.

Exposure to interest rate risk on borrowings and receivables is managed on a proactive basis. Depending on market conditions, the Group makes appropriate use of forward rate agreements, interest rate swaps and interest rate caps and floors to generate the desired interest rate profile and to manage exposure to interest rate fluctuations. No target levels of exposure are maintained.

The interest rate risk profile of financial liabilities at 31 December 2009 was:

R millions	Total		Floating rate financial liabilities		Fixed rate financial liabilities	
	2009	2008	2009	2008	2009	2008
Group						
Rand						
– Current	1 073	1 045	998	1 041	75	4
– Non-current	1 601	1 695	337	1 686	1 264	9
Foreign denominated						
– Current	7	13	–	5	7	8
– Non-current	130	50	129	47	1	3
Total	2 811	2 803	1 464	2 779	1 347	24
Company						
Rand						
– Current	1 148	1 137	1 078	1 137	70	–
– Non-current	1 360	1 430	100	1 430	1 260	–
Foreign denominated						
– Current	–	5	–	5	–	–
– Non-current	129	47	129	47	–	–
Total	2 637	2 619	1 307	2 619	1 330	–

28. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

(b) Interest rate risk (continued)

	Fixed rate financial liabilities		Weighted average interest rate		Weighted average period for which rate is fixed	
	2009 R millions	2008 R millions	2009 %	2008 %	2009 months	2008 months
Group						
Rand						
– Current	75	4	10,4	14,1	12,0	12,0
– Non-current	1 264	9	10,6	14,1	40,6	20,0
Foreign denominated						
– Current	7	8	7,3	7,3	18,4	11
– Non-current	1	3	12,0	7,0	3,0	16
Total	1 347	24	10,6	10,8	42,7	26,7
Company						
Rand						
– Current	70	–	10,1	–	12,0	–
– Non-current	1 260	–	10,6	–	40,8	–
Total	1 330	–	10,6		43,0	

The fair value adjustments on interest rate swap contracts were a loss of R6 million in 2009 and a gain of R6 million in 2008.

Sensitivity analysis

Based on the Group's exposure to interest rate risk, a change in the interest rates at 31 December would only have affected the profit for the year as a result of the measurement of the interest rate swap agreements of the Group at that date. A 100 basis point increase in the interest rates at 31 December would have increased profit by R1,4 million.

Liquidity risks

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk through the management of working capital and cash flows. A balance between continuity of funding and flexibility is maintained through the use of borrowings from a range of institutions with varying debt maturities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

28. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

(i) The maturity profile of financial liabilities at 31 December was:

R millions	Carrying amount	Contractual cash flows	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years
Group						
2009						
Financial liabilities						
Secured non-current borrowings	11	11	6	5	-	-
Unsecured non-current borrowings	1 925	1 925	199	621	1 105	*
Unsecured short-term borrowings	875	875	875	-	-	-
Interest on non-current borrowings ¹	34	586	182	161	243	-
Loans by associate companies	4	4	4	-	-	-
Trade payables and closure costs	1 541	1 541	1 541	-	-	-
Other payables	578	578	578	-	-	-
Derivative financial liabilities						
Forward exchange contracts						
- Inflows	(7)	(171)	(171)	-	-	-
- Outflows	23	158	158	-	-	-
Interest rate swap agreements	6	6	6	-	-	-
Total financial liabilities	4 990	5 513	3 378	787	1 348	-
Percentage profile (%)		100	61	14	25	-
2008						
Financial liabilities						
Secured non-current borrowings	16	16	6	5	5	-
Unsecured non-current borrowings	1 841	1 841	105	95	1 641	*
Unsecured short-term borrowings	946	946	946	-	-	-
Interest on non-current borrowings ¹	40	1 127	258	255	614	-
Loans by associate companies	5	5	5	-	-	-
Trade payables and closure costs	2 164	2 164	2 164	-	-	-
Other payables	810	810	810	-	-	-
Derivative financial liabilities						
Forward exchange contracts						
- Inflows	(6)	(42)	(42)	-	-	-
- Outflows	17	273	273	-	-	-
Interest rate swap agreements	19	19	19	-	-	-
Total financial liabilities	5 852	7 159	4 544	355	2 260	-
Percentage profile (%)		100	63	5	32	-

* Nominal amount.

¹ Interest is based on the closing rate at 31 December and the repayment dates of the borrowings.

28. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT (continued)

Liquidity risks (continued)

R millions	Carrying amount	Contractual cash flows	Within 1 year	1 to 2 years	2 to 5 years	More than 5 years
Company						
2009						
Financial liabilities						
Secured non-current borrowings	1	1	1	-	-	-
Unsecured non-current borrowings	1 659	1 659	170	596	893	-
Unsecured short-term borrowings	977	977	977	-	-	-
Interest on non-current borrowings ¹	34	547	156	148	243	-
Trade payables and closure costs	715	715	715	-	-	-
Other payables	208	208	208	-	-	-
Derivative financial liabilities						
Forward exchange contracts						
- Inflows	(3)	(1)	(1)	-	-	-
- Outflows	15	88	88	-	-	-
Interest rate swap agreements	6	6	6	-	-	-
Total financial liabilities	3 612	4 200	2 320	744	1 136	-
Percentage profile (%)		100	55	18	27	-
2008						
Financial liabilities						
Secured non-current borrowings	2	2	2	-	-	-
Unsecured non-current borrowings	1 552	1 552	75	70	1 407	-
Unsecured short-term borrowings	1 065	1 065	1 065	-	-	-
Interest on non-current borrowings ¹	40	1 015	222	221	572	-
Trade payables and closure costs	1 174	1 174	1 174	-	-	-
Other payables	296	296	296	-	-	-
Derivative financial liabilities						
Forward exchange contracts						
- Outflows	*	23	23	-	-	-
Interest rate swap agreements	19	19	19	-	-	-
Total financial liabilities	4 148	5 146	2 876	291	1 979	-
Percentage profile (%)		100	56	6	38	-

* Nominal amount.

¹ Interest is based on the closing rate at 31 December and the repayment dates of the borrowings.

(ii) Borrowing facilities

The Group ensures that adequate borrowing facilities are in place. The Group maintains a policy of ensuring that expected peak cash flows over the next 12 months are comfortably exceeded by existing facilities in order to preserve operational flexibility.

Some of the Group's loan agreements contain financial covenants. The Group complied with all such covenants in 2009.

Credit risks

Credit risks arise on cash and cash equivalents, investments and accounts receivable. The risk on cash and cash equivalents is managed by only investing with financially sound institutions and by setting prudent exposure limits for each institution. The risk arising on trade receivables is managed through normal credit policies using credit limits, continual review and exception reporting. The exposure to credit risk relating to trade receivables is decentralised with each operating unit managing its own credit control procedures because of the Group's diversified customer base. Adequate provision is made for impairment losses. Details of the carrying amounts and exposure to credit risk of trade receivables, as well as impairments recognised, are contained in note 10.

At the reporting date, the maximum exposure to credit risk is represented by the carrying amount of each financial asset on the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

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29. RELATED PARTY INFORMATION

The subsidiaries of the Group are identified in note 35, joint ventures in note 34 and associate companies in note 6.

All transactions and balances with these related parties have been eliminated in accordance with, and to the extent required by, IAS 27 – consolidated and separate financial statements, IAS 28 – investments in associates and IAS 31 – interests in joint ventures.

Dividends received from associate companies amounted to R3 million (2008: nil) and loans from associate companies amounted to R4 million (2008: R5 million) (see note 6).

Transactions with directors are disclosed in notes 30 and 31.

Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions.

The transactions that took place with related parties of the Company were as follows:

R millions	Company	
	2009	2008
Sales by the Company to		
– Subsidiaries	304	321
Sales to the Company by		
– Subsidiaries	62	36
Dividends received by the Company from		
– Subsidiaries	138	233
Interest received by the Company from		
– Subsidiaries	361	326
– Joint ventures	2	1
Interest paid by the Company to		
– Subsidiaries	54	24
– Joint ventures	2	1
Rental of premises to the Company by		
– AECl Pension Fund	4	4
– Subsidiaries	20	17
Commission and administration fees paid by the Company to		
– Subsidiaries	40	61
Fees received by the Company from		
– Subsidiaries	15	15
– Joint ventures	*	1
Company contributions to pension and provident funds		
– AECl Pension Fund	35	55
– AECl Supplementary Pension Fund	2	2
– AECl Employees Provident Fund	10	35
Outstanding balances with related parties of the Company at 31 December were as follows:		
Amounts owing to the Company by		
– Subsidiaries	4 055	3 450
– Joint ventures	25	7
Amounts owing by the Company to		
– Subsidiaries	514	709

* Nominal amount.

30. DIRECTORS' EMOLUMENTS AND INTERESTS**Executive directors**

R thousands	FPP Baker	GN Edwards ¹	S Engelbrecht ²	KM Kathan ³	RA Williams ⁴	Total
2009						
Basic salary	2 137	2 553		2 117		6 807
Bonus and performance-related payments ⁵	–	–		750		750
Expense allowances, medical aid and insurance contributions	502	407		382		1 291
Retirement fund contributions	508	334		249		1 091
Share options exercised	–	–		–		–
Earnings-based incentive scheme payments	2 998	–		–		2 998
Benefit unit payments	–	–		–		–
Aggregate emoluments	6 145	3 294		3 498		12 937
Aggregate emoluments paid by subsidiaries	(6 145)	–		–		(6 145)
Aggregate emoluments paid by the Company	–	3 294		3 498		6 792
2008						
Basic salary	1 860	2 124	663	672	1 344	6 663
Bonus and performance-related payments ⁵	3 936	1 475	282	462	858	7 013
Expense allowances, medical aid and insurance contributions	347	374	97	125	235	1 178
Retirement fund contributions	415	248	726	65	131	1 585
Share options exercised	–	–	–	–	–	–
Benefit unit payments	–	–	–	–	–	–
Aggregate emoluments	6 558	4 221	1 768	1 324	2 568	16 439
Aggregate emoluments paid by subsidiaries	(6 558)	–	–	–	–	(6 558)
Aggregate emoluments paid by the Company	–	4 221	1 768	1 324	2 568	9 881

1 GN Edwards was appointed on 1 March 2008.

2 S Engelbrecht retired as an executive director and chief executive on 1 March 2008. He was appointed a non-executive director on 1 April 2008.

3 KM Kathan was appointed as financial director and chief financial officer on 1 September 2008.

4 RA Williams resigned on 31 August 2008.

5 Bonus and performance-related amounts are in respect of current year performance but are paid in the following year. The amount accrued for FPP Baker in 2008 was R4 168 000. He will retire on 31 March 2010.

6 Share options issued to directors are set out in note 31. In 2008, after retirement as an executive director and chief executive, S Engelbrecht exercised 90 000 options which generated a benefit of R4 251 188 before tax. None of the other directors exercised any of their options in either the current or the previous year.

7 There were no pensions paid by the Company to directors or past directors of the Company.

8 No compensation was paid to any director or past director for loss of office.

9 There are no service contracts with any director which have a notice period of longer than one month.

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30. DIRECTORS' EMOLUMENTS AND INTERESTS (continued)**Non-executive directors**

R thousands	Directors' fees	Chairman/ committee fees	2009 Total	2008 Total
RMW Dunne	165	205	370	295
S Engelbrecht (appointed on 1 April 2008)	165	45	210	113
Z Fuphe	165	45	210	176
MJ Leeming	165	238	403	360
LM Nyhonyha	165	205	370	335
AC Parker (resigned on 31 December 2009)	165	45	210	205
F Titi	165	505	670	600
LC van Vught (retired on 31 December 2008)				244
	1 155	1 288	2 443	2 328
Aggregate emoluments			2009	2008
R thousands			Total	Total
Executive directors			12 937	16 439
Non-executive directors			2 443	2 328
			15 380	18 767

Interest of directors in the share capital of the Company

The aggregate beneficial holdings of the directors of the Company in the issued ordinary shares of the Company at 31 December 2009 were as follows:

	Number of shares			
	2009 Direct	2009 Indirect	2008 Direct	2008 Indirect
Executive directors				
FPP Baker (retiring on 31 March 2010)	2 500	–	2 500	–
GN Edwards	2 010	–	2 000	–
	4 510	–	4 500	–
Non-executive directors				
S Engelbrecht	46 629	600	46 623	600
MJ Leeming	2 500	7 000	2 500	7 000
LC van Vught (retired on 31 December 2008)			6 000	5 500
	49 129	7 600	55 123	13 100
	53 639	7 600	59 623	13 100

Certain directors have outstanding share options as detailed in note 31.

There have been no changes to the directors' beneficial holdings between the reporting date and the date of this report.

31. EMPLOYEE BENEFITS**Retirement benefits**

The Group provides retirement benefits for all its permanent employees by means of a number of independent defined-benefit pension schemes and defined-contribution provident funds.

At 31 December 2009 the following funds were in existence:

	Date of last statutory valuation
Defined-benefit funds	
– AECl Pension Fund	1 March 2009
– AECl Employees Pension Fund	1 March 2007
– AECl Supplementary Pension Fund	1 March 2008
– Dulux Employees Pension Fund	1 March 2007
Defined-contribution funds	
– AECl Employees Provident Fund	n/a
– Chemical Services Group Provident Fund	n/a

Members pay a maximum contribution of 7,5% of earnings, with the employer's contribution being 9%.

The assets of the funds are under the control of the trustees of the respective funds.

All funds are governed by the Pension Fund Act, No. 24 of 1956, as amended. Defined-benefit funds are actuarially valued every three years using the accrued benefit method of valuation by independent firms of consulting actuaries while, for defined-contribution funds, no statutory valuations are required.

Principal actuarial assumptions at 31 December 2009 were as follows:

%	Group	
	2009	2008
Discount rate	10,00	7,90
Expected return on plan assets	10,00	7,90
Future price inflation	5,70	3,50
Future salary increases	7,20	5,00
Future pension increases	5,10	3,15

The total cost recognised in the income statement of R42 million (2008: R37 million) in respect of the defined-contribution funds represents contributions payable by the Group at the rates specified in the rules of the schemes. Amounts recognised in the income statement in respect of the defined-benefit funds were as follows:

R millions	Group	
	2009	2008
Current service cost	65	70
Interest cost	488	549
Expected return on plan assets	(761)	(946)
Net actuarial loss in the year	227	417
Recognised in the income statement in respect of defined-benefit funds	19	90
Actual return on plan assets	1 170	(436)

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31. EMPLOYEE BENEFITS (continued)**Retirement benefits (continued)**

Based on interim valuations by the funds' actuaries, the funded status of the defined-benefit funds at 31 December 2009 was as follows:

R millions	Group	
	2009	2008
Fair value of plan assets	10 565	9 880
At the beginning of the year	9 880	10 758
Expected return on plan assets	761	946
Net actuarial gain/(loss)	409	(1 382)
Employer contributions	62	57
Employee contributions	36	33
Benefits paid	(583)	(532)
Present actuarial value of defined-benefit obligations	6 766	6 390
At the beginning of the year	6 390	6 274
Current service cost	65	70
Interest cost	488	549
Employee contributions	36	33
Benefits paid	(583)	(532)
Net actuarial gain/(loss)	370	(4)
	3 799	3 490
Less: Pension Fund employer surplus accounts	236	213
Surplus of plan assets over defined-benefit obligations	3 563	3 277
Included in the fair value of plan assets are:		
307 438 AECI Limited ordinary shares (2008: 165 458)	19	8
60% share of The Woodlands office park	930	761
AECI Limited occupies Building 24, being approximately 2,3% of The Woodlands		

The fair value is determined annually at the fund's reporting date

The surplus of assets over liabilities has not been recognised in the Group financial statements because:

- a substantial portion thereof is required to meet the solvency reserves determined to be necessary by the funds' actuaries;
- the Company has no legal entitlement to the surplus, either during the life of the funds or on their dissolution, beyond the amount credited to the employer surplus account.

Historical information on retirement benefits

R millions	Group				
	2009	2008	2007	2006	2005
Fair value of plan assets	10 565	9 880	10 758	9 651	7 558
Present actuarial value of defined-benefit obligations	(6 766)	(6 390)	(6 274)	(5 901)	(4 965)
	3 799	3 490	4 484	3 750	2 593
Less: Pension Fund employer surplus accounts	236	213	226	196	–
Surplus of plan assets over defined-benefit obligations	3 563	3 277	4 258	3 554	2 593

Post-retirement medical aid benefits

The Group provides medical aid benefits for all its permanent employees, principally via the AECI Medical Aid Society. Historically, qualifying employees were granted a subsidy on their medical aid contributions after retirement. The obligation of the employer to continue to subsidise medical aid contributions after retirement is no longer a condition of employment for new employees.

Principal actuarial assumptions for the post-retirement medical aid benefits were as follows:

	Group	
	2009	2008
	%	%
Annual increase in healthcare costs	7,8	5,8
Discount rate	10,0	7,9

31. EMPLOYEE BENEFITS (continued)**Post-retirement medical aid benefits (continued)**

Based on interim valuations by the funds' actuaries, the funded status of the defined-benefit funds at 31 December 2009 was as follows:

R millions	Group		Company	
	2009	2008	2009	2008
Present actuarial value of defined-benefit obligations	994	919	753	712
At the beginning of the year	919	797	712	616
Current service cost	5	5	2	3
Interest cost	69	69	53	53
Liabilities extinguished on settlements	(67)	(66)	(55)	(51)
Net actuarial loss	68	114	41	91

Sensitivity analysis

An increase of 1% and a decrease of 1% in the assumed medical cost trend rates would have affected the obligation as follows:

R millions	Group		Company	
	1% increase	1% decrease	1% increase	1% decrease
Current service cost	-	-	-	-
Interest cost	-	-	-	-
Increase/(decrease) in carrying amount of post-retirement medical aid obligation	123	(101)	93	(77)

Share option scheme

AECI Limited offers share options, without payment, to those employees of the Company or its subsidiary companies who the Board of directors, in its absolute discretion, considers play a role in the management of the Company or subsidiary companies and contribute to their growth and profitability.

Participants are entitled to exercise their options as follows:

- After 2 years – up to 20% of the shares
- After 3 years – up to 40% of the shares
- After 4 years – up to 60% of the shares
- After 5 years – up to 100% of the shares

If an option is not exercised within 10 years from the date such option was granted, it will lapse.

If a participant retires on pension, or otherwise leaves the employ of AECI Limited or one of its subsidiary companies for a reason approved by the Board of directors, the participant shall nevertheless continue to have the same rights and obligations under the scheme in respect of the participant's options as if the participant had remained in the employ of the Company or subsidiary company.

In the event that the participant ceases to be an employee otherwise than as a result of death, retirement on pension or other reasons approved by the Board of directors, any option not yet exercised will be forfeited.

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31. EMPLOYEE BENEFITS (continued)**Share option scheme (continued)**

Details of outstanding share options at 31 December 2009 were:

Expiry date	Exercise price (Rand)	Granted	Number of shares		
			Exercised	Lapsed or forfeited	Outstanding
October 2008	4,50	4 804 000	4 644 000	160 000	–
December 2008	7,52	40 000	40 000	–	–
May 2009	7,00 – 7,20	95 000	95 000	–	–
June 2009	7,50	35 000	35 000	–	–
July 2009	15,80	40 000	–	40 000	–
August 2009	9,00	80 000	16 000	64 000	–
October 2009	11,00	80 000	80 000	–	–
December 2009	12,65	40 000	40 000	–	–
December 2009	12,77	200 000	200 000	–	–
March 2010	13,45	100 000	100 000	–	–
April 2010	13,78	20 000	–	–	20 000
June 2010	13,05	90 000	90 000	–	–
July 2010	13,23	32 000	–	32 000	–
October 2010	11,45	35 000	35 000	–	–
December 2011	17,50	1 460 000	1 163 000	–	297 000
May 2013	23,60	413 900	100 100	–	313 800
		7 564 900	6 638 100	296 000	630 800

Movements in the number of share options held by employees were as follows:

	Number of options	
	2009	2008
Outstanding at the beginning of the year	793 100	1 179 880
Lapsed or forfeited during the year	–	(30 000)
Exercised during the year		
– Exercised against share options hedge ¹	(162 300)	(356 780)
Outstanding at the end of the year	630 800	793 100
Details of share options exercised during the year		
Expiry date	2009–2013	2008–2013
Weighted average exercise price per share (rand)	14,14	7,37

	Group	
	2009 R millions	2008 R millions
Equity-settled share-based payment transactions recognised in the income statement	–	*

The fair value of the share options granted after 7 November 2002 is determined at grant date using the binomial option pricing model. The value of options expected to be exercised is recognised in the income statement over the vesting period of the options. All share options have now vested.

* Nominal amount.

1 The Company has purchased call options which will be exercised instead of issuing new ordinary shares which would otherwise have been issued when employees exercise their share options.

31. EMPLOYEE BENEFITS (continued)**Share option scheme (continued)**

Included in outstanding share options are the following options granted to directors:

	Exercise price (Rand)	Granted	Number of shares		
			Exercised	Lapsed or forfeited	Outstanding
FPP Baker ¹	17,50	20 000	–	–	20 000
FPP Baker	23,60	14 000	–	–	14 000
GN Edwards	23,60	14 000	–	–	14 000
S Engelbrecht	4,50	50 000	50 000	–	–
S Engelbrecht	17,50	40 000	40 000	–	–
S Engelbrecht	23,60	67 600	–	–	67 600
		205 600	90 000	–	115 600

1 Retiring on 31 March 2010.

Movements in the number of share options held by directors were as follows:

	Number of options	
	2009	2008
Outstanding at the beginning of the year	115 600	205 600
Exercised during the year		
– Exercised against share options hedge ¹	–	(90 000)
Outstanding at the end of the year	115 600	115 600

1 The Company has purchased call options which will be exercised instead of issuing new ordinary shares which would otherwise have been issued when employees exercise their share options.

Cash-settled share-based scheme (benefit units)

AECI Limited offers benefit units, without payment, to those employees of the Company or its subsidiary companies who the Board of directors, in its absolute discretion, considers play a role in the management of the Company or subsidiary companies and contribute to their growth and profitability.

The terms and conditions of the benefit units scheme are identical to the share option scheme except that they are settled in cash instead of by the issue of new ordinary shares.

The benefit units were issued for the first time in 2005.

Details of outstanding benefit units at 31 December 2009 were:

Expiry date	Date granted	Issue price (Rand)	Granted	Number of units		
				Exercised	Lapsed or forfeited	Outstanding
February 2015	March 2005	41,00	332 200	29 320	–	302 880
July 2016	August 2006	56,00	221 085	3 650	–	217 435
February 2017	March 2007	70,90	199 725	–	–	199 725
July 2017	August 2007	80,45	29 200	–	29 200	–
February 2018	March 2008	67,25	184 550	–	–	184 550
February 2019	March 2009	43,42	382 650	–	–	382 650
			1 349 410	32 970	29 200	1 287 240

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31. EMPLOYEE BENEFITS (continued)**Cash-settled share-based scheme (benefit units) (continued)**

R millions	Group		Company	
	2009	2008	2009	2008
Cash-settled share-based payment transactions recognised in the income statement	(13)	(8)	(13)	(8)
Total carrying amount of cash-settled share-based transaction liabilities	21	8	21	21

Included in outstanding benefit units were the following units granted to directors:

	Date granted	Issue price (Rand)	Granted	Number of units		
				Exercised	Lapsed or forfeited	Outstanding
FPP Baker ¹	March 2005	41,00	10 300	–	–	10 300
FPP Baker	August 2006	56,00	6 700	–	–	6 700
FPP Baker	March 2007	70,90	5 750	–	–	5 750
FPP Baker	March 2008	67,25	6 550	–	–	6 550
FPP Baker	March 2009	43,42	12 950	–	–	12 950
GN Edwards	March 2005	41,00	10 300	–	–	10 300
GN Edwards	August 2006	56,00	6 700	–	–	6 700
GN Edwards	March 2007	70,90	5 750	–	–	5 750
GN Edwards	March 2008	67,25	26 000	–	–	26 000
GN Edwards	March 2009	43,42	41 300	–	–	41 300
S Engelbrecht	March 2005	41,00	57 000	–	–	57 000
S Engelbrecht	August 2006	56,00	28 125	–	–	28 125
S Engelbrecht	March 2007	70,90	26 200	–	–	26 200
KM Kathan	March 2009	43,42	59 700	–	–	59 700
			303 325	–	–	303 325

¹ Retiring on 31 March 2010.**Earnings-based incentive schemes (EBIS units)**

AECI Limited offers EBIS units, without payment, to those employees of the Company or its subsidiary companies who the Board of directors, in its absolute discretion, considers play a role in the management of the Company or subsidiary companies and contribute to their growth and profitability.

The benefit on realisation of an EBIS unit is calculated on an earnings number, similar to headline earnings per share of the Group, as published at every reporting date of the Group after deducting the issue price of that unit.

Participants are entitled to exercise their units as follows:

- After 2 years – up to 20% of the units
- After 3 years – up to 40% of the units
- After 4 years – up to 60% of the units
- After 5 years – up to 100% of the units

If a unit is not exercised within 10 years from the date such unit was granted, it will lapse.

If a participant retires on pension, or otherwise leaves the employ of AECI Limited or one of its subsidiary companies for a reason approved by the Board of directors, the participant shall nevertheless continue to have the same rights and obligations under the scheme in respect of the participant's units as if the participant had remained in the employ of the Company or subsidiary company.

In the event that the participant ceases to be an employee otherwise than as a result of death, retirement on pension or other reasons approved by the Board of directors, any units not yet exercised will be forfeited.

The EBIS units were issued for the first time in 2003.

31. EMPLOYEE BENEFITS (continued)**Earnings-based incentive schemes (EBIS units) (continued)**

Details of outstanding EBIS units at 31 December 2009 were:

Expiry date	Date granted	Issue price (Rand)	Granted	Number of units		
				Exercised	Lapsed or forfeited	Outstanding
February 2013	March 2003	3,40	7 650 000	3 370 000	148 500	4 131 500
February 2015	March 2005	3,92	7 927 350	1 321 460	–	6 605 890
July 2016	August 2006	5,16	5 519 000	75 500	–	5 443 500
February 2017	March 2007	5,42	6 137 100	42 280	–	6 094 820
July 2017	August 2007	5,97	394 000	–	394 000	–
February 2018	March 2008	5,12	5 417 800	–	–	5 417 800
February 2019	March 2009	5,96	6 258 700	–	–	6 258 700
			39 303 950	4 809 240	542 500	33 952 210

Included in outstanding EBIS units are the following units granted to directors:

	Date granted	Issue price (Rand)	Granted	Number of units		
				Exercised	Lapsed or forfeited	Outstanding
FPP Baker ¹	March 2005	3,92	107 800	–	–	107 800
FPP Baker	August 2006	5,16	72 700	–	–	72 700
FPP Baker	March 2007	5,42	75 100	–	–	75 100
GN Edwards	March 2003	3,40	275 000	–	–	275 000
GN Edwards	March 2005	3,92	323 000	–	–	323 000
GN Edwards	August 2006	5,16	220 000	–	–	220 000
GN Edwards	March 2007	5,42	225 400	–	–	225 400
GN Edwards	March 2008	5,12	340 700	–	–	340 700
GN Edwards	March 2009	5,96	300 700	–	–	300 700
S Engelbrecht	March 2003	3,40	470 000	–	–	470 000
S Engelbrecht	March 2005	3,92	596 400	–	–	596 400
S Engelbrecht	August 2006	5,16	305 250	–	–	305 250
S Engelbrecht	March 2007	5,42	342 500	–	–	342 500
KM Kathan	March 2009	5,96	435 000	–	–	435 000
			4 089 550	–	–	4 089 550

¹ Retiring on 31 March 2010.

Chemical Services Limited (CSL) offers EBIS units, without payment, to those employees of CSL or its subsidiary companies who the CSL board of directors, in its absolute discretion, considers play a significant role in the management of CSL or its subsidiary companies and contribute to their growth and profitability.

The benefit on realisation of an EBIS unit is calculated based on an earnings number, similar to headline earnings per share of the CSL group, after deducting the issue price of that unit.

Participants are entitled to exercise their units as follows:

- After 2 years – up to 20% of the units
- After 3 years – up to 40% of the units
- After 4 years – up to 60% of the units
- After 5 years – up to 100% of the units

If a unit is not exercised within 10 years from the date such unit was granted, it will lapse.

If a participant retires on pension, or otherwise leaves the employ of CSL or one of its subsidiary companies for a reason approved by the CSL board of directors, the participant shall nevertheless continue to have rights and obligations under the scheme in respect of the participant's units as if the participant had remained in the employ of CSL or subsidiary company.

In the event that the participant ceases to be an employee otherwise than as a result of death, retirement on pension or other reasons approved by the CSL board of directors, any units not yet exercised will be forfeited.

The EBIS units were issued for the first time in 2002.

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31. EMPLOYEE BENEFITS (continued)**Earnings-based incentive schemes (EBIS units) (continued)**

Details of outstanding EBIS units at 31 December 2009 were:

Expiry date	Date granted	Issue price (Rand)	Granted	Number of units		
				Exercised	Lapsed or forfeited	Outstanding
February 2012	March 2002	1,81	3 597 000	2 919 400	422 400	255 200
February 2013	March 2003	2,35	8 298 400	6 880 400	730 000	688 000
August 2013	September 2003	2,50	860 000	750 000	70 000	40 000
February 2015	March 2005	2,97	10 472 000	5 627 700	692 100	4 152 200
July 2016	August 2006	3,45	9 332 500	2 232 400	952 400	6 147 700
February 2017	March 2007	4,30	8 090 300	1 345 840	669 810	6 074 650
February 2018	March 2008	4,77	8 224 600	312 200	575 400	7 337 000
February 2019	March 2009	7,37	5 820 000	–	165 000	5 655 000
			54 694 800	20 067 940	4 277 110	30 349 750

Included in outstanding EBIS units are the following units granted to directors:

	Date granted	Issue price (Rand)	Granted	Number of units		
				Exercised	Lapsed or forfeited	Outstanding
FPP Baker ¹	March 2003	2,35	400 000	400 000	–	–
FPP Baker	March 2005	2,97	275 000	165 000	–	110 000
FPP Baker	August 2006	3,45	185 000	37 000	–	148 000
FPP Baker	March 2007	4,30	190 000	38 000	–	152 000
FPP Baker	March 2008	4,77	280 000	–	–	280 000
FPP Baker	March 2009	7,37	230 000	–	–	230 000
			1 560 000	640 000	–	920 000

¹ Retiring on 31 March 2010.

R millions	Group		Company	
	2009	2008	2009	2008
Total carrying amount of EBIS liabilities (see note 14)	53	101	36	67

32. OPERATING SEGMENTS

R millions	2009	2008	2009	2008	2009	2008
	External revenue		Intersegment revenue		Total segment revenue	
<i>Continuing operations</i>	10 709	12 876	–	–	10 709	12 876
AEL Mining Services	4 023	4 009	47	70	4 070	4 079
Chemical Services	6 304	8 199	220	235	6 524	8 434
Heartland	160	386	51	46	211	432
SANS Technical Fibers (USA)	222	282	–	–	222	282
Inter segment	–	–	(318)	(351)	(318)	(351)
<i>Discontinued operation</i>	469	1 464	–	–	469	1 464
SANS Fibres (Bellville)	469	1 464	–	–	469	1 464
	11 178	14 340	–	–	11 178	14 340
	Profit from operations		Depreciation		Impairments/(reversals)	
<i>Continuing operations</i>	767	1 035	267	211	27	4
AEL Mining Services	298	248	142	115	–	–
Chemical Services	483	851	111	93	34	4
Heartland	33	45	4	3	–	–
SANS Technical Fibers (USA)	9	49	10	–	(7)	–
Group services, development and intergroup	(56)	(158)	*	*	–	–
<i>Discontinued operation</i>	66	(49)	–	5	–	39
SANS Fibres (Bellville)	66	(49)	–	5	–	39
	833	986	267	216	27	43
	Assets		Liabilities		Capital expenditure	
<i>Continuing operations</i>	8 676	9 335	2 112	2 827	1 151	969
AEL Mining Services	2 797	2 844	610	881	407	381
Chemical Services	4 941	5 575	1 298	1 583	729	565
Heartland	724	686	55	162	9	16
SANS Technical Fibers (USA)	149	203	33	19	5	6
Group services, development and intergroup	65	27	116	182	1	1
<i>Discontinued operation</i>	63	514	96	398	–	37
SANS Fibres (Bellville)	63	514	96	398	–	37
	8 739	9 849	2 208	3 225	1 151	1 006

* Nominal amount.

1 Assets in SANS Technical Fibers were not depreciated during 2008 as they were classified as held for sale until the reporting date.

2 Transactions between segments are at prices considered to be at arm's length.

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32. OPERATING SEGMENTS (continued)

R millions	2009	2008
Assets attributable to the segments:		
Property, plant and equipment	3 260	2 431
Investment property	430	422
Goodwill	1 063	1 013
Inventory	1 827	2 795
Accounts receivable	2 159	3 188
	8 739	9 849
Liabilities attributable to the segments:		
Accounts payable	2 208	3 225
	2 208	3 225

33. ACQUISITIONS OF SUBSIDIARIES AND BUSINESSES

The following acquisitions, paid for in cash, were made by the Group during the year:

Acquiree	Date of acquisition	% shares acquired	Consideration R millions
Subsidiary acquired			
Cobito (Pty) Limited ¹	1 February 2009	80	40
ImproChem (Pty) Limited ²	1 July 2009	25	23
Businesses acquired			
CH Chemicals (Pty) Limited ¹	1 June 2009		33
			96

1 The acquirees' profit or loss since the acquisition date cannot be determined due to the fact that the businesses acquired were merged with existing cash-generating units in the Group.

2 The Group purchased the non-controlling interest held by TISO Capital. The net profit recognised by the Group was not affected by the transaction.

Acquisitions during the year had the following effect on the Group's assets and liabilities:

R millions	
Acquirees' net assets at the acquisition date	
Property, plant and equipment	1
Inventory	16
Accounts receivable	6
Accounts payable	(4)
Net identifiable assets and liabilities	19
Non-controlling interest	10
Goodwill on acquisition	67
Consideration	96
Less: contingency payment outstanding	(10)
Net cash flow	86

34. INTERESTS IN JOINT VENTURES

	Effective % held by AECI Limited	
	2009	2008
Crest Chemicals (Pty) Limited	50	50
DetNet Detonadores Electronicos Limitada ¹	50	50
DetNet International Limited ²	50	50
DetNet South Africa (Pty) Limited	50	50
Resinkem (Pty) Limited	50	50
Resitec Industria Quimica Limited ³	50	50
Specialty Minerals South Africa (Pty) Limited	50	50
R millions	2009	2008
The proportionate amounts relating to joint ventures is as follows:		
Statements of financial position		
Property, plant, equipment and investments	129	56
Current assets	330	302
Total assets	459	358
Equity	301	146
Non-current borrowings	36	87
Current liabilities	122	125
Total equity and liabilities	459	358
Income statements		
Income	818	772
Expenses	(754)	(699)
Profit before tax	64	73
Impairments	2	-
Commitments		
Capital expenditure authorised	6	1

1 Chile

2 Ireland

3 Brazil

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35. PRINCIPAL SUBSIDIARIES

	Issued	Effective		Interest of AECI Limited [#]			
	share capital	shareholding		Shares		Loans to/(from)	
	2009 Number of shares	2009 %	2008 %	2009 R millions	2008 R millions	2009 R millions	2008 R millions
Holding companies							
<i>Directly held</i>							
AECI International (Ireland) Limited	1	100	100	*	*	–	–
AECI Treasury Holdings (Pty) Limited	100	100	100	*	*	258	258
Athena Paint Investment SA ¹	230 000	100	100	1	1	(38)	(39)
Capex (Pty) Limited	1 000 000	100	100	*	*	*	*
<i>Indirectly held</i>							
African Explosives Holdings (Pty) Limited	43 311 779	75	75	–	–	–	–
African Explosive International Limited ²	1 307	75	75	–	–	–	–
Athena Investment Limited SA ¹	24 243 800	75	75	–	–	–	–
Insurance							
<i>Directly held</i>							
AECI Captive Insurance Company Limited	810 000	100	100	11	11	(56)	*
Mining services							
<i>Directly held</i>							
AEL Holdco Limited	99 800 000	75	75	75	75	2 587	2 143
<i>Indirectly held</i>							
AEL Burkina SARL ³	100 000	75	75	–	–	–	–
AEL DRC SPRL ⁴	10 000	75	75	–	–	–	–
AEL Mali SARL	8 659	75	75	–	–	–	–
AEL (Maritius) Limited	866	75	75	–	–	92	–
AEL Morocco	2 500	100	100	–	–	–	–
AEL Namibia (Pty) Limited	100	100	100	–	–	–	–
AEL Zambia plc	25 508 250	60	60	–	–	–	–
African Explosives Limited ⁺⁺	100	75	75	–	–	–	–
African Explosives (Botswana) Limited	3	75	75	–	–	–	–
African Explosives (Ghana) Limited	1 000 000	75	75	–	–	–	–
African Explosives (Tanzania) Limited	26	75	75	–	–	–	–
Pt AEL Indonesia	1 150 000	100	96	–	–	–	–
Heartland							
Heartland Leasing (Pty) Limited	1 000	100	100	*	*	*	*
Heartland Properties (Pty) Limited	100	100	100	*	*	443	325
Other property subsidiaries				3	3	(95)	(117)

35. PRINCIPAL SUBSIDIARIES (continued)

	Issued	Effective		Interest of AECl Limited [#]			
	share capital	shareholding		Shares		Loans to/(from)	
	2009 Number of shares	2009 %	2008 %	2009 R millions	2008 R millions	2009 R millions	2008 R millions
Specialty chemicals							
<i>Directly held</i>							
Chemical Services Limited	83 127 950	100	100	818	818	129	(350)
<i>Indirectly held</i>							
Akulu Marchon (Pty) Limited +	410 000	100	100	-	-	-	-
Atlas Consolidated Industries (Pty) Limited +	200	100	100	-	-	-	-
Chemfit (Pty) Limited	4 000	100	100	-	-	-	-
Chemical Initiatives (Pty) Limited +	1	100	100	-	-	-	-
Chemiphos SA (Pty) Limited	170	100	100	-	-	1	75
Chemserve Perlite (Pty) Limited +	800 000	100	100	-	-	-	-
Chemserve Systems (Pty) Limited +	625 000	100	100	-	-	-	-
Cobito (Pty) Limited	300	80	-	-	-	-	-
Duco Speciality Coatings (Pty) Limited	100 000	100	100	-	-	107	107
ImproChem (Pty) Limited	4 000	100	75	-	-	3	8
Industrial Oleochemical Products (Pty) Limited +	4 001	100	100	-	-	-	-
Lake International Technologies (Pty) Limited +	13 395	100	100	-	-	-	-
Plaaskem (Pty) Limited +	400	100	100	-	-	12	4
Plastamid (Pty) Limited	128 500	100	100	-	-	3	2
SA Paper Chemicals (Pty) Limited +	220 443	100	100	-	-	-	-
Senmin International (Pty) Limited	8 008 500	100	100	-	-	8	9
Senmin SA (Pty) Limited	50 000	100	100	-	-	-	-
Simitri Specialty Chemicals (Pty) Limited	100	100	100	-	-	-	-
SANS							
<i>Directly held</i>							
SANS Fibres (Pty) Limited +	17 979 433	100	100	8	8	(48)	(46)
SANS Fibres Incorporated ⁵	100	100	100	-	-	167	194
<i>Indirectly held</i>							
SANS Technical Fibers LLC ⁵		100	100	-	-	-	-
Other				3	4	(143)	(89)
				919	920	3 430	2 484

[#] Cost less impairments.

⁺ Trading as an agent on behalf of AECl Limited.

⁺⁺ Trading as an agent on behalf of AEL Holdco Limited.

^{*} Nominal amount.

All companies are incorporated in the Republic of South Africa except for those whose country of incorporation is indicated by their registered company name, and those annotated as follows: 1. Grand Duchy of Luxembourg 2. United Kingdom 3. Burkina Faso 4. Democratic Republic of Congo 5. United States of America.