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Contacts

Board of Directors
T Dloti (Chairman)
N M O Hlophe
B M Rapiya

Company Secretary
P Forsythe

Registered office
Old Mutual Place,
2 Lambeth Hill
London
EC4V4GG

Registered no.
England and Wales 5457445

Public Officer
K J Gleeson

Auditors.
KPMG Audit Plc
Registered Auditor
8 Salisbury Square
London EC4Y 8BB

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted in the European Union (EU)

The financial statements are required by law to present fairly the financial position and performance of the Company, the Companies Act 1985 provides in relation to such financial statements that references in the relevant part of the Act to financial statements giving a true and fair view are references to their achieving a fair presentation

In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable IFRS have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 1985 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities

T Dloti
Chairman
17 June 2008

M N O Hlophe
Director
17 June 2008

Independent Auditor's Report to the members of Education SPV Limited

We have audited the financial statements of Education SPV Limited set out on pages 5 to 20, which comprises the balance sheet at 31 December 2007, the income statement, the statement of changes in equity and the cash flow statement for the year then ended and the notes to the financial statements These financial statements have been prepared under the accounting policies set out therein

This report is made solely to the Company's members in accordance with Section 235 of the Companies Act 1985 Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

As described in the Statement of Directors' responsibilities on page 2, the Company's directors are responsible for the preparation of the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRS) as adopted by the EU

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland)

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985 We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements We also report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed

We read the other information contained in the Directors' Report, and consider whether it is consistent with the audited financial statements We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements Our responsibilities do not extend to any other information

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with IFRS as adopted by the EU, of the state of the Company's affairs as at 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

KPMG Audit Plc

KPMG Audit Plc
Registered Auditor
Chartered Accountants
8 Salisbury Square
London
EC4Y 8BB

17 June 2008

Directors' report

The directors of Education SPV Limited have pleasure in submitting their report on the annual financial statements for the year ended 31 December 2007

Business activities

The principal activity of the Company is acting as an investment holding company

Results of operations

The operating results and financial position of the Company are set out in the income statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes

Share capital

There was no change in the authorised or issued ordinary share capital of the Company

Interest-bearing borrowings

The Company financed the acquisition of its interest in derivative instruments on Old Mutual plc shares in 2005 through interest-bearing borrowings The loan is South African Rand denominated and repayable by 31 July 2010

Holding Trust

The entire ordinary share capital is held by two of the Company's directors, however, The Old Mutual Education Trust is the ultimate beneficial owner

Principal Risks and Uncertainties

The principal risks and uncertainties of the Company arise from the ability of its investments to continue to pay dividends to the Company and any impairment of the valuation of these investments

Key Performance Indicators ("KPIs")

The Company's Directors are of the opinion that the KPIs for the Company are best represented by the results set out in the profit account on page 6

Dividends

Dividends amounting to R10 416 984 (2006 R4 088 710) were paid during the year

Political and Charitable Contributions

The Company made no political or charitable donations or incurred any political expenditure during the year

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the Company is to be proposed at the forthcoming Annual General Meeting

Directors

The directors currently holding office are

T Dloti (Chairman)
N M O Hlophe
B M Rapiya

Company Secretary

J Cowburn	Appointed 30 March 2007and resigned 13 March 2008
P Forsythe	Resigned 30 March 2007 and re-appointed 13 March 2008

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

By order of the Board

Paul Forsythe
Company Secretary
17 June 2008

Income statement

for the year ended 31 December 2007

R' 000	***Notes***	***2007***	*2006*
Revenue			
Investment income	*4*	**21 244**	233 361
Expenses			
Operating expenses	*5*	**(3)**	(3)
Interest expense		**(1 568)**	(3 240)
Profit before tax		**19 673**	230 118
Income tax credit/(expense)	*6*	**1 952**	(42 581)
Profit for the financial year		**21 625**	187 537

The notes on pages 9 to 20 form part of these financial statements

Balance sheet

at 31 December 2007

R' 000	Notes	2007	2006
Assets			
Derivative instruments	7	**330 071**	343 570
Cash and cash equivalents		**503**	504
Total assets		**330 574**	344 074
Liabilities			
Deferred tax liability	8	**40 620**	42 577
Financial liability at amortised cost	9	**1 750**	24 507
Amounts due to group company	10	**8**	-
Current tax payable	11	**2**	4
Total liabilities		**42 380**	67 088
Net assets		**288 194**	276 986
Shareholders' equity			
Share capital	12	**-**	-
Retained earnings		**288 194**	276 986
Total shareholders' equity		**288 194**	276 986

The notes on pages 9 to 20 form part of these financial statements

The financial statements as set out on pages 5 to 20 were approved by the Board of Directors on 17 June 2008, and are signed on its behalf by

T Dloti
Chairman
17 June 2008

Statement of changes in equity

for the year ended 31 December 2007

R' 000

2007	Share capital	Retained earnings	Total
Shareholders' equity at beginning of year	-	**276 986**	**276 986**
Profit for the financial year	-	**21 625**	**21 625**
Dividends	-	**(10 417)**	**(10 417)**
Shareholders' equity at end of year	-	**288 194**	**288 194**

2006			
Shareholders' equity at beginning of year	-	93 538	93 538
Profit for the financial year	-	187 537	187 537
Dividends	-	(4 089)	(4 089)
Shareholders' equity at end of year	-	276 986	276 986

Statement of cash flows

for the year ended 31 December 2007

R' 000	Notes	2007	2006
Cash flows from operating activities			
Profit before tax		19 673	230 118
Non-cash movements and adjustments to profit before tax	16 1	(21 244)	(233 361)
Dividends received		34 723	27 258
Working capital changes	16 2	8	-
Interest received		20	15
Taxation paid		(7)	-
Net cash from operating activities		33 173	24 030
Cash flows used in financing activities			
Repayment of borrowings		(22 757)	(19 437)
Payment of dividends		(10 417)	(4 089)
Net cash used in financing activities		(33 174)	(23 526)
Net (decrease)/increase in cash and cash equivalents		(1)	504
Cash and cash equivalents at beginning of year		504	-
Cash and cash equivalents at end of year		503	504

Notes to the financial statements

for the year ended 31 December 2007

1 General information

The Company operates as an investment holding company

2 Accounting policies

2 1 *Statement of compliance*

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations as adopted by the European Union (EU) and in accordance with the requirements of the Companies Act, 1985

2 2 *Basis of preparation*

The financial statements have been prepared based on and in compliance with IFRS and are presented in South African Rand, the Company's functional currency

The financial statements provide information about the financial position, results of operations and changes in financial position of the Company They have been prepared under historical cost convention, as modified by the financial assets and financial liabilities at fair value through profit or loss

The preparation of financial statements in conformity with IFRS require management to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expense Actual results may differ from their estimates

Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are disclosed in note 7

2 3 *Revenue*

Revenue comprises investment income, which includes dividend income, interest income and unrealised gains and losses on derivative instruments

Dividends
Dividends receivable are recognised as income on the ex-dividend date

Interest
Interest income is recognised in the income statement using the effective interest method

2 4 *Taxation*

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

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

Deferred taxation is provided using the balance sheet liability method, based on temporary differences Temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax base The amount of deferred taxation provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the balance sheet date Deferred taxation is charged to the income statement except to the extent that it relates to a transaction that is recognised directly in equity The effect on deferred taxation of any changes in tax rates is recognised in the income statement, except to the extent that it relates to items previously charged or credited directly to equity

Notes to the financial statements

for the year ended 31 December 2007

2 Accounting policies (continued)

2 4 *Taxation (continued)*

Deferred tax is not recognised on temporary differences that arise from

- the initial recognition of goodwill,
- the initial recognition of an asset or liability in a transaction that is not a business combination which, at the time of the transaction, affects neither the accounting nor taxable profit or loss, and
- temporary differences associated with investments in subsidiaries, associates and joint ventures where the timing of the reversal of the temporary differences can be controlled by the Company and it is probable that the temporary differences will not reverse in the foreseeable future

A deferred tax asset is recognised to the extent that it is probable that future taxable income will be available, against which the unutilised tax losses and deductible temporary differences can be used Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realised

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

2 5 *Financial instruments*

Recognition and de-recognition of financial instruments

Financial instruments are recognised when, and only when, the Company becomes a party to the contractual provisions of the particular instrument

The Company de-recognises a financial asset when and only when

- The contractual rights to the cash flows arising from the financial asset have expired or been forfeited by the Company, or
- It transfers the financial asset including substantially all the risks and rewards of ownership of the asset, or
- It transfers the financial asset, neither retaining nor transferring substantially all the risks and rewards of ownership of the asset, but no longer retains control of the asset

A financial liability is de-recognised when and only when the liability is extinguished, that is, when the obligation specified in the contract is discharged, cancelled or has expired

The difference between the carrying amount of a financial liability (or part thereof) extinguished or transferred to another party and consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the income statement

Derivative instruments

Investments in derivative instruments are classified as financial assets at fair value through profit or loss Unrealised gains and losses are recognised in profit or loss for the period

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market Loans and receivables, including those made to fellow Group undertakings, are measured at amortised cost using the effective interest method less any impairment losses

All loan and receivables are recognised when cash is advanced to borrowers

Financial liabilities

Non-derivative financial liabilities are carried at amortised cost

Notes to the financial statements

for the year ended 31 December 2007

2 Accounting policies (continued)

2 5 *Financial instruments (continued)*

Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to set off and there is intention to settle on a net basis, or to realise the asset and settle the liability simultaneously

Income and expense items are offset only to the extent that their related instruments have been offset in the balance sheet

Cash and cash equivalents

Cash and cash equivalents are measured at fair value For the purposes of the cash flow statement, cash and cash equivalents comprise balances with banks

2 6 *Dividends*

Dividends payable to holders of equity instruments, are recognised in the period in which they are declared

2 7 *Impairment of financial assets*

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets, excluding financial assets at fair value through profit or loss, is impaired

2 8 *Provisions*

Provisions are recognised when the Company 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 Where the Company expects some or all of a provision to be reimbursed, for example under the Company's insurance arrangements, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain The expense relating to any provision is presented in the income statement net of any reimbursement If the effect of discounting is material, provisions are discounted The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability

2 9 *Critical accounting estimates and judgements*

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses Actual results may differ from these estimates

Estimates and underlying assumptions are reviewed on an ongoing basis Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected

Critical accounting estimates are those which involve the most complex or subjective judgements or assessments The areas of the Company's business that typically require such estimates are provisions, determination of the fair value for financial assets and liabilities and impairment charges

Assets are subject to regular impairment reviews as required Impairments are measured at the difference between the cost (or amortised cost) of a particular asset and the current fair value or recoverable amount Impairments are recorded in profit or loss in the period in which they occur

Notes to the financial statements

for the year ended 31 December 2007

2 Accounting policies (continued)

2 10 *Forthcoming requirements*

Amendments adopted in the 2007 annual financial statements

The following standards and amendments to standards, effective for the first time in the current accounting period, and which are relevant to the Company, have been adopted in these financial statements

- IAS 1 amendment, 'Additional disclosures in relation to an entity's capital' (effective 1 January 2007),
- IFRS 7 'Financial Instruments Disclosures' (effective 1 January 2007) IFRS 7 supersedes IAS 30, 'Disclosures in the Financial Statements of Banks and Similar Financial Institutions' and the disclosure requirements in IAS 32 'Financial Instruments Disclosure and Presentation' In particular, IFRS 7 requires additional disclosure over and above that required by IAS 32 in respect of (i) the significance of financial instruments for an entity's financial position and performance, (ii) the nature and extent of risks arising from financial instruments, and (iii) capital objectives and policies

Future amendments not early adopted in the 2007 annual financial statements

The following amendment, that is effective in future accounting periods, and which is relevant to the Company, has not been early adopted in these financial statements

- IAS 1 'Presentation of Financial Statements' (effective 1 January 2009) The changes include a comprehensive revision of primary statements, and include a requirement to introduce a statement of comprehensive income There will be some limited presentational changes as a result of the introduction of this standard but no changes in measurement or recognition

Notes to the financial statements

for the year ended 31 December 2007

R' 000

3 *Asset and liability framework*

The following tables reconcile the balance sheet to the categories of financial instruments

At 31 December 2007	Loans and receivables	Financial liabilities at amortised cost	Financial assets at fair value through profit or loss	Non-financial liabilities	Total
Assets					
Derivative instruments	-	-	330 071	-	330 071
Cash and cash equivalents	503	-	-	-	503
Total assets	503	-	330 071	-	330 574
Liabilities					
Deferred tax liability	-	-	-	40 620	40 620
Financial liability at amortised cost	-	1 750	-	-	1 750
Amounts due to group company	-	8	-	-	8
Current tax payable	-	-	-	2	2
	-	1 758	-	40 622	42 380

At 31 December 2006	Loans and receivables	Financial liabilities at amortised cost	Financial assets at fair value through profit or loss	Non-financial liabilities	Total
Assets					
Derivative instruments	-	-	343 570	-	343 570
Cash and cash equivalents	504	-	-	-	504
Total assets	-	-	-	-	344 074
Liabilities					
Deferred tax liability	-	-	-	42 577	42 577
Financial liability at amortised cost	-	24 507	-	-	24 507
Current tax payable	-	-	-	4	4
	-	24 507	-	42 581	67 088

Notes to the financial statements

for the year ended 31 December 2007

R' 000

4 *Investment income*

	2007	2006
Dividend income		
Derivative instruments	**34 723**	27 258
Interest income		
Cash and cash equivalents	**20**	15
Unrealised (losses)/gains		
Derivative instruments on Old Mutual plc shares	**(13 499)**	206 088
Included in income statement	**21 244**	233 361

5 *Operating expenses*

	2007	2006
Operating expenses comprise		
Bank charges	**3**	3

6 *Income tax credit/(expense)*

		2007	2006
South African taxation			
Normal income tax - current year		**5**	4
Deferred tax	- capital gains tax (CGT) - current year	**(1 957)**	29 857
	- capital gains tax (CGT) - prior year underprovision	**-**	12 720
		(1 952)	42 581

The tax charge for the year is disproportionate to profit for the year as dividend income is not taxable in terms of the Income Tax Act and capital gains are taxed at different rates

Reconciliation of taxation rate on profit before tax	2007	2006
	%	%
Standard rate of taxation	**29 0**	29 0
Adjusted for	**-**	-
Exempt income	**(51 2)**	(3 4)
Capital gains tax - current year rate difference	**10 0**	(13 0)
- prior year rate difference	**-**	4 5
Disallowed expenses	**2 3**	1 4
Effective tax rate	**(9 9)**	18 5

Notes to the financial statements

for the year ended 31 December 2007

R' 000

7 Derivative instruments

On 1 August 2005 the Company subscribed for 38 56 million new ordinary shares in Old Mutual plc (OM plc) for an initial payment of R1 14 per share (10 pence per share), being the par value of each new share, plus an undertaking to make interim payments together with a final cash payment to the issuer, OM plc, the amount of which will be determined according to a set formula These amounts will together form the subscription price for the new shares

In terms of IFRS, during the period up until final payment is made, the Company has restricted rights to the shares akin to investment in a share option of an equity instrument Since the value of the investment in the restricted rights equity instrument of OM plc changes in response to a change in the OM plc share price, required an initial net investment that is smaller than would be required to invest directly in an OM plc share and the final payment is made at the end of nine years from the date of initial subscription, the restricted rights equity instrument of OM plc meets the definition of a derivative

The derivatives take the form of share options on OM plc shares and are carried at fair value Fair value has been measured using the Black Scholes option pricing model and is re-estimated at each reporting date

Significant inputs and assumptions in the valuation of these instruments are as follows

	2007	*2006*
Number of options granted (millions)	**39**	39
Fair value per option at measurement date (in Rands)	**8.6**	8 9
Share price (in Rands) at measurement date (31 December)	**22.9**	23 9
Exercise price (in Rands)	**22 1**	23 3
Expected volatility	**30%**	30%
Expected life (in years)	**7.3**	8 3
Dividend yield	**3%**	3%
Risk free interest rate	**8 5%**	7 9%
Derivative instruments		
- Derivatives on 38 560 000 OM plc shares	**330 071**	343 570

The Trust Deed of the immediate holding Trust stipulates that a set percentage of the dividends received on the restricted rights instruments are required to be on-paid to the Trust to allow the Trust to further the activities for which it was set-up For the year ended 31 December 2007, this amounts to R10 416 984 (2006 R4 088 710) In 2008, 40% (2007 30%) of dividends received are required to be on-paid to the Trust

The balance of dividends received by the Company on the restricted rights instruments are utilised to repay the loan from Citibank N A , London (refer note 9) and once that loan is repaid, to repay the final cash payment payable to OM plc, as referred to above Amounts received that are used to reduce the final cash payment are not recorded as dividend income by the Company and are accounted for as a pass-through transaction

8 Deferred tax liability

	At beginning 2007	Income statement credit	*At end 2007*
Unrealised capital gain	**42 577**	**(1 957)**	**40 620**
	42 577	**(1 957)**	**40 620**

	At beginning 2006	Income statement credit	*At end 2006*
Unrealised capital gain	-	42 577	42 577
	-	42 577	42 577

Notes to the financial statements

for the year ended 31 December 2007

R' 000

9 *Financial liability at amortised cost*

	2007	2006
Loan from Citibank Limited N A , London	1 750	24 507

The loan is an interest-bearing South African Rand account with Citibank N A , London and is secured by the Company's holding in OM plc shares

In accordance with the loan agreement accrued interest must be paid twice a year The rate of interest is 1 25% plus the Johannesburg Interbank Agreed Rate for the period to which interest on the outstanding amount is calculated

The maturity date of the loan is 31 July 2010

In accordance with the Trust Deed of the immediate holding Trust of the Company, The Old Mutual Education Trust, a portion of the dividend income received by the Company is utilised to repay the loan from Citibank N A , London

10 *Amounts due to group company*

	2007	2006
Old Mutual Life Assurance Company (South Africa) Limited (OMLAC(SA))	8	-
	8	-

The loan is unsecured, interest free and not subject to fixed terms of repayment

11 *Current tax payable*

Receiver of Revenue	2	4

12 *Share capital*

Authorised share capital		
1 000 ordinary shares at R1 each	1	1
Issued share capital		
3 ordinary shares at R1 each	-	-
	1	1

Issued shares

3 ordinary shares were issued at incorporation on 19 May 2005

Unissued shares

Subject to the restrictions imposed by the Companies Act 1985, the unissued shares are under the control of the directors

Notes to the financial statements

for the year ended 31 December 2007

R' 000

13 Related party disclosures

Holding Trust

The Company's Holding Trust is The Old Mutual Education Trust, ultimately controlled by Old Mutual plc

Directors

The directors are listed in the Directors' Report

Transactions

There were no material transactions with directors or their families during the current financial period

Dividends received on Old Mutual plc restricted rights instruments amounted to R34 723 280 (2006 R27 258 064)

Dividends paid to The Old Mutual Education Trust amounted to R10 416 984 (2006 R4 088 710)

14 Auditors' remuneration

Audit fees for the company are borne by OMLAC(SA)

15 Employees

The Company has no employees The Company's operations are undertaken by the employees of Old Mutual Life Assurance Company (SA) Limited

16 Notes to the cash flow statement

16 1 Non-cash movements and adjustments to profit before tax consist of

Unrealised losses/(gains)	**13 499**	(206 088)
Interest income	**(20)**	(15)
Dividend income	**(34 723)**	(27 258)
	(21 244)	(233 361)

16 2 Changes in working capital

Working capital changes		
Amounts due to group company	**8**	-
Cash generated by operations	**8**	-

Notes to the annual financial statements

for the year ended 31 December 2007

R' 000

17 *Financial risk management*

Effective risk management is integral to the Company's objective of consistently adding value to shareholders The focus of risk management is on identifying, assessing, managing and monitoring risk Exposure to market risk and credit risk arises in the normal course of the Company's business

The financial assets at fair value through profit or loss are exposed to market risk

The Company has no exposure to currency risk

17 1 *Credit risk*

Credit risk represents the risk that any counterparty may not be able to pay its obligations to the Company when due Credit risk is managed through a process of establishing limits for exposure and monitoring exposure Credit risk is the risk that an asset, in the form of a monetary claim against a counterparty, may not result in a cash receipt (or equivalent) in accordance with the terms of a contract

Financial assets, which may potentially subject the Company to concentrations of credit risk, consist principally of cash and cash equivalents

17 2 *Market risk*

Market risk is the potential impact on earnings of unfavourable changes in foreign exchange rates, interest rates, prices, market volatilities and liquidity Investment risk arises from changes in the fair value of financial assets available-for-sale

The financial assets at fair value through profit or loss are exposed to market risk

17 3 *Capital adequacy*

The Company's capital is not actively managed and it is not subject to any minimum regulatory capital adequacy requirements

17 4 *Interest rate risk*

Interest rate risk is the risk that fluctuating interest rates will unfavourably affect the Company's earnings and the value of its assets, liabilities and capital

The Company's exposure to interest risk is limited to interest earned on cash and cash equivalents which is earned at variable rates

At balance sheet date, the Company did not have significant exposure to interest rate risk

17 5 *Sensitivity analysis table*

At 31 December 2007	**Actual fair value**	**1% share price increase ***	**Total**
Asset			
Derivative instruments	**330 071**	**5 854**	**335 925**

At 31 December 2006	Actual fair value	1% share price increase *	Total
Asset			
Derivative instruments	343 570	5 910	349 480

** Based on Black Scholes 1% increase*

Notes to the annual financial statements

for the year ended 31 December 2007

R' 000

17 Financial risk management (continued)

17 6 *Liquidity risk*

Liquidity risk is the risk that cash may not be available to pay obligations when due at a reasonable cost

A policy statement for liquidity risk that governs liquidity risk has been adopted by the group Company, OMLAC(SA) High level principles, roles and responsibilities and reporting requirements are set out in that policy statement document

Key Principles

The key principles under which OMLAC(SA) assumes liquidity risk, include a liquidity strategy at a Business Unit (BU) level for the day-to-day management and execution of liquidity risk, liquidity limits set by each BU and the monitoring of the Group's net funding requirement

Roles & Responsibilities

The Board of Directors are responsible for the effective management of liquidity risk, by putting the appropriate structure and processes in place The OMLAC(SA) Audit, Risk and Compliance Committee is responsible for reviewing the adequacy and effectiveness

The table below analyses assets and liabilities into current and non-current categories based on the remaining period at balance sheet date to settlement date or, if not subject to fixed terms of repayment, the intention as regards settlement period at the balance sheet date

R' 000

At 31 December 2007	Current assets	Non-current assets	Total
Assets			
Derivative instruments	-	330 071	330 071
Cash and cash equivalents	503	-	503
Total assets	**503**	**330 071**	**330 574**
	Current liabilities	**Non-current liabilities**	**Total**
Liabilities			
Deferred tax liability	-	40 620	40 620
Financial liability at amortised cost	-	1 750	1 750
Amounts due to group company	8	-	8
Current tax payable	2	-	2
Total liabilities	**10**	**42 370**	**42 380**

Notes to the annual financial statements

for the year ended 31 December 2007

R' 000

17 Financial risk management (continued)

Liquidity risk (continued)

At 31 December 2006	Current assets	Non-current assets	Total
Assets			
Derivative instruments	-	343 570	343 570
Cash and cash equivalents	504	-	504
Total assets	504	343 570	344 074

	Current liabilities	Non-current liabilities	Total
Liabilities			
Deferred tax liability	-	42 577	42 577
Financial liability at amortised cost	-	24 507	24 507
Current tax payable	4	-	4
Total liabilities	4	67 084	67 088