GROWTH THROUGH CUSTOMER SERVICE

ANNUAL REPORT 2007

PSV HOLDINGS LIMITED

PSV
PSV HOLDINGS LIMITED

Corporate profile	1
Highlights	2
Vision, mission, goals, key company data	3
Business overview	4
Group structure	5
Board of directors	6
Chairman's review	8
Chief Executive Officer's review	10
Corporate governance	16
Annual financial statements	21
Shareholder analysis tables	60
Shareholders' diary	61
Notice to shareholders	62
Form of proxy	Insert
Administration	IBC

CONTENTS

R151 million
Turnover

7,5 cents
Headline earnings per share

R20,2 million
Net operating profit

CORPORATE PROFILE

The beginnings of PSV Holdings Limited ("PSV") date back to 1988 when entrepreneurs Abie da Silva and Peter Robinson established an operation to be a supplier of pumps and valves to mines and other industrial companies. Initially the primary area of focus was pumps and valves that regulated and controlled the flow of water and other fluids such as petrochemicals.

The business developed into the fully fledged industrial engineering group that listed on the Alternative Exchange of the JSE in April 2006. PSV is now able to implement large water reticulation projects, manufacture and refurbish pumps, valves and fuel handling systems, and supply specialised piping and consumables to mining and other industries.

For the past nineteen years PSV has enjoyed loyal customer support, specifically in the mining industry, and this is based purely on excellent client service.

The mining industry in South Africa and in Africa is a significant and growing industry. Most deep mines require pumps to pump ground water accumulations to the surface and away from the mining operations. These pumps typically pump millions of litres of water per hour from depths of 500m to 1000m underground and operate 24 hours a day.

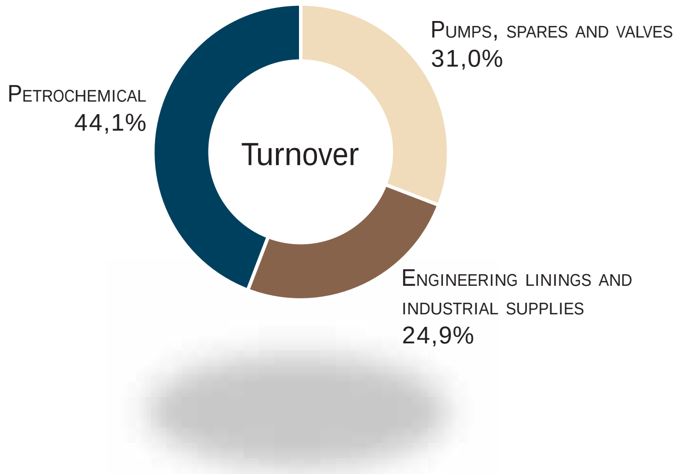
The essential requirement for all deep mining operations is that their mines are free of water so that the mining process is not hindered in any way. PSV is well positioned, both in South Africa and in Africa to continue to support these mining operations.

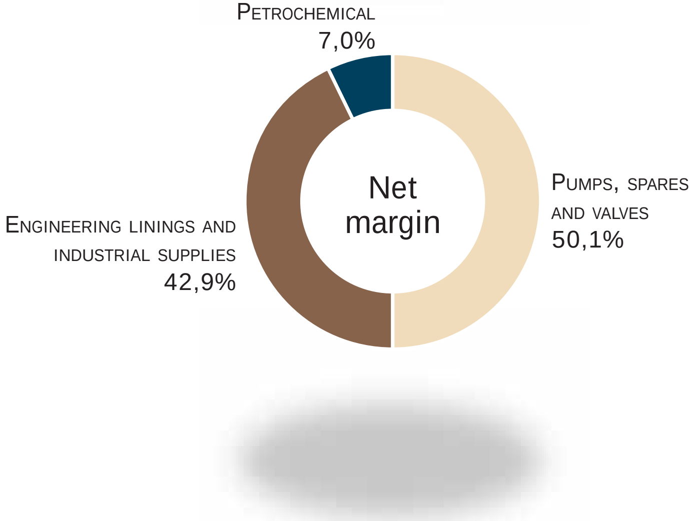
PSV's engineering expertise also extends into the petrochemical industry in South Africa and Africa through Petrologic (Pty) Ltd ("Petrologic"). As long as there are vehicles that require fuel, the technology and expertise of Petrologic will be sought as they keep all operations of the forecourt of a service station running effectively.

A further specialist area of PSV is industrial linings solutions. This is the expert domain of Group Line Projects (Pty) Ltd ("Group Line") and its array of lining products used to solve materials handling flow and wear problems. Expansion such as those taking place at Eskom power stations bodes well for the future of Group Line.

FINANCIAL OVERVIEW

R'000	Actual 28 Feb 2007	Forecast 28 Feb 2007	Deviation %
Turnover	151 024	151 360	—
Gross profit	59 473	54 980	8,2
Operating expenses (excluding depreciation and amortisation)	(33 899)	(30 856)	9,9
EBITDA	25 574	25 624	—
Net interest (paid)/received	(1 047)	(1 262)	
Profit before taxation	19 151	19 685	(2,7)
Taxation	(5 474)	(5 982)	
Earnings from continuing operations	13 677	13 702	—
Earnings after tax from discontinued operations	487	487	
Earnings	14 164	14 190	
Headline earnings	13 988	13 702	
Weighted average shares in issue ('000)	187 263		
EPS (cents)	7,56		
HEPS (cents)	7,47		





HIGHLIGHTS

VISION

PSV aims to become a recognised provider of industrial goods and services throughout Africa.

MISSION

The Group's mission is to continue becoming an industrial engineering group specialising in pumps, valves, engineering linings, industrial supplies and fuel pumps and dispensers through the provision of superior customer service throughout South Africa and Africa.

GOALS

Our goals are:

- To increase shareholder value
- To embrace Broad Based Black Economic Empowerment initiatives
- To empower every employee through participation in a share incentive scheme

KEY COMPANY DATA

Full name	PSV Holdings Limited
Registration number	1998/004365/06
JSE abbreviated name	"PSV"
JSE code	PSV
ISIN	ZAE000078705
Sector	AltX
Exchange	Alternative Exchange
Formed	1988
Listed JSE	21 April 2006
Revenue	R151 million
Operating profit	R20 million
Shares in issue	196 662 773
No of shareholders	1 424
Market capitalisation (R'000)	R125 million
Employees	215
Website	www.psvholdings.com

BUSINESS OVERVIEW

PSV SERVICES (PROPRIETARY) LIMITED ("PSV SERVICES")

PSV Services supplies pumps, pump spares and valves to water and slurry operations at mines throughout Africa. The company has mechanical and electrical contract capabilities to complete fluid handling contracts all over Africa. PSV Services' customers are large reputable internationally based companies.

PSV THUTHUKA (PROPRIETARY) LIMITED ("PSV THUTHUKA")

PSV Thuthuka supplies UPVC pipes and fittings to the water industry in South Africa. These pipes and fittings are used for the reconstruction and development of the supply of clean drinking water to rural and urban areas.

In the next reporting period the operations of PSV Thuthuka will be divisionalised into PSV Services.

PSV ZAMBIA LIMITED ("PSV ZAMBIA")

PSV Zambia is based in Kitwe primarily to be in close proximity to mines in the area. PSV Zambia distributes and sells all products supplied by PSV Services to the Zambian market.

Initially, the pumps and valves supplied by PSV Zambia were sent back to South Africa for repair and refurbishment. Demand has subsequently increased to such an extent that PSV Zambia has established repair and refurbishment facilities in Zambia, thereby reducing costs and turnaround times substantially.

PETROLOGIC (PROPRIETARY) LIMITED ("PETROLOGIC")

Petrologic has been in existence since 1970 and is involved in almost every field of the fuel industry including:

- Fuel pumps and dispensers;
- Bulk meters;
- Flow meters and consumer fuelling equipment;
- LPG dispensers; and
- ERS point of sale forecourt and retail store management software.

Petrologic is involved in the building and assembly of fuel dispensers. The mechanics behind the flow meters (which regulate the flow of petrol from the pumps) need to be meticulously accurate, but also easily adjustable in terms of petrol price increases which the South African economy has become used to of late. That is, machine accuracy is vital to the service station owner as well as patrons.

As a value-added service Petrologic is also involved in point of sale software which manages and details sales, stock levels, as well as usage rates. In addition to these services Petrologic is involved in the service, maintenance, calibration and commissioning, refurbishment and installation of petrol station forecourts.

UMZANTSI AFRICA PUMPS AND VALVES (PROPRIETARY) LIMITED ("UMZANTSI")

Umzantsi is a manufacturer and importer of valves and pumps and supplies these to general industry in South Africa including amongst others the mining, power generation and water industries. Although Umzantsi is focused on operations in South Africa it has also exported to West and North Africa.

In order to become a registered supplier to industry in South Africa, a company has to apply for vendor codes and has to be adequately empowered. Umzantsi has spent a large part of the year focusing on vendor code applications for various mining groups in South Africa and has successfully won supply contracts with several large mining houses.

GROUP LINE PROJECTS (PROPRIETARY) LIMITED (“GROUP LINE”)

Group Line is an industrial lining solutions provider whose core business is vested in the appropriate specification, selection and installation of lining products to solve a variety of materials handling flow and wear problems.

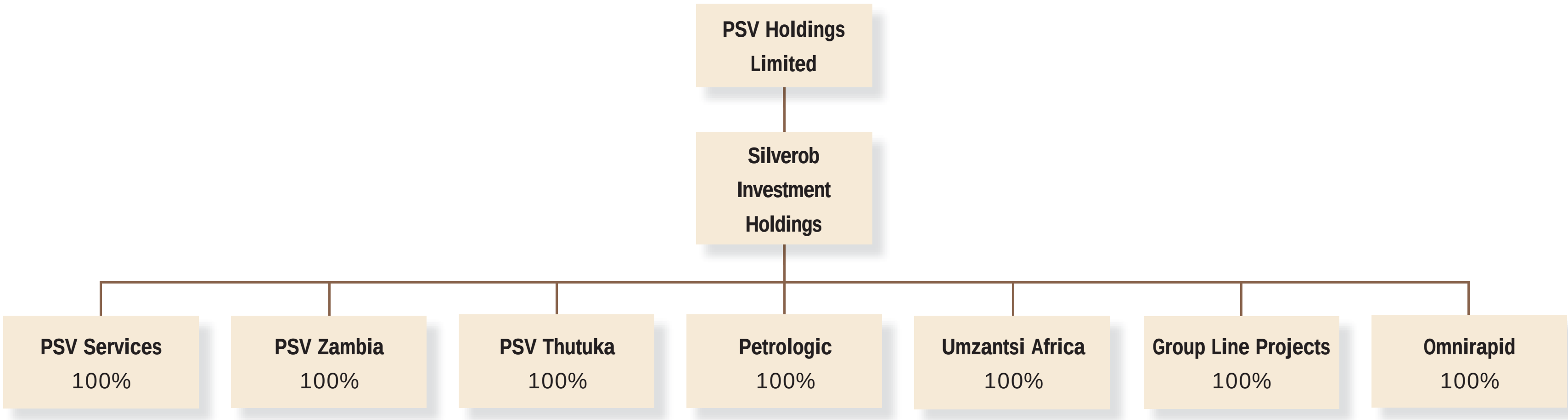
The company pays meticulous attention to principles of material flow technology to minimise client risk when addressing issues of flowability and wear resistance on both new and old installations.

Group Line is the sole distributor of flow tiles glass linings, co-developed and supplied on agreement with PFG. (a glass manufacturer and the only one with a float glass manufacturing unit in sub-Saharan Africa). This product is extensively used in addressing flow problems relating to coal used in the power generation industry.

Group Line’s lining products are typically used in coal chutes, coal hoppers and storage silos to overcome blockages and plugging of the various products within the storage facility.

OMNIRAPID MINING AND INDUSTRIAL SUPPLIERS (PROPRIETARY) LIMITED (“OMNIRAPID”)

Omnirapid supplies mining and industrial consumables, such as piping, fittings, flanges and steel to industrial and mining clients in South Africa and further afield in Africa. Omnirapid is a service-orientated business and has doubled in size due to the harnessing of internal synergies of the PSV Group. It supplies its products and services locally and has an export arm that supplies to Zambia, Zimbabwe, Ghana and Mali.



GROUP STRUCTURE

Standing from left:
GRADUATE (VUSI) J SHONGWE
ABILIO (ABIE) JD DA SILVA
ANTHONY (TONY) R DREISENSTOCK

Sitting from left:
DAVID (DAVE) J KELLY
JOHN JOSIA HONEY MATEYA
PETER ROBINSON

ABILIO (ABIE) JD DA SILVA (45)

Chief Executive Officer

Abie is the co-founding member of the PSV Group. He obtained a National Technical Certificate 5 from the Johannesburg Technical College and a Business Management Diploma from Damelin College.

DAVID (DAVE) J KELLY (48)

Executive director

Dave was born in Britain and now resides in South Africa. He obtained an O Level academic qualification and a City & Guilds diploma at the London Institute in the United Kingdom. He is the managing director of Group Line.

PETER ROBINSON (46)

Executive director

Peter qualified at Huddersfield Technical College in the United Kingdom. As a co-founding member of PSV, Peter has been instrumental in securing long-term contracts for the supply and repair of rotating machinery (pumps, pump spares, etc.) to the various geographical areas throughout Africa. He is the managing director of PSV Services.

ANTHONY (TONY) R DREISENSTOCK (46)

Financial Director and Company Secretary

Tony holds BCom and BAcc degrees obtained from the University of the Witwatersrand as well as an H Dip Tax Law obtained at Rand Afrikaans University. Tony is a qualified chartered accountant. He successfully operated a strategic management consultancy practice until August 2005 when he was recruited by PSV to assist in listing the company and to assume the role of financial director.

JOHN JOSIA HONEY MATEYA (54)

Independent non-executive Chairperson

Honey graduated from Oxford Brookes University in the UK with an MBA degree. He holds a BCom (Unisa) and a HDip Company Law (Wits) degree. He joined Transnet Limited in February 1994 and was appointed Chief Executive Officer of MetroRail in 1999 and served in this position until July 2004. Honey joined Mathomo Group Limited in October 2006 – 2007 and was responsible for turnaround and marketing.

JAMES HUGH ANDERSON (61)*

Independent non-executive director

James studied at Aberdeen University, where he gained an LL.B and then at Glasgow University where he obtained the Institute of Chartered Accountants of Scotland qualification. James has been retained by several clients to advise on strategies and structures for BEE transactions and is an experienced corporate financier.

**James Anderson was appointed to the Board on 8 May 2007*

GRADUATE (VUSI) J SHONGWE (61)

Independent non-executive director

Vusi has a Theological Diploma from the Phumelela Bible School. From 2001 to February 2006 he was the Impala Platinum Limited liaison with government on all BEE related issues.

BOARD OF DIRECTORS

PSV is well positioned to take advantage of economic growth into the future

I am pleased to report on the maiden annual report of PSV.

PSV reverse listed through the cash shell, Elexir Technology Holdings Limited on 21 April 2006. The entrepreneurial flair that began the business in 1988 remains strong in the current structure. Nineteen years ago Abie da Silva and Peter Robinson identified the opportunity to deliver pumps and valves to mines and other industrial companies requiring products to regulate the flow of water and other fluids such as contaminated water from mines.

The business then evolved and Abie and Peter started up various individual businesses manufacturing, supplying and servicing pumps, valves and other process control products. A large portion of PSV's contract work is based in the copper belt in Zambia and expansion plans into the mining and water sectors in South Africa are progressing well.

The businesses have grown from strength to strength and this year generated a gross profit of R59 million which is 8% up on the February 2007 revised forecast. Headline earnings per share of 7,47 cents was attained.

The year was characterised by lucrative contracts being awarded to PSV in Zambia, where we currently have workshop facilities based close to the mines, thus eliminating the need to refurbish and repair pumps in South Africa.

The local South African operations have undertaken an extensive amount of marketing during the year under review and this has been successfully translated into contracts.

HONEY MATEYA
Chairman

CHAIRMAN'S REVIEW

DIVIDENDS

No dividend for the period was declared in line with a statement made in our Revised Listing Particulars (10 March 2006) as initially earnings generated were utilised to fund future growth and development.

SHARE BUY BACK

During the period under review PSV undertook a share buy-back. A total of 4,7 million PSV shares were bought back at an average price of 62 cents per share. This constitutes approximately 2,4% of issued share capital of the Company.

BLACK ECONOMIC EMPOWERMENT

As the bulk of PSV's business has been conducted in Africa, there was previously no need for Black Economic Empowerment. However, as the Group expanded in South Africa, the need for a strategic Black Economic Empowerment partner became important to the Group. To this end PSV Holdings is pleased to announce that it has entered into a Heads of Agreement with Vunani Capital to take an effective 25,67% stake in PSV.

PSV remains committed to economic empowerment and from a staffing point of view PSV has 215 staff members of which 41,3% are historically disadvantaged individuals.

CHANGES TO GROUP ACTIVITIES

During the year under review, PSV cancelled the acquisition of Colvic Petroleum Products (Pty) Limited and its subsidiaries. The sales agreement was cancelled as initial synergies expected between PSV and Colvic's subsidiaries failed to materialise.

APPRECIATION

I would like to thank my fellow directors for their support throughout the year and the entire team at PSV for their hard work and dedication. On behalf of the Board of Directors of PSV I also wish to extend my thanks to our customers, suppliers, shareholders and stakeholders who have supported us throughout the year.

HONEY MATEYA

Chairman

ABIE DA SILVA
Chief Executive Officer

PSV will continue to drive growth through dedicated customer service

The year being reported on has been good but challenging for PSV. The company has experienced excellent contract growth, being awarded either new or extensions to existing supply and service contracts.

The year has also been challenging as we signed an agreement with the previous vendors of three of the subsidiaries of Colvic Petroleum Products (Pty) Ltd ("Colvic') to cancel the acquisition. The decision to unwind the transaction was based largely on synergies between the two companies not being met. Petrologic (Pty) Ltd which was part of Colvic was retained by PSV and will remain part of the Group. Petrologic was retained because it demonstrated the best synergistic value to the Group with strong management and future growth prospects.

FINANCIAL REVIEW

As the year ended February 2007 was the maiden year in which consolidated annual financial statements were prepared for the Group and its subsidiaries, no meaningful comparatives are available. The Group generated an operating profit of R20,2 million (13,4%) on revenue of R151 million and an after tax profit of R14,2 million. Headline earnings per share amounted to 7,47 cents per share (2006 – 3,30 cents per share).

The revenue line was impacted negatively due to the cancellation of the Colvic transaction. Management is satisfied that the Group is now more focused with an emphasis on the supply of products well understood.

The Group's cash flow position and working capital management continues to improve compared to mid year, notwithstanding a major investment in stock to cater for the expected increase in demand from our Zambian operation.

The unwinding of discounts arising on deferred purchase considerations owing to the vendors of companies acquired together with the amortisation of specific intangibles reduced after tax earnings by R3,7 million.

REVIEW OF OPERATIONS

PSV SERVICES

PSV Services delivered a pleasing set of results for the year under review. This subsidiary has long-standing pump repair contracts in Zambia. During the year it was awarded a further contract entailing the supply of spares, management of the pump workshop, and the control of the pump spares inventory. These contracts are worth a minimum of R30 million per annum over the next two years.

PSV Services currently employs 23 staff members and the operation is based in Johannesburg.

PSV ZAMBIA

The PSV Zambia operation is based in Kitwe, staffed with four people and distributes and sells all products supplied by PSV Services to the Zambian market. The benefit of the supply contracts mentioned above, adds value to the mines as turnaround times are now three to four weeks for complete pump refurbishment. Previously pumps were sent to South Africa for refurbishment, a process which took approximately 10 to 14 weeks, which meant downtime for the mines. PSV Zambia has invested an additional R9 million in inventory to facilitate faster turnaround times.

The position of PSV Zambia is strong in that it is able to increase supply to mines likes Konkola and Champishi Copper Mines where PSV already has a relationship in which it supplies pump spares and valves on a requirement basis.

PETROLOGIC

Despite the impact that the South African consumer is feeling with regard to continual hikes in the fuel price, petroleum companies in South Africa continue to be a source of business for Petrologic.

The bulk of revenue received by Petrologic is from service contracts from large petrochemical companies.

Petrologic currently employs 125 staff and the manufacturing unit is based in Meadowdale, Gauteng and the subsidiary has branches in Cape Town, Durban and Port Elizabeth.

UMZANTSI AFRICA

Umzantsi Africa is a subsidiary that has undergone extensive expansion over the past year. The subsidiary has been able to put into place a number of vendor codes with many of the mining groups throughout the country. Success has already been achieved with supply contracts being awarded to Umzantsi Africa by several large mining houses.

The revenue stream from Umzantsi, although small at this stage is expected to grow in the future.

In line with expansion plans and enterprise development, a BEE initiative has been undertaken by Umzantsi where strategic alliances have been entered into with the Royal Bafokeng Nation in the North West Province to supply the mines and industry users in the region with pumps and valve products and other services provided by Umzantsi. Likewise, a strategic alliance has been struck with Bakweneng in the Limpopo Province. These operations are based locally to provide better service and turnaround times to users.

Umzantsi Africa currently employs nine staff and operates from Edenvale, Gauteng.

CEO'S REVIEW

CEO'S REVIEW CONTINUED

GROUP LINE PROJECTS

Group Line Projects, an industrial lining solutions provider, has a number of contracts in place at various stages of completion, and ongoing contracts with Eskom at the Grootvlei, Komati and Camden power stations totalling about R28 million.

Group Line Projects' glass flow tile lining project at Eskom's Grootvlei Power Station is about 90% complete. Over 8000m^2 of glass flow tiles, with material which alone was 280 tons in weight, were installed over a 12 month period to meet the tight deadlines of the Grootvlei startup programme. Along with this installation, a considerable quantity of other lining material was installed by the company adding to the success of the project.

Another recently awarded contract to Group Line Projects is for the installation of low friction glass flow tile liners into the coal storage bunkers of Komati and Camden power stations in Mpumalanga both of which are now nearing completion.

At the moment expansion in sectors such as coal and iron ore, as well as Eskom's expansion plans, are having a positive impact on Group Line Projects.

Group Line Projects is based at Jetpark, Gauteng and employs a total of 48 staff members.

OMNIRAPID

Omnirapid supplies mining and industrial consumables, such as piping, fittings, flanges and steel to industrial and mining clients in South Africa and further afield in Africa. Omnirapid has experienced good growth for the year. Margin growth has been maintained in order to attract new business and retain existing business.

The staff component at Omnirapid is six and the operation is based in Edenvale.

PROSPECTS

The Group will look towards expanding its manufacturing capacity in South Africa to allow the production of pump spares and valves to meet an increase in demand in Zambia.

Petrologic is expecting a contract for dispensing units for Zimbabwe totalling approximately R4,2 million. In addition, facilities at Petrologic are being expanded to facilitate the creation of lucrative dispenser repair facilities.

Group Line Projects is expecting to secure a contract for flow control linings on an iron ore project. The contract is estimated to be worth at least R10 million.

To sustain growth the Group will invest additional funds in human and infrastructural resources. In order to expand our product offering, the Group will investigate various acquisition possibilities.

Additional cost saving measures are underway through the pooling of resources, and the extraction of synergies when PSV moves into a new head office and manufacturing site together with three existing subsidiaries.

In the past, due to a lack of BEE participation, PSV was unable to benefit from supply and refurbishment contracts with South African mines. Since a BEE initiative is currently being finalised with Vunani Capital, the Group's management is confident this will assist in marketing to South African mines. Management believes the benefits of this transaction are most likely to be realised over the next 12 to 18 months.

RELIABLE SERVICE

CEO'S REVIEW CONTINUED

On the completion of the BEE transaction, the Group will implement a staff share incentive scheme. The Group has appointed an accreditation agency to review our current scorecard and recommend changes necessary to increase our BEE rating. The Group is also in the process of investigating a social responsibility initiative which should be in place during the next financial year.

BUSINESS RISK

A potential risk factor to PSV is competitive pricing structures from the peer group. This risk is mitigated through the establishment of long-term relationships with clients and a service record that is outstanding. There is no doubt that the market is competitive, but PSV's substantial in-house manufacturing capability also helps the Group to capture and maintain market share. It is the belief of management that the barriers to entry are high with large investments in patterns and tooling required by new entrants.

It is acknowledged that a lack of BEE credentials has hampered marketing of products in South Africa. This is, however, currently being addressed with Vunani Capital who will ultimately hold 25,67% of PSV Holdings.

APPRECIATION

I would like to thank my fellow directors for their support throughout the year and the entire team at PSV for their hard work and dedication. It has been a year of realignment and focus. It takes hard work to transform a company into a listed entity and for this I thank the management team for the effort they have extended.

We also wish to extend our thanks to our customers, suppliers, shareholders and stakeholders who have supported us throughout the year.

ABIE DA SILVA
Chief Executive Officer

FULLY COMMITTED

INTRODUCTION

PSV is listed on the ALTx Board of the JSE Limited ("JSE"). The Board of Directors ("the Board") is subject to and supports the principles contained in the Code of Corporate Practices and Conduct recommended by the 2002 King Report on Corporate Governance for South Africa ("King II"), as well as the Listings Requirements of the JSE.

This corporate governance statement sets out the key governance principles and practices of PSV to fairly and honestly inform our internal and external stakeholders through fair and understandable disclosure.

ENDORSEMENT OF KING II REPORT

PSV remains fully committed to the principles of effective corporate governance and application of the highest ethical standards in the conduct of its business. We endorse the principles of integrity and accountability advocated by King II. In all dealings we strive to ensure that the interests of stakeholders are foremost in our decisions and that they are fully informed of the process.

STATEMENT OF COMPLIANCE

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

Based on the information set out in this corporate governance statement, the Board has committed itself to apply the principles of King II on an ongoing basis and has complied with the provisions set out in the Listings Requirements of the JSE.

CHANGES MADE DURING THE LAST YEAR AND PROSPECTS FOR THE YEAR AHEAD

THE BOARD

The Board will focus on strengthening the internal control and forecasting procedures of the Company. Issues of concern were highlighted and changes implemented. The Board has adopted a Board Charter clearly defining the roles and responsibilities of the Board, and, as required in terms of the JSE Listings Requirements, has ensured that all Board Committee members are now non-executive.

BOARD COMPOSITION

For the coming year, the Board will be focusing on appointing more non-executive directors, particularly independent directors, to the Board to ensure that the Board comprises a balance of executive and non-executive directors. The Board appointed James Anderson as an independent non-executive director with effect from 8 May 2007.

RISK MANAGEMENT

The Board will further establish risk management departments in the major Group companies.

POLICIES AND PROCEDURES

The Board has approved the following policies:

- a Board Charter which sets out the responsibilities of the Board as a whole as well as for individual directors;
- an information disclosure policy to record PSV's procedure with regards to communicating with the public to avoid selective disclosure of material information and to govern the disclosure of price-sensitive information;

- a trading policy to regulate the dealings in securities by directors, directors of major subsidiaries, senior management and the company secretary of PSV; and

- an appointments to the Board policy detailing the procedures for appointments to the Board.

As the Group is committed to the highest ethical standards of business conduct and to fully complying with all applicable laws and regulations, the Board has in addition to the above, identified additional polices and procedures, including a Code of Conduct, which will be adopted by the Board during the next financial year.

CHAIRMAN AND BOARD OF DIRECTORS

CHAIRMAN

The chairman, Honey Mateya, is an independent non-executive director. The Board delegates to the chairman responsibility for ensuring the effectiveness of governance practices.

As recommended by King II the role of the chairman is separate from that of the chief executive officer.

THE CHIEF EXECUTIVE OFFICER

The Chief Executive Officer (CEO), Abie da Silva, is responsible for the running of the day-to-day business of the Group, for the implementation of policies and strategies adopted by the Board and takes full responsibility for all operations. Managing directors of the various businesses assist him in this task. Board authority conferred on management is delegated through the CEO, in accordance with approved authority levels. Abie is tasked with addressing all matters with shareholders.

BOARD

The Board comprises six directors of whom two are independent non-executive directors. The independent directors ensure that no one individual has unfettered powers of decision-making and authority, so that shareholders' interests are protected. The non-executive directors have no fixed term of office.

The guidelines contained in the Listings Requirements of the JSE were used to test the independence and category most applicable to each director.

The primary responsibilities of the Board include regular review of the strategic direction of investment decisions and performance against approved plans, budgets and best practice standards. The Board retains full and effective control of the Group and decisions on material matters are reserved for the Board.

The Board meets at least quarterly, and more frequently if circumstances or decisions require. The Board met five times during the year.

Meetings are conducted in accordance with formal agendas, ensuring that all substantive matters are properly addressed. Any director may request that additional matters be added to the agenda. Copies of Board papers are circulated to the directors in advance of the meetings.

All directors have the requisite knowledge and experience required to properly execute their duties, and all participate actively in the proceedings at Board meetings. Non-executive directors contribute an unfettered and independent view on matters considered by the Board.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE CONTINUED

One third of the directors are subject, by rotation, to retirement and re-election at the annual general meeting in terms of the Company's articles of association. In addition, all directors are subject to election by shareholders at the first annual general meeting after their initial appointment.

The biographical details for each of the directors are set out on page 7 of the annual financial statements.

The attendance by directors at Board meetings is provided below:

Director	27 March 2006	6 April 2006	31 May 2006	27 Oct 2006	6 Dec 2006
AJD da Silva	Yes	Yes	Yes	Yes	Yes
AR Dreisenstock	Yes	Yes	Yes	Yes	Yes
E Ganhao	Yes	Yes	Yes	No	Resigned
VC Hall	Yes	Yes	Yes	Yes	Resigned
D Kelly	Yes	Yes	Yes	Yes	Yes
R Lubbinge	Yes	Yes	Yes	Yes	Resigned
JJH Mateya	Yes	Yes	Yes	Yes	Yes
P Robinson	Yes	Yes	Yes	Yes	Yes
GJV Shongwe	Yes	Yes	Yes	Yes	Yes

CHANGES TO THE BOARD

During the period under review, the following directors tendered their resignation:

EJR Ganhao (Executive Director) *Resigned 1 September 2006*

VC Hall (Executive Director) *Resigned on 5 December 2006**

R Lubbinge (Executive Director) *Resigned on 5 December 2006**

**Resigned due to the cancellation of the Colvic transaction.*

The Board appointed James Anderson as an independent non-executive director with effect from 8 May 2007.

BOARD COMMITTEES

While the Board remains accountable and responsible for the performance and affairs of the Company, it delegates to management and Board sub-committees certain functions to assist it to properly discharge its duties. The chairman of each sub-committee reports at each scheduled meeting of the Board and minutes of sub-committee meetings are provided to the Board. All the members of each sub-committee are independent, non-executive directors.

The chairman of each sub-committee is required to attend annual general meetings to answer questions raised by shareholders. The established Board sub-committees are as follows:

AUDIT COMMITTEE

During the financial year ended 28 February 2007, the Audit Committee comprised of four members, Messrs Honey Mateya (Chairman), Vusi Shongwe, Tony Dreisenstock and a representative from the Company's appointed designated adviser. Abie da Silva attended the meetings by invitation. Tony Dreisenstock has subsequently resigned as a member of the Audit Committee and the Board has appointed an independent director, James Anderson, who is appropriately qualified, to chair the committee.

The Audit Committee met formally twice during the financial year. The external auditors attend the formal committee meetings and also have unrestricted informal access to the chairman of the Audit Committee.

The attendance by members at the Audit Committee meetings is provided below:

Director	31 May 2006	26 October 2006
AR Dreisenstock	Yes	Yes
JJH Mateya	Yes	Yes
GJV Shongwe	Yes	Yes
Exchange Sponsors (Pty) Ltd	Yes	Yes

REMUNERATION COMMITTEE

Although a Remuneration Committee is not a requirement in terms of the JSE Listings Requirements for ALTx companies, the Board will be formally constituting a Remuneration Committee containing detailed terms of reference for the committee during the next financial year.

APPOINTMENTS TO THE BOARD

Directors are appointed on the basis of skill, acumen, experience and level of contribution to and impact on the activities of the Group. The Board has adopted a policy on the procedures for the appointment of directors. Directors are invited to assist with the identification and nomination of potential candidates. The independent members of the Board propose suitable candidates for consideration by the Board.

COMPANY SECRETARY

The appointment and removal of the company secretary is a matter for the Board as a whole. The company secretary advises the Board on the appropriate procedures for the management of meetings and the implementation of governance procedures, and is further responsible for providing the Board collectively, and each director individually, with guidance on the discharge of their responsibilities in terms of the legislation and regulatory requirements applicable to South Africa.

The Board has unlimited access to the company secretary, who advises the Board and its sub-committees on issues including compliance with Group policies and procedures, statutory regulations and King II.

INTERESTS IN CONTRACTS

During the year ended 28 February 2007, none of the directors had a significant interest in any contract or arrangement entered into by the Company or its subsidiaries, other than as disclosed in note 25 to the annual financial statements.

Directors are required to inform the Board timeously of conflicts or potential conflicts of interests they may have in relation to particular items of business. Directors are obliged to recuse themselves from discussions or decisions on matters in which they have a conflicting interest.

RELATIONS WITH SHAREHOLDERS

The Company maintains dialogue with its key financial audiences, especially institutional shareholders and analysts. The investor relations team manages the dialogue with these audiences and presentations take place at the time of publishing interim and final results.

The Group adopts a pro-active stance in timely dissemination of appropriate information to stakeholders through print and electronic news releases and the statutory publication of the Group's financial performance.

The company's website provides the latest and historical financial and other information, including the financial reports.

The Board encourages shareholders to attend its annual general meeting, notice of which is contained in this annual report, where shareholders will have the opportunity to put questions to the Board, including the chairmen of the Board committees.

CORPORATE GOVERNANCE CONTINUED

The Company maintains dialogue with its key financial audiences, especially institutional shareholders and analysts.

DIRECTOR'S SHARE DEALINGS

The Board has an approved trading policy in terms of which dealing in the Group's shares by directors and employees is prohibited during closed periods.

Directors may not deal in the Company's shares without first advising and obtaining clearance from the CEO and the financial director. The CEO and financial director may not deal in the Company's shares without first advising and obtaining clearance from the Board. No director or executive may trade in PSV shares during closed periods as defined in the JSE Listings Requirements. The directors of the Company keep the company secretary advised of all their dealings in securities.

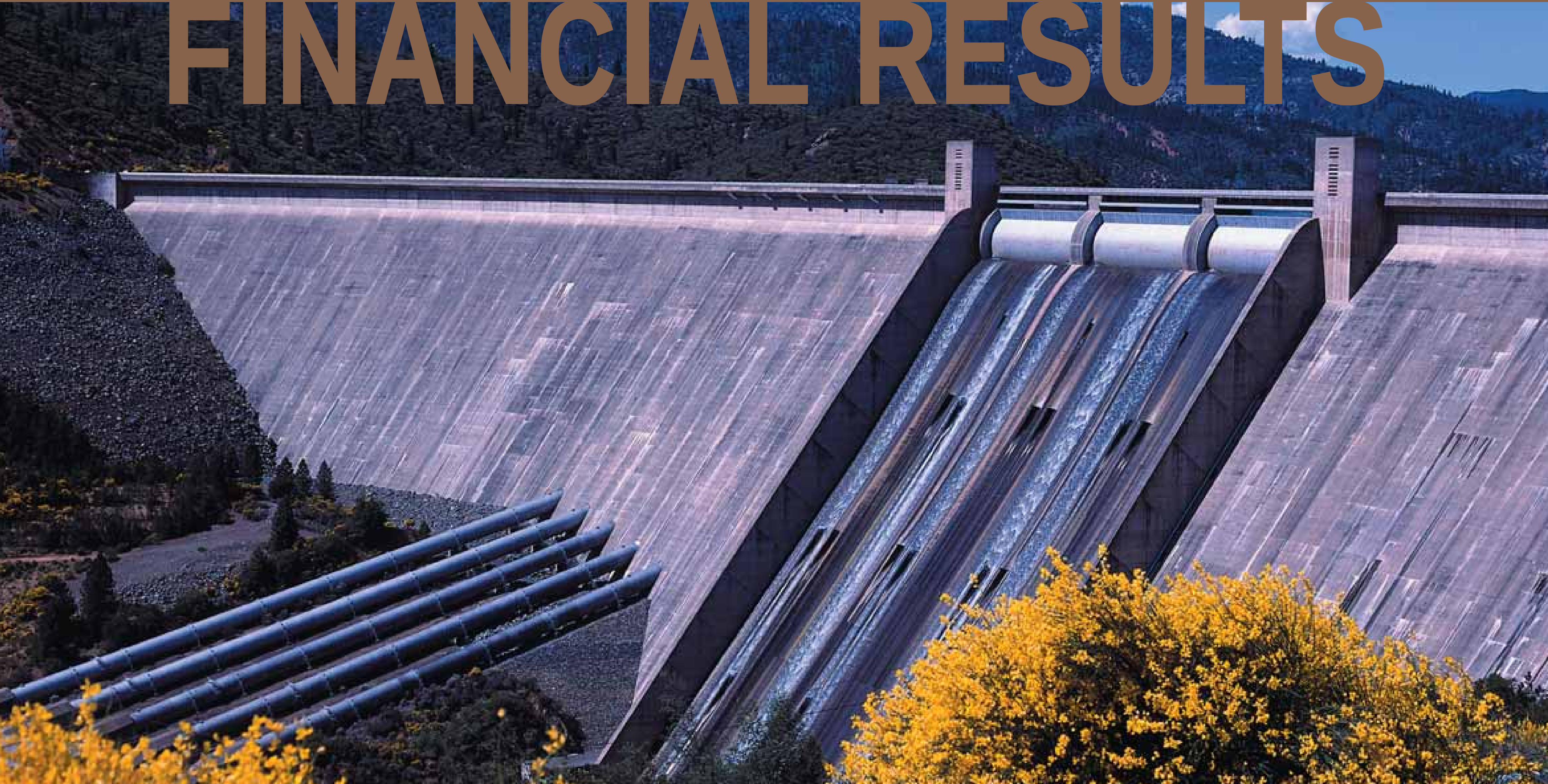
GOING CONCERN

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

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

Directors' report 22
Directors' responsibility 24
Certification by the company secretary 24
Report of the independent auditors 25
Income statements 26
Balance sheets 27
Statements of changes in equity 28
Cash flow statements 30
Accounting policies 31
Notes to the financial statements 38

FINANCIAL RESULTS



DIRECTORS' REPORT

The directors have pleasure in submitting their report together with the Company and Group annual financial statements for the financial year ended 28 February 2007.

NATURE OF BUSINESS

PSV is an industrial engineering company focusing on the provision of flow control products, services and electrochemical solutions to the mining, petrochemical, water and waste water management sectors in South Africa and Africa.

FINANCIAL STATEMENTS

The Company and Group's results and financial position are contained in the annual financial statements on pages 26 to 59 of the report.

The audited annual financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and their interpretation adopted by the International Accounting Standards Board ("IASB"), the Listings Requirements of the JSE Limited ("JSE") and the Companies Act, 61 of 1973 as amended ("the Act") and remain consistent with those applied to the published 31 August 2006 interim results.

UNWINDING OF THE ACQUISITION OF THREE OF THE SUBSIDIARIES OF COLVIC PETROLEUM PRODUCTS (PROPRIETARY) LIMITED

An announcement was released on the Securities Exchange News Service on 14 December 2006 advising shareholders that PSV had signed an agreement with the vendors of three of the subsidiaries of Colvic Petroleum Products (Pty) Limited ("Colvic") to cancel PSV's acquisition of PCS Foundry (Pty) Ltd, Tseba Construction (Pty) Ltd and Colvic Marketing & Engineering (Pty) Ltd.

The purchase agreement for Petrologic, however, remained substantially unchanged and the operation remains part of PSV. The initial synergies expected between the original PSV businesses and Colvic`s subsidiaries had unfortunately not materialised.

RESULTS OF OPERATIONS

The Company and Group's income statement and segmental analysis for the period sets out the results of the operations.

DIVIDENDS

No dividends were paid nor recommended to shareholders during the financial year ended 28 February 2007 (2006: nil).

PROPERTY, PLANT AND EQUIPMENT

During the year the Group invested R4,6 million in new property, plant and equipment in order to expand its operations. Details of property, plant and equipment are contained in note 7 of the annual financial statements. There have been additions to the Group's property, plant and equipment subsequent to 28 February 2007. The Company, through a newly established, wholly owned subsidiary, PSV Properties (Pty) Limited, purchased a property to enable PSV to have a fully fledged head office.

BORROWING POWERS

In terms of the Company's articles of association, its borrowing powers are unlimited. The borrowing powers of the Group's wholly owned operating subsidiaries may in terms of its articles of association be limited by the Company.

LITIGATION

There are no legal or arbitration proceedings, including any such proceedings that are pending or threatened, of which PSV is aware that may have, or have had during the 12 months preceding the date of the annual report, a material effect on the financial position of the Group.

INDEPENDENT AUDITORS

The independent auditors, KPMG Inc., were appointed during the year.

STATED CAPITAL

Details of the authorised and issued stated capital of the Company and the movements during the period are contained in note 15 of the annual financial statements.

DIRECTORS AND SECRETARY

The names of the directors and company secretary in office at 28 February 2007 are set out on page 7 of the annual report.

During the period under review, the following directors tendered their resignation or were appointed:

Mr EJR Ganhao (Executive Director) – Resigned 1 September 2006
Mr VC Hall (Executive Director) – Resigned on 5 December 2006
Mr R Lubbinge (Executive Director) – Resigned on 5 December 2006
Mr JH Anderson was appointed as an independent non-executive director with effect from 8 May 2007.

In terms of the articles of association, Messrs D Kelly and GJV Shongwe retire at the forthcoming annual general meeting, and being eligible, offer themselves for re-election.

The interests of directors in the issued share capital of the Company is provided on page 61 of the annual report.

In accordance with the requirements of the JSE Limited, a detailed report on directors' remuneration appears in note 26.

SIGNIFICANT SHAREHOLDERS

Details of significant shareholders are included on page 60 of this annual report.

SUBSIDIARY COMPANIES

Details of the Company's subsidiary companies appear in note 10 to the annual financial statements.

SPECIAL RESOLUTIONS BY SUBSIDIARY COMPANIES

The authority of the wholly owned subsidiaries to purchase their own and the Company's shares, subject to the relevant provisions of the Act and the Listings Requirements of the JSE was approved by shareholders on 3 August 2006 and registered by CIPRO on 21 September 2006.

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

APPROVAL OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements of PSV Holdings Limited and its subsidiaries were approved by the Board of Directors on 31 July 2007 and are signed on its behalf by

AJD da Silva
Chief Executive Officer

AR Dreisenstock
Company Secretary

DIRECTORS' RESPONSIBILITY

The directors are responsible for the preparation and fair presentation of the annual financial statements, comprising the balance sheet at 28 February 2007 and 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, which include a summary of significant accounting policies and other explanatory notes in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

The directors' responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and the 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 director's responsibility also includes maintaining adequate accounting records and an effective system of risk management.

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

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

CERTIFICATION BY THE COMPANY SECRETARY

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

AR Dreisenstock
Company Secretary

REPORT OF THE INDEPENDENT AUDITORS

FOR THE YEAR ENDED 28 FEBRUARY 2007

To the members of PSV Holdings Limited

We have audited the Company and Group's annual financial statements of PSV Holdings Limited, which comprise the balance sheet as at 28 February 2007, and the income statement, the statement of changes in equity and cash flow statement for the year then ended, and the notes to the financial statements, which includes a summary of significant accounting policies and other explanatory notes and the directors' report, as set out on pages 22, 23 and 26 to 59.

Directors' responsibility for the financial statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, 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 Company and Group's annual financial statements present fairly, in all material respects, the consolidated and separate financial position of PSV Holdings Limited at 28 February 2007, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

KPMG Inc.

P. Esslemont

Per C Esslemont
Chartered Accountant (SA)
Registered Auditor
Director
31 July 2007

INCOME STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2007

		GROUP		COMPANY	
	Notes	**2007**	2006	**2007**	2006
Continuing operations					
Revenue		**151 023 542**	9 211	**1 580 392**	9 211
Cost of sales		**91 550 572**	—	**—**	—
Gross profit		**59 472 970**	9 211	**1 580 392**	9 211
Operating expenses/(income)		**39 274 642**	(973 721)	**3 994 153**	(973 721)
Operating profit/(loss)	2	**20 198 328**	982 932	**(2 413 761)**	982 932
Financial income	3	**1 574 540**	156	**237 363**	156
Financial expenses	4	**(2 621 998)**	—	**—**	—
Profit/(loss) before taxation		**19 150 870**	983 088	**(2 176 398)**	983 088
Taxation (charge)/credit	5	**(5 474 120)**	(1 573)	**1 172 413**	(1 573)
Profit/(loss) for the year from continuing operations		**13 676 750**	981 515	**(1 003 985)**	981 515
Profit after tax from discontinued operations	2A	**487 261**			
Profit/(loss) for the year attributable to ordinary shareholders		**14 164 011**	981 515	**(1 003 985)**	981 515
Basic earnings per share (cents)	6	**7,56**	0,43		
Diluted earnings per share (cents)	6	**7,09**	(3,21)		
Continuing operations					
Basic earnings per share (cents)		**7,30**			
Diluted earnings per share (cents)		**6,85**			

BALANCE SHEETS

AT 28 FEBRUARY 2007

		GROUP		COMPANY	
	Notes	**2007**	2006	**2007**	2006
ASSETS					
Non-current assets		**133 691 664**	—	**140 454 232**	—
Property, plant and equipment	7	**6 910 226**	—	**232 813**	—
Intangible assets	8	**20 273 365**	—	**—**	—
Goodwill	9	**96 991 453**	—	**—**	—
Investment in subsidiaries	10			**135 619 567**	—
Deferred taxation assets	16	**5 648 772**	—	**1 172 413**	—
Loans receivable	11	**3 867 848**	—	**3 429 439**	—
Current assets		**79 646 051**	129 729	**52 669**	129 729
Inventories	12	**32 270 609**	—	**—**	—
Trade and other receivables	13	**38 766 421**	91 904	**1 790**	91 904
Cash and cash equivalents	14	**8 609 021**	37 825	**50 879**	37 825
Total assets		**213 337 715**	129 729	**140 506 901**	129 729
EQUITY AND LIABILITIES					
Shareholders' equity					
Ordinary shareholders' interest		**152 674 476**	(1 084 199)	**137 946 473**	(1 084 199)
Stated capital/Share capital	15	**236 177 737**	2 231 280	**236 177 737**	2 231 280
Share premium	15	**—**	93 911 800	**—**	93 911 800
Accumulated loss		**(83 063 268)**	(97 227 279)	**(98 231 264)**	(97 227 279)
Foreign currency translation reserve		**(439 993)**	—	**—**	—
Non-current liabilities		**8 938 321**	—	**—**	—
Deferred tax liabilities	16	**5 395 762**	—	**—**	—
Purchase consideration payable	17	**1 908 969**	—	**—**	—
Borrowings	18	**1 633 590**	—	**—**	—
Current liabilities		**51 724 918**	1 213 928	**2 560 428**	1 213 928
Trade and other payables	19	**46 006 129**	1 213 928	**2 121 190**	1 213 928
Taxation payable		**5 192 343**	—	**—**	—
Bank overdrafts	14	**526 446**	—	**439 238**	—
Total equity and liabilities		**213 337 715**	129 729	**140 506 901**	129 729

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 28 FEBRUARY 2007

			Reserves		
GROUP	**Stated capital**	**Share premium**	**Foreign currency translation reserve**	**Accumulated loss**	**Total**
Balance as at 28 February 2005	2 231 280	93 911 800	—	(98 208 794)	(2 065 714)
Profit for the year				981 515	981 515
Balance as at 28 February 2006	2 231 280	93 911 800	—	(97 227 279)	(1 084 199)
Conversion of share premium to share capital	93 911 800	(93 911 800)			—
Issue of share capital to vendors	120 218 785				120 218 785
Issue of shares to Colvic vendors	18 345 194				18 345 194
Issue of share capital for cash	43 950 000				43 950 000
Buy back of shares	(2 981 517)				(2 981 517)
Share issue expenses	(3 446 501)				(3 446 501)
Forfeiture of shares issued to vendors	(17 218 785)				(17 218 785)
Cancellation of shares issued to Colvic vendors	(18 832 519)				(18 832 519)
Profit for the year				14 164 011	14 164 011
Foreign currency translation reserve – PSV Zambia			(439 993)		(439 993)
Balance as at 28 February 2007	**236 177 737**	**—**	**(439 993)**	**(83 063 268)**	**152 674 476**

FOR THE YEAR ENDED 28 FEBRUARY 2007

COMPANY	Stated capital	Share premium	Reserves Foreign currency translation reserve	Accumulated loss	Total
Balance at 28 February 2005	2 231 280	93 911 800		(98 208 794)	(2 065 714)
Profit for the year				981 515	981 515
Balance at 28 February 2006	2 231 280	93 911 800		(97 227 279)	(1 084 199)
Conversion of share premium to share capital	93 911 800	(93 911 800)		—	—
Issue of shares to vendors	120 218 785				120 218 785
Issue of shares to Colvic vendors	18 345 194				18 345 194
Issue of shares for cash	43 950 000				43 950 000
Buy back of shares	(2 981 517)				(2 981 517)
Share issue expenses	(3 446 501)				(3 446 501)
Forfeiture of shares issued to vendors	(17 218 785)				(17 218 785)
Cancellation of shares issued to Colvic vendors	(18 832 519)				(18 832 519)
Loss for the year				(1 003 985)	(1 003 985)
Balance at 28 February 2007	**236 177 737**	**—**	**—**	**(98 231 264)**	**137 946 473**

CASH FLOW STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2007

		GROUP		COMPANY	
	Notes	2007	2006	2007	2006
CASH GENERATED BY/(UTILISED IN) OPERATIONS	23	13 719 418	(19 881)	(1 393 963)	(19 881)
Financial income		1 574 540	156	237 363	156
Financial expenses		(1 426 611)	—	—	—
Taxation paid	23.1	(8 866 452)	—	—	—
Net cash inflow/(outflow) from operating activities		5 000 895	(19 725)	(1 156 600)	(19 725)
CASH FLOWS FROM INVESTING ACTIVITIES					
Property, plant and equipment acquired		(4 557 635)	—	(255 235)	—
Proceeds on disposal of property, plant and equipment	24	1 474 033	26 316	—	26 316
Cash paid investing in subsidiaries		(23 368 495)	(43 288)	(33 106 892)	—
Cash paid in share buy backs		(2 981 517)	—	(2 981 517)	—
Net cash (outflow)/inflow from investing activities		(29 433 614)	(16 972)	(36 343 644)	26 316
CASH FLOWS FROM FINANCING ACTIVITIES					
Issue of shares for cash		43 950 000	—	43 950 000	—
Share issue expenses		(3 446 501)	—	(3 446 501)	—
Borrowings repaid		(4 158 181)	—	—	—
Loans granted		(3 867 848)	—	(3 429 439)	—
Net cash inflow from financing activities		32 477 470	—	37 074 060	—
Movement in cash and cash equivalents		8 044 751	(36 697)	(426 184)	6 591
Cash and cash equivalents at beginning of year		37 825	74 522	37 825	31 234
Cash and cash equivalents at end of year		8 082 576	37 825	(388 359)	37 825

ACCOUNTING POLICIES

FOR THE YEAR ENDED 28 FEBRUARY 2007

PSV Holdings Limited ("the Company") is a company domiciled in South Africa. The consolidated financial statements at 28 February 2007 comprise the Company and its subsidiaries (together referred to as "the Group").The principal accounting policies adopted in the preparation of the financial statements are set out below.

STATEMENT OF COMPLIANCE

The Company and Group's annual financial statements have been prepared in accordance with and comply with International Financial Reporting Standards ("IFRS") and its interpretations adopted by the International Accounting Standards Board ("IASB") and the requirements of the Companies Act of South Africa.

BASIS OF PREPARATION

The Company and Group's annual financial statements are prepared on the historical cost basis, except for certain financial instruments which are stated at fair value.

The accounting policies set out below have been applied consistently to all periods presented in these Company and Group consolidated financial statements.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that may affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods. Judgements made by management in the application of IFRS that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are disclosed in the notes to the financial statements where appropriate.

The financial statements are presented in Rand, which is the Company's functional currency, and all values are rounded to the nearest Rand except when otherwise indicated.

BASIS OF CONSOLIDATION

Subsidiaries

The Group financial statements include the financial statements of the Company and its subsidiaries. Where an investment in a subsidiary was acquired and disposed of during the financial year its results are included from, or to, the date control commences or ceases.

Subsidiaries are those entities over whose financial and operating policies the Group has the power to exercise control, so as to obtain benefits from their activities. In assessing control, potential voting rights that are presently exercisable are taken into account.

New acquisitions are included in the Group's financial statements using the purchase method whereby the assets and liabilities are measured at their fair value. The purchase consideration is allocated on the basis of the fair values on the dates of acquisition.

All intra-group transactions and balances arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

ACCOUNTING POLICIES CONTINUED

FOR THE YEAR ENDED 28 FEBRUARY 2007

All companies in the Group maintain consistent accounting policies and have the same year-end. In the Company and Group's annual financial statements investment in subsidiaries are accountable for at fair value.

FOREIGN CURRENCIES

Foreign currency transactions

Foreign currency transactions are translated at the rates of exchange ruling at the dates of the transactions. Balances on monetary assets and liabilities outstanding on foreign transactions at the end of the financial year are translated to Rand at the rates ruling at that date. Gains or losses on translation are recognised in the income statement.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Rand at the foreign exchange rates ruling at the dates the fair value was determined.

Foreign subsidiaries

The assets and liabilities of foreign subsidiaries, including goodwill and fair value adjustments arising on acquisition, whose functional currencies are not Rand, are translated into Rand at rates of exchange ruling at the end of the financial year and the results of operations and cash flow items are translated at an appropriate weighted average rate of exchange for the year. Gains and losses on translation are taken directly to a foreign currency translation reserve in shareholders' equity.

Where loans to the foreign subsidiaries are long term in nature in that they form part of the Company's net investment in the foreign subsidiary, the translation gains or losses arising on converting the loans to the rates of exchange ruling at the end of the financial year are taken directly to a foreign currency translation reserve in shareholders' equity in the Group financial statements and to the income statement for the Company. On disposal of the net investment, the translation gains or losses are recognised in the income statement.

Exchange rates utilised to convert the income statement and balance sheet of the foreign subsidiary are as follows:

	Weighted average rate for the year	Closing rate
ZMK – ZAR	507,61	563,70

SEGMENTAL REPORTING

A segment is a distinguishable component of the Group that is engaged in providing products or services (primary segment) which is subject to risks and rewards that are different from those of other segments. The basis of segment reporting is representative of the internal structure used for management reporting. Segment results include revenue and expenses directly attributable to a segment. The Group's primary format for segmental reporting is based upon business segments.

REVENUE RECOGNITION

Revenue is recognised only when it is probable that the economic benefits associated with a transaction will flow to the Group and the amount of revenue can be measured reliably. No revenue is recognised if there are significant uncertainties regarding the recovery of the consideration due or associated costs for the possible return of goods.

Goods

Revenue arising from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts, volume rebates and value-added taxes. Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, recovery of the consideration is probable, the associated costs and possible return of the goods can be estimated reliably, and there is no continuing management involvement with the goods.

FINANCIAL INCOME

Interest

Interest income is recognised in the income statement as it accrues using the effective interest rate method.

Exchange gains

Gains on foreign currency transactions are included in finance income.

FINANCIAL EXPENSES

Finance expenses comprise interest payable on borrowings and the unwinding of discounts arising on deferred purchase considerations owing to vendors on investments acquired; calculated on the principal outstanding using the effective interest rate method and losses on foreign currency transactions.

TAXATION

Current taxation comprises taxation payable calculated on the basis of the expected taxable income for the year, using the taxation rates enacted or substantively enacted at the balance sheet date, and any adjustments of taxation payable for previous years. Deferred taxation is provided using the balance sheet method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax base. Deferred taxation is recognised in the income statement except to the extent that it relates to a transaction that is recorded directly in equity or a business combination that is an acquisition. 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 taxation rates enacted or substantively enacted at the balance sheet date. A deferred taxation asset is recognised to the extent that it is probable that future taxable profits will be available against which the associated unused taxation losses and deductible temporary differences can be utilised. Deferred taxation assets are reduced to the extent that it is no longer probable that the related taxation benefit will be realised.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recorded at cost, less accumulated depreciation and impairment losses. All assets except for land are depreciated on the straight-line method over their expected useful lives to an estimated residual value. The estimated useful lives are currently:

• Plant and machinery	5 to 10 years
• Motor vehicles	5 years
• Furniture and office equipment	6 to 10 years
• Computer equipment	3 years
• Patterns and dies	3 years
• Leasehold improvements	Term of lease

Where 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. Residual values, methods of depreciation and useful lives are reassessed

ACCOUNTING POLICIES CONTINUED

FOR THE YEAR ENDED 28 FEBRUARY 2007

annually. Depreciation of an item of property, plant and equipment begins when it is available for use and ceases at the earlier of the date it is classified as held for sale or the date it is derecognised.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amount and are taken to the income statement.

LEASE ASSETS

Finance leases

Property, plant and equipment subject to finance lease agreements are capitalised initially at the lesser of their fair value and the present value of the minimum lease payments and the corresponding liability to the lessor is raised. Lease payments are allocated using the effective interest rate method to determine the lease finance cost, which is charged against operating profit, and the capital repayment, which reduces the liability to the lessor. These assets are treated on the same basis as the property, plant and equipment owned by the Group and are subject to impairment losses.

Operating leases

Other leases, which do not transfer substantially all the risks and rewards of ownership, are treated as operating leases with lease payments charged against operating profit. Payments made under operating leases are charged against income on a straight-line basis over the period of the lease.

INTANGIBLE ASSETS

Intangible assets are stated at cost less accumulated amortisation and impairment losses. The current estimated useful lives are:

- Market relationships 20 years
- Customer relationships 5 years
- Technology relationships 10 years

GOODWILL

All business combinations are accounted for by applying the purchase method, any differences between the cost of the acquisition and the fair value of the net identifiable assets acquired is recognised as goodwill.

Negative goodwill arising on an acquisition is recognised directly in the income statement. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

PAYMENT IN ADVANCE

Payments in advance are capitalised and are released to the income statement in the period they are legally due.

IMPAIRMENT OF ASSETS

The carrying amount of the Group's assets, other than inventories, receivables and deferred tax assets, which are separately assessed, are reviewed at each balance sheet date to determine whether there is an indication of impairment and at any time when there is an indication of impairment. If there is any indication that an asset may be impaired, its recoverable amount is estimated. The recoverable amount is the higher of its fair value less cost to sell and its value in use. An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount.

A previously recognised impairment loss, other than for goodwill, is reversed if the recoverable amount increases as a result of a change in the estimates used to determine the recoverable amount, but not to an amount higher than the carrying amount that would have been determined (net of depreciation and amortisation) had no impairment loss been recognised in previous years.

A cash generating unit (CGU) is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to reduce the carrying amount of the other assets in the unit on a pro rata basis.

INVENTORIES

Inventories are stated at the lower of cost or net realisable value. Cost is determined using weighted average cost. These estimates are regularly reviewed and updated to reflect the input costs of raw materials, direct labour, other direct costs and related normal production overheads. Slow-moving goods and obsolete inventories are written down to their estimated 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.

TRADE AND OTHER RECEIVABLES

Trade and other receivables are stated at amortised cost using the effective interest method less impairment losses.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents are measured at fair value.

PROVISIONS

Provisions are 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 resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

STATED CAPITAL

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

Repurchase of stated capital

When stated capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity.

EMPLOYEE BENEFITS

Short-term employee benefits

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service and are measured on an undiscounted basis.

ACCOUNTING POLICIES CONTINUED

FOR THE YEAR ENDED 28 FEBRUARY 2007

An accrual is made for the estimated liability for annual leave and performance bonuses as a result of services rendered by employees up to the balance sheet date. The accruals have been calculated at undiscounted amounts based on current cost to company rates.

Retirement benefits

Certain subsidiaries in the Group contribute to a defined contribution fund for employees. Current contributions to the retirement fund operated for such employees are charged against income as incurred.

FINANCIAL INSTRUMENTS

Non-derivative financial instruments

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

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs, except as described below. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, ie, the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

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

Accounting for finance income and expense is discussed on page 33.

Held-to-maturity investments

If the Group has the positive intent and ability to hold debt securities to maturity, then they are classified as held-to-maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses.

Available-for-sale financial assets

The Group's investments in equity securities and certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, and foreign exchange gains and losses on available-for-sale monetary items, are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

Investments at fair value through profit or loss

An instrument is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any 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 operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. 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 an operation is classified as a discontinued operation, the comparative income statement is restated as if the operation had been discontinued from the start of the comparative period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28 FEBRUARY 2007

1. SEGMENTAL REPORTING

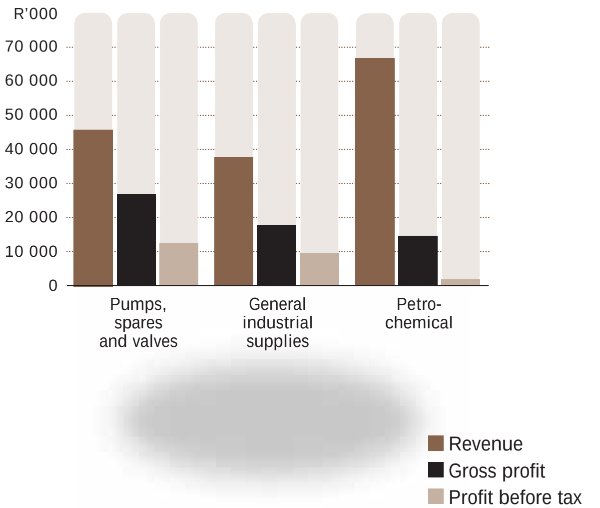
The Group is organised into three main business segments, pump spares and valves; general industrial supplies; and petrochemical. The Group manufactures and distributes primarily in South Africa and Zambia.

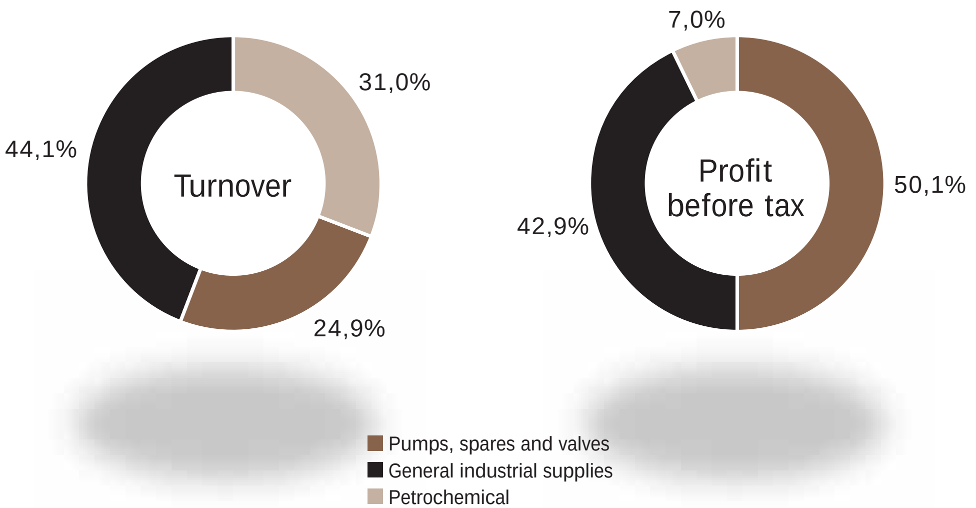
	Pump spares and valves	General industrial supplies	Petrochemical	Discontinued operations	Total
Revenue	46 139 045	37 851 047	67 033 449	50 636 793	201 660 335
Gross profit	26 962 232	17 902 699	14 608 039	19 267 765	78 740 735
Operating expenses	14 146 849	7 912 757	12 327 447	16 871 362	51 258 414
Profit before tax	12 452 093	9 626 038	1 960 329	1 941 978	25 980 438
Depreciation and amortisation	3 680 626	901 742	792 481	1 255 695	6 630 546
Capital expenditure	1 838 335	899 424	1 858 509	961 843	5 558 111
Gross assets*	49 134 319	14 228 579	32 120 126	36 885 940	132 368 963
Gross liabilities*	24 966 403	9 394 038	15 836 783	26 999 625	77 196 849

Head office costs apportioned to business segment pro rata to turnover
Head office capital expenditure of R255 934 not apportioned

**Excludes deferred tax assets/liabilities*

Segmental analysis





	GROUP	
	2007	2006
2. OPERATING PROFIT/(LOSS)		
The following items have been charged/(credited) in arriving at operating profit:		
Amortisation of intangible assets	**3 039 935**	—
Auditors' remuneration	**703 250**	
Audit fee – current year	**341 210**	—
Fees for other services – current year	**362 040**	—
Depreciation	**3 132 373**	—
Continuing operations	**2 278 042**	—
Discontinued operations	**854 331**	—
Directors' remuneration	**5 793 410**	2 156 306
Fees paid for		
Administrative services	**88 040**	60 357
Managerial services	**1 346 627**	143 718
Secretarial services	**178 168**	178 168
Technical services	**127 731**	—
Salaries and wages	**21 453 109**	296 872
Defined contribution expenses	**620 788**	—
Profit on disposal of property, plant and equipment	**(175 900)**	—
Recovery of costs from Colvic vendors	**(1 500 000)**	—
Impairment of trade receivables	**1 119 008**	—
Operating lease charges		
Buildings*	**958 429**	—
2A. DISCONTINUED OPERATIONS		
Revenue	**50 636 793**	
Gross profit	**19 267 765**	
Operating expenses	**18 127 056**	
Finance expenses	**460 109**	
Finance income	**5 683**	
Profit before tax	**686 283**	
Tax	**199 022**	
Profit from discontinued operations	**487 261**	

**The operating rentals expense has been "straight-lined" to account for future rental escalations.*

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 28 FEBRUARY 2007

	GROUP 2007	GROUP 2006
2A. DISCONTINUED OPERATIONS continued		
ASSETS		
Non-current assets	6 747 212	
Current assets	30 138 728	
Total assets	36 885 940	
EQUITY AND LIABILITIES		
Non-current liabilities	13 803 107	
Current liabilities	23 082 833	
Total equity and liabilities	36 885 940	

With effect 1 November 2006, 100% of the ordinary shares in the wholly owned subsidiaries of Colvic Marketing and Engineering (Pty) Ltd, PCS Foundry (Pty) Ltd and Tseba Construction (Pty) Ltd were transferred back to the original vendors. In return, 22 931 439 PSV Holdings Limited shares originally issued to the vendors to acquire these businesses were returned to the company and are in the process of being cancelled. As the fair value of the shares returned was greater than the attributable cost of investment, no profit or loss was made on the cancellation of the transaction.

	GROUP 2007	GROUP 2006	COMPANY 2007	COMPANY 2006
3. FINANCIAL INCOME				
Interest received	1 087 656	156	237 363	156
Foreign exchange gains	486 884	—		—
	1 574 540	156	237 363	156
4. FINANCIAL EXPENSES				
Finance lease interest	138 292	—	—	—
Interest paid	2 265 017	—	—	—
Bank	1 069 630	—	—	—
Interest on deferred purchase considerations	1 195 387	—	—	—
Foreign exchange losses	218 689	—	—	—
	2 621 998	—	—	—

5. TAXATION

	GROUP 2007	GROUP 2006	COMPANY 2007	COMPANY 2006
South African normal taxation				
– current	**7 308 240**	—	**—**	—
– current year	**7 507 809**	—	**—**	—
– prior year overprovision	**(199 569)**	—	**—**	—
– deferred taxation	**(1 635 098)**	1 573	**(1 172 413)**	1 573
– current year	**(1 635 098)**	1 573	**(1 172 413)**	1 573
Total normal taxation	**5 673 142**	1 573	**(1 172 413)**	1 573

Comprised as follows:	Continued operations	Discontinued operations	Total
Normal tax	6 976 329	331 911	7 308 240
Current	7 175 898	331 911	7 507 809
Prior year	(199 569)	—	(199 569)
Deferred tax	(1 502 209)	(132 889)	(1 635 098)
Current year	(1 502 209)	(132 889)	(1 635 098)
	5 474 120	199 022	5 673 142

The effective rate of taxation differs from the standard rate of taxation as follows:	**%**	%
Standard rate of taxation	**29,00**	29,00
Disallowed expenditure	**2,07**	—
Normal taxation prior year overprovision	**(1,01)**	—
Deductible expenses charged against stated capital	**(2,71)**	—
Utilisation of tax losses not raised	**(1,78)**	—
Foreign tax	**3,02**	—
Effective rate of taxation	**28,59**	29,00

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 28 FEBRUARY 2007

	GROUP 2007	GROUP 2006
6. EARNINGS PER SHARE		
Profit attributable to ordinary shareholders	**14 164 011**	981 515
Weighted average number of ordinary shares in issue	**187 262 893**	2 231 280
Basic earnings per share (cents)	**7,56**	0,43
Basic earnings per share is calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.		
Reconciliation of headline earnings		
Profit attributable to ordinary shareholders	**14 164 011**	981 515
Profit on disposal of subsidiaries	**—**	(1 608 858)
Profit on disposal of property, plant and equipment	**(175 900)**	(109 927)
Headline earnings	**13 988 111**	(737 270)
Headline earnings per share (cents)	**7,47**	(3,30)
Headline earnings per share is calculated by dividing the headline earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.		
Dilutive effect		
The calculation of diluted earnings per share and diluted headline earnings per share are based on:		
Total weighted number of shares in issue for basic and headline earnings per share adjusted for the cancellation of shares issued to the Colvic vendors and the amendment of shares to be issued to A da Silva and P Robinson.	**199 762 893**	2 231 280
Diluted earnings per share (cents)	**7,09**	(3,21)
Diluted earnings per share is calculated by dividing the net profit attributable to ordinary shareholders by the diluted number of ordinary shares in issue during the year.		
Diluted headline earnings per share (cents)	**7,00**	(3,30)
Diluted headline earnings per share is calculated by dividing the headline earnings attributable to ordinary shareholders by the diluted weighted average number of ordinary shares in issue during the year.		

	GROUP	
	2007	2006
6. EARNINGS PER SHARE continued		
Earnings per share – continuing operations		
Profit attributable to ordinary shareholders from continuing operations	**13 676 750**	
Weighted average number of ordinary shares in issue	**187 262 893**	
Basic earnings per share (cents) – from continuing operations	**7,30**	
Reconciliation of headline earnings from continuing operations		
Profit attributable to ordinary shareholders from continuing operations	**13 676 750**	
Profit on disposal of property, plant and equipment	**(175 900)**	
Headline earnings from continuing operations	**13 500 850**	
Headline earnings per share from continuing operations	**7,21**	
Dilutive effect		
Total weighted number of shares in issue for basic earnings per share adjusted for the cancellation of shares issued to the Colvic vendors and the amendment of shares to be issued to A da Silva and P Robinson	**199 762 893**	
Diluted earnings per share (cents) from continuing operations	**6,85**	
Diluted headline earnings per share (cents) from continuing operations	**6,76**	

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 28 FEBRUARY 2007

	2007			2006		
	Cost	Accumulated depreciation	Carrying amount	Cost	Accumulated depreciation	Carrying amount
7. PROPERTY, PLANT AND EQUIPMENT						
GROUP – OWNED						
Computer equipment	884 319	598 013	286 306	—	—	—
Furniture and fittings	737 579	338 237	399 342	—	—	—
Land	191 500	—	191 500	—	—	—
Leasehold improvements	421 903	90 458	331 445	—	—	—
Motor vehicles	3 305 785	1 958 441	1 347 344	—	—	—
Office equipment	162 168	40 387	121 781	—	—	—
Patterns and dies	759 864	439 172	320 692	—	—	—
Plant and machinery	2 853 058	1 166 871	1 686 187			
	9 316 176	4 631 579	4 684 597	—	—	—
GROUP – LEASED						
Motor vehicles	2 992 666	767 037	2 225 629	—	—	—
	12 308 842	5 398 616	6 910 226	—	—	—
COMPANY – OWNED						
Computer equipment	53 383	5 777	47 606	—	—	—
Furniture and fittings	98 470	8 168	90 302	—	—	—
Leasehold improvements	100 386	8 268	92 118	—	—	—
Office equipment	2 996	209	2 787	—	—	—
	255 235	22 422	232 813	—	—	—

7. PROPERTY, PLANT AND EQUIPMENT continued

	Computer equipment	Furniture and fittings	Land	Leasehold improve-ments	Motor vehicles	Office equipment	Patterns and dies	Plant and machinery	Total
GROUP – OWNED									
Carrying amount at beginning of year	—	—	—	—	—	—	—	—	—
Acquisition of subsidiaries	241 359	304 948	—	132 440	1 347 967	110 820	570 621	1 812 594	4 520 749
Additions	226 816	156 082	191 500	275 897	632 847	42 443	278 450	1 005 201	2 809 236
Carrying amount of disposals	(11 183)	(3 339)	—	—	(52 666)	—	(328 421)	(537 857)	(933 466)
Depreciation charge	(170 686)	(58 349)	—	(76 892)	(580 804)	(31 482)	(199 958)	(593 751)	(1 711 922)
Carrying amount at end of year	286 306	399 342	191 500	331 445	1 347 344	121 781	320 692	1 686 187	4 684 597
GROUP – LEASED									
Carrying amount at beginning of year	—	—	—	—	—	—	—	—	—
Acquisition of subsidiaries	—	—	—	—	1 408 017	—	—	—	1 408 017
Additions	—	—	—	—	1 748 399	—	—	—	1 748 399
Carrying amount of disposals	—	—	—	—	(364 667)	—	—	—	(364 667)
Depreciation charge	—	—	—	—	(566 120)	—	—	—	(566 120)
Carrying amount at end of year	—	—	—	—	2 225 629	—	—	—	2 225 629
	286 306	399 342	191 500	331 445	3 572 973	121 781	320 692	1 686 187	6 910 226
COMPANY – OWNED									
Carrying amount at start of year	—	—	—	—	—	—	—	—	—
Additions	53 383	98 470	—	100 386	—	2 996	—	—	255 235
Depreciation charge	(5 777)	(8 168)	—	(8 268)	—	(209)	—	—	(22 422)
Carrying amount at end of year	47 606	90 302	—	92 118	—	2 787	—	—	232 813

A register of land is kept detailing cost and improvements.

8. INTANGIBLE ASSETS

	Cost	Accumulated amortisation	Carrying amount
Market relationships	8 602 500	(430 125)	8 172 375
Customer relationships	11 387 300	(2 277 460)	9 109 840
Technology relations	3 323 500	(332 350)	2 991 150
	23 313 300	(3 039 935)	20 273 365

The intangible assets arose on acquisition of subsidiaries during the year.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 28 FEBRUARY 2007

	GROUP 2007	GROUP 2006
9. GOODWILL		
Opening balance	**—**	—
Subsidiaries acquired	**96 991 453**	—
Closing balance	**96 991 453**	—
Goodwill consists of the excess of the purchase price over the fair value of the net assets acquired on the acquisition of subsidiaries during the current year. Impairment tests are conducted on an annual basis using a discounted cash flow valuation model.		

	Issued share capital	Percentage holding 2007 %	Percentage holding 2006 %	Cost of shares 2007	Cost of shares 2006	Loans to/(from) 2007	Loans to/(from) 2006
10. INVESTMENT IN SUBSIDIARIES							
Held by PSV Holdings Limited							
Silvarob Investment Holdings Ltd	200	**100**	—	**101 400 000**	—	**29 517 599**	
Held by Silvarob Investment Holdings Limited							
Group Line Projects (Pty) Ltd	90	**100**	—	**—**	—	—	—
Petrologic (Pty) Ltd	64 500	**100**	—	**—**	—	—	—
Omnirapid Mining and Industrial Supplies (Pty) Ltd	100	**100**	—	**—**	—	—	—
PSV Zambia Limited	18 943	**100**	—	**—**	—	—	—
PSV Services (Pty) Ltd	200	**100**	—	**—**	—	**4 701 968**	—
PSV Thuthuka (Pty) Ltd	200	**100**	—	**—**	—	—	—
Umzantsi Africa			—	**—**	—	—	—
Pumps and Valves (Pty) Ltd	100	**100**	—	**—**	—	—	—
Specialised Component Manufacturing (Pty) Ltd	100	**100**	—	**—**	—	—	—
				101 400 000	—	**34 219 567**	—

All companies are incorporated in South Africa except for PSV Zambia Limited.

	GROUP		COMPANY	
	2007	2006	**2007**	2006
11. LOANS RECEIVABLE				
Loan to Colvic Petroleum Products (Pty) Ltd	**1 670 122**	—	**1 670 122**	—
Loan to C Gillespie	**1 759 317**	—	**1 759 317**	—
Loan to Dasher (Pty) Ltd	**438 409**	—	**—**	—
	3 867 848	—	**3 429 439**	—
The loans to Colvic and C Gillespie are secured, interest-bearing and have fixed terms of repayment. The loan to Dasher is unsecured, non-interest-bearing and has no set repayment terms.				
12. INVENTORIES				
Finished goods and merchandise	**32 270 609**	—	**—**	—
	32 270 609	—	**—**	—
The amount of write-down of inventories recognised as an expense is R1 380 482. This expense is included in the cost of sales line item on the face of the income statement.				
13. TRADE AND OTHER RECEIVABLES				
Trade receivables	**37 711 203**	91 904	**1 790**	91 904
Prepayments	**1 055 218**	—	**—**	—
	38 766 421	91 904	**1 790**	91 904
Trade receivables are non-interest bearing and are generally on 30 day terms. Trade receivables were impaired by R1 119 008 during the year.				
14. CASH AND CASH EQUIVALENTS				
Cash and cash equivalents	**8 609 021**	37 825	**50 879**	37 825
Bank overdraft	**(526 446)**	—	**(439 238)**	—
	8 082 575	37 825	**(388 359)**	37 825

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 28 FEBRUARY 2007

	GROUP		COMPANY	
	2007	2006	**2007**	2006
15. STATED CAPITAL				
Authorised				
1 000 000 000 ordinary shares of no par value				
Issued				
189 231 280* ordinary shares (2006: 2 231 280) of no par value	**236 177 737**	2 231 280	**236 177 737**	2 231 280
Share premium		93 911 800		93 911 800
	236 177 737	96 143 080	**236 177 737**	96 143 080
The remaining unissued shares are under the control of the directors until the next annual general meeting. The share capital and share premium reflected in 2006 has been converted to stated capital.				
Number of shares issued to external parties:	**Number**			
Total shares in issue	**189 231 280**			
Treasury shares (held by subsidiary)	**(4 756 054)**			
Net shares held by external parties	**184 475 226**			

*Reconcilliation of shares in issue	
Actual shares in issue as at 28 February 2007	**196 662 773**
Add:	
Additional shares issued to A da Silva and P Robinson in terms of a share forfeiture agreement entered into on 13 December 2006	**15 000 000**
Shares issued to D Kelly in terms of acquisition of shares in Group Line Projects agreement	**500 000**
Subtract:	
Shares refunded by vendors of Colvic Petroleum Products (Pty) Ltd in terms of cancellation and settlement agreement dated 13 December 2006	**(22 931 493)**
Total shares in issue as at 28 February 2007	**189 231 280**

	GROUP		COMPANY	
	2007	2006	**2007**	2006
16. DEFERRED TAXATION				
The movement on the deferred taxation account is as follows:				
Balance at beginning of year	**—**	—	**—**	—
Income statement charge	**1 635 098**	—	**1 172 413**	—
current year	**1 502 209**	—	**1 172 413**	—
attributable to discontinued operations	**132 889**	—	**—**	—
Balance sheet credit	**(1 382 088)**	—	**—**	—
acquisition of subsidiaries	**5 511 657**	—	**—**	—
deferred tax arising on intangible assets	**(6 760 856)**	—	**—**	—
attributable to discontinued operations	**(132 889)**	—	**—**	—
Balance at end of year	**253 010**	—	**1 172 413**	—
Balance at end of year is made up of:				
Deferred taxation assets	**5 648 772**	—	**1 172 413**	—
Deferred taxation liabilities	**(5 395 762)**	—	**—**	—
	253 010	—	**1 172 413**	—
Comprising:				
Capital allowances	**2 765**	—	**—**	—
Provisions	**475 140**	—	**—**	—
Intangible assets	**(5 879 276)**	—	**—**	—
Advance receipts	**341 999**	—	**—**	—
Prepayments	**28 180**	—	**—**	—
Estimated taxation losses	**5 284 202**	—	**1 172 413**	—
	253 010	—	**1 172 413**	—

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 28 FEBRUARY 2007

	Group Line Projects (Pty) Ltd	PSV Zambia Limited	Omnirapid Mining and Industrial Supplies (Pty) Ltd	Petrologic (Pty) Ltd	Total
17. PURCHASE CONSIDERATION PAYABLE					
GROUP					
Opening balance	—	—	—	—	—
Purchase consideration	14 601 234	3 094 671	2 607 000	18 906 937	39 209 842
Interest accrued to date	845 319	146 647	129 871	—	1 121 837
Settlements					
Cash	(5 231 887)	(1 717 671)	(1 400 000)	(17 406 937)	(25 756 495)
Shares issued	(1 600 000)	—	—	—	(1 600 000)
Closing balance	8 614 666	1 523 647	1 336 871	1 500 000	12 975 184
Current portion (refer note 19)	(7 129 344)	(1 100 000)	(1 336 871)	(1 500 000)	(11 066 215)
Long-term portion	1 485 322	423 647	—	—	1 908 969

OmniRapid
Silvarob acquired OmniRapid effective 1 March 2005 as a going concern, subject to certain suspensive sale conditions from Joanne da Silva, an associate of Abilio da Silva. The purchase consideration is based on the achievement of profit warranties and is being settled over three years.The vendor provided PSV with warranties normal in transactions of this nature. Joanne da Silva has entered into a service and restraint agreement with PSV for 36 months from 1 March 2005.

Groupline
Silvarob acquired the shares in Groupline effective 1 September 2005, subject to certain suspensive sale conditions from David Kelly. The purchase consideration is based on the achievement of profit warranties over two years. The Groupline vendor provided PSV with warranties normal in transactions of this nature. David Kelly has entered into a service agreement, for a period of five years and a restraint undertaking, for a period of 10 years commencing on 1 September 2005.

PSV Zambia
Silvarob acquired the shares in PSV Zambia effective 1 April 2005, subject to certain suspensive sale conditions from Marcus and Helen Smidt. The purchase consideration will be settled over a 43-month period. The vendors provided PSV with warranties normal in transactions of this nature. The consideration payable is not subject to any profit warranties. Marcus Smidt has entered into a service agreement and restraint undertaking with PSV and Helen Smidt has entered into an employment agreement with PSV, both for a period ending 31 December 2008.

	GROUP		COMPANY	
	2007	2006	**2007**	2006
18. BORROWINGS				
Local				
Secured				
Instalment sale and finance lease agreements for motor vehicles and equipment payable over periods from three to five years at interest rates between 11,25% and 12,5%	**2 677 676**	—	**—**	—
Less: Current portion included in trade and other payables	**(1 044 086)**	—	**—**	—
	1 633 590	—	**—**	—
19. TRADE AND OTHER PAYABLES				
Trade payables and accruals	**33 895 828**	1 213 928	**621 190**	1 213 928
Current portion of purchase consideration payable (refer to note 17)	**11 066 215**	—	**1 500 000**	—
Current portion of borrowings (refer to note 18)	**1 044 086**	—	**—**	—
	46 006 129	1 213 928	**2 121 190**	1 213 928

For terms and conditions relating to related-party payables, refer to note 25. Trade payables are non-interest bearing and are normally settled on 30-day terms.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 28 FEBRUARY 2007

20. FINANCIAL INSTRUMENTS

Foreign currency risk

The Group has transitional currency exposure arising from purchases of goods by Group operating companies in currencies other than Rands. The currencies in which the Group primarily deals are Euros, US Dollars and Zambian Kwachas.

The Group operates a subsidiary in Zambia, trading in Zambian Kwachas.

	Foreign currency	Currency	Rand equivalent
The following foreign currency balances have been consolidated in the Group financial statements at 28 February 2007:			
PSV Zambia			
Assets			
Property, plant and equipment	357 851 299	ZMK	634 826
Inventories	5 403 147 642	ZMK	9 585 147
Trade and other receivables	6 401 580 045	ZMK	11 356 360
Cash and cash equivalents	177 780 470	ZMK	315 381
Liabilities			
Trade and other payables	8 199 808 735	ZMK	14 546 405
Taxation	1 225 501 091	ZMK	2 174 031
Loans payable	591 324 846	ZMK	1 049 006
Income statement			
Revenue	9 431 156 543		18 579 533
Cost of sales	4 836 508 806		9 528 001
Operating expenses	(1 678 971 455)		(3 307 601)
Financial income	(8 815 262)		(17 366)
The exchange rates used for the conversions are as follows:			
Closing rate	563,70		
Average rate	507,61		

Credit risk

Credit risk relates primarily to exposure on cash and cash equivalents, loans receivable and trade receivables. The Group only deposits cash surpluses with well established financial institutions of high credit standing. Adequate security is obtained for loans receivable. Trade receivables comprise a widespread customer base. Ongoing credit evaluation of the financial position of customers is performed. At 28 February 2007 management did not consider there to be any material concentration of credit risk which had not been adequately provided for. Management consider the risk of irrecoverability as low.

Interest rate risk

Deposits and cash balances all carry interest and generally vary in response to the prime overdraft rate. Funds are only deposited with reputable financial institutions.

Fair value

The fair values of all financial instruments are substantially the same as the carrying amount reflected in the balance sheet.

	GROUP		COMPANY	
	2007	2006	**2007**	2006
21. COMMITMENTS				
A. Capital commitments				
Capital expenditure authorised and contracted for				
Property, plant and equipment	**8 333 483**	—	**8 333 483**	—
Vehicles	**2 976 289**	—	**—**	—
The proposed capital expenditure will be financed by borrowings partly secured against the value of the items purchased and partly by cash generated from operations.	**11 309 772**	—	**8 333 483**	—
B. Operating commitments				
The Group has a building operating lease occupied by Petrologic (Pty) Ltd. The operating lease escalates at 8% per annum and terminates on 30 September 2010.	**3 434 371**			
Due within one year	**911 607**			
Due within two to five years	**2 522 764**			

22. RETIREMENT BENEFIT INFORMATION

Petrologic (Pty) Ltd contributes to a defined contribution provident fund for its employees at 12,5% of basic salary. Employees contribute to a defined contribution pension fund at 6,5% of basic salary. The funds are governed by the Pension Funds Act. The funds are administered by Liberty Life. All permanent salaried staff are required to join the fund. The market value of the pension fund at 31 December 2006 was R6 138 308 and the market value of the provident fund at 31 December 2006 was R9 054 170. At year end the total number of permanent employees in the Company belonging to the fund was 68.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 28 FEBRUARY 2007

	GROUP		COMPANY	
	2007	2006	**2007**	2006
23. CASH FLOW INFORMATION				
A. Cash generated by/(utilised in) operations				
Profit/(loss) before taxation	**19 150 870**	(715 926)	**(2 176 398)**	(715 926)
Adjustments for:				
Amortisation of intangible assets	**3 039 935**	—	**—**	—
Decrease in foreign currency translation reserve	**(439 993)**	—	**—**	—
Depreciation	**2 278 042**	(1 563)	**22 422**	(1 563)
Finance expenses	**1 426 611**	—	**—**	—
Financial income	**(1 574 540)**	—	**(237 363)**	—
Profit on disposal of property, plant and equipment	**(175 900)**	(19 927)	**—**	(19 927)
Interest on deferred purchase consideration	**1 121 837**	—	**—**	—
Changes in working capital				
(Increase)/decrease in inventories	**(9 180 722)**	847 675	**—**	—
(Increase)/decrease in trade and other receivables	**(14 657 666)**	410 259	**90 114**	(65 779)
Increase/(decrease) in trade and other payables	**12 730 944**	(2 865 461)	**907 262**	783 314
Amounts included in subsidiary disposal	**—**	2 325 062	—	—
	13 719 418	(19 881)	**(1 393 963)**	(19 881)

	GROUP		COMPANY	
	2007	2006	**2007**	2006
23.1 TAXATION PAID				
Balance payable at beginning of year	—	—	—	—
Charge to income statement	6 976 329	1 573	—	1 573
Penalties and interest	—	(1 573)	—	(1 573)
Taxation liabilities assumed on acquisition of subsidiaries	7 082 466	—	—	—
Balance payable at end of year	(5 192 343)	—	—	—
	8 866 452	—	—	—

24. BUSINESS COMBINATIONS

	Group Line Projects	Omnirapid	PSV Zambia	Petrologic	Silvarob group	SCM	Total
Non-current assets	1 259 948	1 011 348	655 175	1 666 588	9 418 087	1 234 063	15 245 209
Property, plant and equipment	800 311	148 189	655 175	1 666 588	1 424 540	1 233 963	5 928 766
Investments	—	—	—	—	—	—	—
Loans receivable	459 637	863 159	—	—	7 993 547	100	9 316 443
Current assets	8 054 881	2 392 417	1 254 660	26 876 214	16 968 297	597 128	56 143 597
Inventories	427 462	—	—	18 456 413	3 923 816	282 260	23 089 951
Cash and cash equivalents	6 394 387	744 861	1 075 719	8 666	811 923	1 239	9 036 795
Trade and other receivables	1 233 032	1 647 556	178 941	8 411 135	12 232 558	313 629	24 016 851
Non-current liabilities	280 628	36 181	882 329	616 033	5 642 454	2 138 932	9 596 557
Shareholders' loans	—	—	882 329	4 787 105	5 486 014	—	11 155 448
Deferred tax	—	(27 621)	—	(4 525 490)	(536 741)	(421 805)	(5 511 657)
Borrowings	280 628	63 802	—	354 418	693 181	2 560 737	3 952 766
Current liabilities	4 323 736	2 140 059	649 064	13 321 432	13 494 282	797 731	34 726 304
Current portion of long-term liabilities	164 774	27 679	—	247 364	390 344	—	830 161
Taxation payable	2 616 712	514 434	322 598	—	3 628 722	—	7 082 466
Trade and other payables	1 542 250	1 382 983	326 466	10 032 178	6 085 189	795 815	20 164 881
Cash and cash equivalents	—	214 963	—	3 041 890	3 390 027	1 916	6 648 796
Fair value of assets	4 710 465	1 227 525	378 442	14 605 337	7 249 648	(1 105 472)	27 065 945
Implied goodwill	4 988 716	736 144	1 813 748	3 986 785	84 360 588	1 105 472	96 991 453
Intangibles	6 904 300	906 100	1 271 100	443 400	13 788 400	—	23 313 300
Deferred tax on intangibles	(2 002 247)	(262 769)	(368 619)	(128 585)	(3 998 636)	—	(6 760 856)
Purchase consideration	14 601 234	2 607 000	3 094 671	18 906 937	101 400 000	—	140 609 842
Settled as follows:							
Cash paid	5 231 887	1 400 000	1 717 671	17 406 937	—	—	25 756 495
Equity issued	1 600 000	—	—	—	101 400 000	—	103 000 000
Deferred consideration	7 769 347	1 207 000	1 377 000	1 500 000	—	—	11 853 347

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 28 FEBRUARY 2007

25. RELATED PARTY TRANSACTIONS

All related party transactions are concluded under terms that are no less favourable than those arranged with third parties.

All related party transactions are concluded at arm's length. Outstanding balances at year-end are unsecured, interest free and settlement occurs in cash.

Purchase transactions
Total services rendered by CDR Contracts, an employment agency in which Mr P Robinson, one of the directors of the Group, owns shares, amounted to R5 349 027 for the year under review. Total rental paid to CDR Properties, the property company which owns the building from which three of the Group's subsidiaries operate, amounted to R324 000. Mr A da Silva and Mr P Robinson own shares in the property company which owns the property occupied by PSV Services.

Outstanding balances
The total value of the accounts payable to CDR Contracts amounted to R370 741 at year end. There were no outstanding amounts owed to CDR Properties as property rental is paid monthly in advance as is accepted market practice.

Loans to directors
At 28 February 2007 there were no loans to directors or executive management.

Directors's remuneration and share options
Detailed disclosure of director's remuneration is made in Note 26.

Group companies
Details of subsidiary companies are given in Note 10.

26. DIRECTORS' REMUNERATION

Directors' remuneration in respect of the financial year ended 28 February 2007 was as follows:

	Basic remuneration	Travelling allowance	Medical contributions	Directors' fees	Total
Executive					
AJD da Silva	840 000	120 000	—	—	960 000
P Robinson	840 000	120 000	—	—	960 000
AR Dreisenstock	840 000	120 000	—	—	960 000
DJ Kelly	760 000	160 000	58 324	—	978 324
VC Hall**	592 000	120 000	38 000	—	750 000
R Lubbinge**	592 000	120 000	50 320	—	762 320
EJR Ganhao*	148 000	27 600	4 400	—	180 000
Non-executive					
JJH Mateya	—	—	—	146 316	146 316
GJV Shongwe	—	—	—	96 450	96 450
	4 612 000	787 600	151 044	242 766	5 793 410

**Resigned 1 September 2006*
***Resigned 5 December 2006*

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 28 FEBRUARY 2007

27. NEW ACCOUNTING PRONOUNCEMENTS

At the date of authorisation of the annual financial statements and Group annual financial statements of PSV Holdings Limited for the year ended 28 February 2007, the following Standards and Interpretations applicable to the Group and Company were in issue but not yet effective:
IFRS 7 – Financial instruments disclosure
IFRIC 8 – Scope of IFRS 2
IFRIC 9 – Reassessment of Embedded Derivatives
IFRIC 10 – Interim Financial Reporting and Impairment
AC 503 – Accounting for Black Economic Empowerment ("BEE") Transactions
IFRIC 11 – IFRS 2 – Group and Treasury Share Transactions
IFRS 8 – Operating Segments
IFRIC 12 – Service concession arrangements
IAS 23 – Borrowing costs (amended)

All Standards and Interpretations will be adopted at their effective date. The directors are of the opinion that the impact of the application of the remaining Standards and Interpretations will be as follows:

IFRS 7 and amendments to IAS 1

The disclosure provided in respect of financial instruments in the financial statements for the period ending 28 February 2007, as well as comparative information, will be compliant with IFRS 7 and the amendments to IAS 1. Since the Company and Group does not issue any insurance contracts the consequential amendments to IFRS 4 will not have any impact. The disclosure requirements of IFRS 7 and the amendments to IAS 1 will not have any impact on the accounting policies adopted for financial instruments.

This standard is effective for the Group for the year ending 29 February 2008. The standard introduces a new disclosure regime for all financial instruments that will enable users to evaluate:
- The significance of financial instruments to the entity's financial position and performance.
- The nature and extent of the risks arising from financial instruments to which the entity is exposed and how the entity manages them.

This standard will increase the disclosures required in the annual financial statements in respect of financial instruments.

IFRIC 8 and AC 503

The impact of IFRC 8 is not expected to be significant, because the Group already accounts for equity instruments granted in respect of its BEE transactions in accordance with IFRS 2 – Share-based payments. There are no other transactions to which IFRIC 8 is expected to apply.

IFRIC 9

IFRIC 9 will be adopted by the Group for the first time for its financial reporting period ending 28 February 2008. In terms of IFRIC 9, the entity is prohibited from reassessing the separation of embedded derivative from a host contract subsequent to the entity first becoming a party to the contract unless there is a significant change in the terms of the contract. A preliminary review of the entity's financial instruments indicates that the application of this interpretation is not currently expected to have an impact on the financial statements.

IFRIC 10

IFRIC 10 will be adopted by the Group for the first time for its financial reporting period ending 28 February 2008. IFRIC 10 prohibits the entity from reversing impairment losses recognised in an interim period on goodwill, investments in equity instruments classified as available-for-sale and financial assets carried at cost in terms of IAS 39. The transactional provisions of this interpretation require retrospective application, but only from the dates on which IAS 36 and IAS 39 were applied by the entity. The application of the interpretation is not expected to have an impact on the Group.

IFRIC 11

IFRIC 11 will be adopted by the Group for the first time for its financial reporting period ending 28 February 2008. In terms of IFRIC 11, when a subsidiary grants rights to equity instruments of its parent to its employees, the subsidiary shall account for the transaction with its employees as a cash-settled, share-based payment transaction. The entity previously made an accounting policy selection to account for the transaction as an equity-settled, share-based payment transaction. The transitional provisions of this Interpretation require retrospective application subject to the transitional provisions of IFRS 2. The impact of the reclassification of these instruments is not expected to be significant.

IFRS 8

IFRS 8 will be adopted by the Group for the first time for its financial reporting period ending 28 February 2008. In terms of this IFRS, the reporting on segments would be based on the information that management uses internally for evaluating segment performance and when deciding how to allocate resources to operating segments. Such information may be different from what is used to prepare the income statement and balance sheet. The operating segments of the Group are the same as the current business segments based on IAS 14. The accounting policies of these operating segments are the same as those described in the accounting policies.

IFRIC 12

This interpretation is effective for the Group for the year ending 28 February 2009. IFRIC 12 addresses how service concession operators should apply IFRS to account for the obligations they undertake and the rights they receive in service concession arrangements. This interpretation is not expected to have any material effect on the Group.

IAS 23

This revision is effective for the Group for the year ending 28 February 2010. IAS 23 Revised eliminates the option of immediate recognition as an expense of borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. The Group's current policy is to capitalise borrowing costs attributable to the acquisition, construction or production of a qualifying asset and as such this revision is not anticipated to have a material effect.

SHAREHOLDER ANALYSIS TABLES

FOR THE YEAR ENDED 28 FEBRUARY 2007

Register date: 23 February 2007
Issued share capital: 196 662 778 shares

SHAREHOLDER SPREAD	Number of shareholders	%	Number of shares	%
1 – 1 000 shares	1 038	72,89	139 696	0,07
1 001 – 10 000 shares	147	10,32	627 649	0,32
10 001 – 100 000 shares	176	12,36	6 564 928	3,34
100 001 – 1 000 000 shares	41	2,88	15 515 801	7,89
1 000 001 shares and over	22	1,54	173 814 699	88,38
	1 424	100,00	196 662 773	100,00
DISTRIBUTION OF SHAREHOLDERS				
Banks	18	1,26	6 169 691	3,14
Close corporations	36	2,53	973 498	0,50
Individuals	1 235	86,73	133 575 234	67,92
Investment companies	3	0,21	5 693 717	2,90
Mutual funds	13	0,91	18 605 419	9,46
Nominees and trusts	73	5,13	22 720 147	11,55
Other corporations	16	1,12	229 431	0,11
Treasury shares	1	0,07	4 756 054	2,42
Pension funds	2	0,14	934 200	0,48
Private companies	26	1,83	3 003 938	1,52
Public companies	1	0,07	1 444	0,00
	1 424	100,00	196 662 773	100,00
PUBLIC/NON-PUBLIC SHAREHOLDERS				
Non-public shareholders	4	0,28	118 356 054	60,18
Directors and associates of the company holdings	3	0,21	113 600 000	57,76
Own holdings	1	0,07	4 756 054	2,42
Public shareholders	1 420	99,72	78 306 719	39,82
	1 424	100,00	196 662 773	100,00
Beneficial shareholders holding of 3% or more				
Ablio Jose Duarte da Silva			53 250 000	27,08
Peter Robinson			53 250 000	27,08
Anthony Robert Dreisenstock			7 100 000	3,61
Osborne Capital			6 425 320	3,27

DIRECTORS' SHAREHOLDING

	2007						2006	
	Beneficial		Non-beneficial				Beneficial	
Director	Direct	Indirect	Direct	Indirect	Total	Percentage held	Direct	Indirect
AJD da Silva	53 250 000	—	—	—	53 250 000	27,08%	71 250 000	—
P Robinson	53 250 000	—	—	—	53 250 000	27,08%	71 250 000	—
AR Dreisenstock	7 100 000	—	—	—	7 100 000	3,61%	7 500 000	—
DJ Kelly	—	—	—	—	—	0,00%	2 000 000	—
SG Jameson	—	—	—	—	—	0,00%	—	—
JJH Mateya	—	—	—	—	—	0,00%	—	
EJR Ganhao*	5 187 153	—	—	—	5 187 153	2,64%	—	17 587 014
R Lubbinge**	—	8 947 803	—	—	8 947 803	4,55%	—	10 195 240
VC Hall**	—	4 183 844	—	—	4 183 844	2,13%	—	8 221 095
Total	118 787 153	13 131 647	—	—	131 918 800	67,08%	152 000 000	36 003 349

**Resigned 1 September 2006*

***Resigned 5 December 2006*

The following changes in director's shareholdings have taken place since the end of the financial year and the date of the directors' report.

	Beneficial	
Director	Direct	Indirect
AJD da Silva	60 750 000	—
P Robinson	60 750 000	—
DJ Kelly	500 000	—
JH Anderson#	30 000	—

#Appointed 8 May 2007

SHAREHOLDERS' DIARY

Financial year-end	28 February
Interim report	To be published in October
Reviewed abridged results	8 May 2007
Announcement of preliminary report	21 May 2007
Annual financial statements	31 July 2007
Annual general meeting	31 August 2007

NOTICE TO SHAREHOLDERS

"Notice is hereby given that the annual general meeting of the Company's shareholders will be held in the boardroom, Unit 419, Greenhills Industrial Estate, Sam Green Road, Tunney Ext 6, Germiston, South Africa on Friday, 31 August 2007 at 09:00 to conduct the following business:

1. To receive and adopt the annual financial statements of the Group and the Company for the financial year ended 28 February 2007, including the directors' report and the report of the auditors therein.

2. To re-elect the following directors:

   2.1 DJ Kelly
   2.2 GS Shongwe

   who, in terms of the Company's articles of association retire by rotation at the annual general meeting, but, being eligible, offer themselves for re-election.

   An abbreviated curriculum vitae in respect of each director offering themselves for re-election is set out on page 7 of this annual report.

3. To re-appoint KPMG Inc. as independent auditors of the Company for the ensuing period terminating on the conclusion of the next annual general meeting of the Company and to authorise the directors to fix the auditors' remuneration for the past year.

4. To approve the remuneration of the directors for the financial year ended 28 February 2007 as reflected on page 57 to the annual financial statements;

5. To approve the fees of the non-executive directors for the year ended 28 February 2007 as contained on page 57 of the annual financial statements.

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

   As special business to consider and, if deemed fit, to pass with or without modification, the following resolutions:

6. To renew the authority that all the unissued shares in the capital of the Company be placed under the control of the directors at their discretion until the next annual general meeting of the Company as a general authority in terms of section 221(2) of the Companies Act 61 of 1973, as amended ("the Act"), subject to the provisions of the Act and the Listings Requirements of the JSE Limited.

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

   7.1 that the shares must be of a class already in issue;

   7.2 the shares may only be issued or sold, as the case may be, to public shareholders as defined in the Listings Requirements of the JSE, and not to related parties;

   7.3 that the shares may not in any one financial year in the aggregate exceed 50% of the Company's issued shares, the number that may be issued or sold, as the case may be, being determined in accordance with sub-paragraph 5.52 (c) of the Listings Requirements of the JSE;

   7.4 that the maximum discount at which such shares may be issued or sold, as the case may be, is 10% of the weighted average traded price of such shares on the JSE over the 30 business days preceding the date of determination of the issue or selling price, as the case may be.

   7.5 that such authorisation be valid only until the next annual general meetings or for 15 months from the date of this resolution, whichever is the earlier date;

   7.6 that an announcement giving full details; including the impact on net asset value and earnings per share, be published at the time of any issue representing, on a cumulative basis within a financial year, 5% or more of the number of securities in issue prior to the issue.

   In terms of the Listings Requirements of the JSE, the approval of 75% majority of the votes cast in favour of this resolution by all shareholders present or represented by proxy (excluding the DA and the controlling shareholders together with their associates) is required to approve this resolution.

SPECIAL RESOLUTION

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

   8.1 that the Company and its subsidiaries are enabled by their articles of association to repurchase such shares;

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

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

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

   8.5 at any one time the Company may only appoint one agent to effect any repurchase on the Company's behalf;

   8.6 the repurchase of shares will not take place during a prohibited period and will not affect compliance with the shareholders' spread requirements as laid down by the JSE;

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

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

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

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

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

DISCLOSURES REQUIRED IN TERMS OF THE LISTINGS REQUIREMENTS OF THE JSE

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

Working capital statement

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

- the Company and the Group will be able, in the ordinary course of business, to pay its debts;

- the assets of the Company and the Group will be in excess of the liabilities of the Company and the Group, recognised and measured in accordance with the accounting policies used in the latest annual financial statements;

NOTICE TO SHAREHOLDERS CONTINUED

- the share capital and reserves of the Company and the Group will be adequate for ordinary business purposes; and
- the working capital resources of the Company and the Group will be adequate for ordinary business purposes.

Litigation statement
Other than disclosed or accounted for in this annual report, the directors of the Company, whose names are given on page 7 of this annual report, are not aware of any legal or arbitration proceedings, pending or threatened against the Group, which may have or have had, in the 12 months preceding the date of this notice of annual general meeting, a material effect on the Group's financial position.

Directors' responsibility statement
The directors, whose names are given on page 7 of this annual report, collectively and individually, accept full responsibility for the accuracy of the information pertaining to the above special resolution and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the above special resolution contains all information required.

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

The following further disclosures required in terms of the Listings Requirements of the JSE are set out in accordance with the reference pages in the annual report of which this notice forms part:
Directors and management (Refer to page 7)
Major shareholders of the Company (Refer to page 60)
Directors' interests in the Company's shares (Refer to page 61)
Stated capital (Refer to page 48)

VOTING AND ATTENDANCE

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

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

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

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

Proxies
The instrument appointing a proxy and the authority (if any) under which it is signed must reach the transfer secretaries of the Company at the address given below, by no later than 09:00 on Wednesday, 29 August 2007. On a poll, ordinary shareholders will have one vote in respect of each share held.

By order of the Board
AR Dreisenstock (Company Secretary)

31 July 2007

FORM OF PROXY

PSV HOLDINGS LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 1998/004365/06)
JSE Share code: PSV ISIN: ZAE000078705
("the Company")

PSV HOLDINGS LIMITED

FOR USE BY SHAREHOLDERS HOLDING SHARE CERTIFICATES AND SHAREHOLDERS WHO HAVE DEMATERIALISED THEIR SHARE CERTIFICATES AND HAVE ELECTED "OWN NAME" REGISTRATION THROUGH A CENTRAL SECURITIES DEPOSITORY PARTICIPANT ("CSDP") OR BROKER, AT THE ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD ON FRIDAY, 31 AUGUST 2007.

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

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

I/We ______________________________ (Name in block letters)

of ______________________________ (Address in block letters)

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

1. ______________________________ or failing him/her

2. ______________________________ or failing him/her

the chairman of the meeting as my/our proxy to act for me/us at the annual general meeting, to be held on Friday, 31 August 2007, in the boardroom, Unit 419, Greenhills Industrial Estate, Sam Green Road, Tunney Ext 6, Germiston, South Africa and at any adjournment thereof, as follows:

	Number of PSV shares		
	In favour	Against	Abstain
1. Adoption of annual financial statements			
2. Re-election of directors			
2.1 DJ Kelly			
2.2 GJ Shongwe			
3. Re-appointment of independent auditors			
4. Approval of the remuneration of the directors			
5. Approval of the fees of the non-executive directors			
6. Renewal of the authority to place the unissued share capital under the control of the directors			
7. Renewal of the authority to issue shares for cash			
8. Special resolution: Renewal of the authority to repurchase shares			

Signed at ______________________________ on ______________________________ 2007

Member ______________________________

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

FORM OF PROXY – INSTRUCTIONS

1. On a poll a shareholder is entitled to one vote for each share held.

2. Forms of proxy must be lodged at, posted to or faxed to Computershare Investor Services 2004 (Pty) Limited, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107 Fax +27 11 688 5238), to reach the Company by no later than 09:00 on Wednesday, 29 August 2007.

3. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholders' choice in the space/s provided, with or without deleting the words "the chairman of the annual general meeting". Any such deletion must be individually initialled by the shareholder, failing which they will not have been validly effected. The person present at the annual general meeting whose name appears first on the form of proxy and has not been deleted shall be entitled to act as proxy to the exclusion of the persons whose names follow.

4. Any alterations or corrections to this form of proxy have to be initialled by the relevant signatory(ies).

5. Each shareholder is entitled to appoint one or more proxies (who need not be a shareholder(s) of the Company) to attend, speak and vote (either on a poll or by show of hands) in place of that shareholder at the annual general meeting.

6. Voting instructions for each of the resolutions must be completed by filling the number of votes (one per ordinary share) under the "In favour", "Against" or "Abstain" headings on the form of proxy. If no instructions are filled in on the form of proxy, the chairman of the annual general meeting, if the chairman is the authorised proxy, or any other proxy shall be authorised to vote in favour of, against or abstain from voting as he/she deems fit.

7. A shareholder or his/her proxy is entitled but not obliged to vote in respect of all the ordinary shares held by the shareholder. The total number of votes for or against the ordinary and special resolutions and in respect of which any abstention is recorded may not exceed the total number of shares held by the shareholder.

8. Documentary evidence establishing the authority of a person signing this form must be attached to this form of proxy unless previously recorded by the transfer secretaries of the Company or waived by the chairman of the annual general meeting.

9. This form of proxy is to be completed only by those shareholders who either still hold shares in a certificated form, or whose shares are recorded in their "own name" in electronic form in the sub-register.

10. Shareholders whose dematerialised shares are held in the name of a nominee and wish to attend the annual general meeting must contact their Central Securities Depository Participant ("CSDP") or broker who will furnish them with the necessary letter of authority to attend the annual general meeting. Alternatively, they have to instruct their CSDP or broker as to how they wish to vote. This has to be done in terms of the agreement between the shareholder and the CSDP or the broker.

11. Shareholders who wish to attend and vote at the meeting must ensure that their letters of authority from their CSDP or broker reach the transfer secretaries not later than 09:00 on Wednesday, 29 August 2007.

12. The completion and lodging of this form of proxy does not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person to the exclusion of any proxy appointed by the shareholder.

13. The chairman of the annual general meeting may accept or reject any form of proxy which is completed and/or received other than in accordance with these instructions, provided that he shall not accept a proxy unless he is satisfied as to the manner in which a shareholder wishes to vote.

Transfer Secretaries' office

Computershare Investor Services 2004 (Pty) Limited
70 Marshall Street, Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

ADMINISTRATION

DIRECTORS

EXECUTIVE DIRECTORS
AJD da Silva
P Robinson
AR Dreisenstock
D Kelly

INDEPENDENT DIRECTORS
JJH Mateya
GJ Shongwe
JH Anderson *(appointed 8 May 2007)*

SECRETARY

AR Dreisenstock

REGISTERED OFFICE

c/o Premium Corporate Consulting Services (Pty) Ltd
2nd Floor West Tower
Nelson Mandela Square
Sandown, Sandton, 2156
PO Box 1078, Jukskei Park, 2153
Tel: 0860 778 778
Fax: 0860 329 778
Website: www.psvholdings.com

COMPANY REGISTRATION NUMBER

1998/004365/06

AUDITORS

KPMG Incorporated
KPMG Crescent, 85 Empire Road
Parktown, 2193
Private Bag 9, Parkview, 2122

TRANSFER SECRETARIES

Computershare Investor Services 2004 (Pty) Limited
70 Marshall Street, Johannesburg
South Africa, 2001
PO Box 24, Newtown, 2113

ATTORNEYS

Fluxmans Attorneys
11 Biermann Avenue, Rosebank, 2196
Private Bag X41, Saxonwold, 2132

DESIGNATED ADVISER

Exchange Sponsors (Pty) Ltd
39 First Road, Hyde Park, 2196
PO Box 411216, Craighall, 2124

BASTION GRAPHICS

PSV HOLDINGS LIMITED

www.psvholdings.com

Unit 419, Greenhills Industrial Estate
Sam Green Road, Tunney Ext 6
Germiston, South Africa