

Annual Report 2008



True supply chain partners...

supply change solutions.

CargoCarriers 

Supply Change Solutions

Origami is the art or technique of creatively plying paper into any number of representational forms.

A flat piece of paper, like a bare canvas, can transform into a just about anything, can change into not just something greater, but also something of greater value.

Much like our ability to take an asset base, entrusted to us by our shareholders, a reputation and a set of customers combined with excellent staff – to create value.

Whether from a financial or supply chain point-of-view – to be a true supply chain partner, one must supply change solutions.



CargoCarriers 
Supply Change Solutions

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directorate and management

Directorate

SG Chilvers - Chairman *# + • (73)
GD Bolton - Joint Chief Executive (52)
MJ Bolton - Joint Chief Executive (50)
BB Fraser *# • (47)
AE Franklin *□ • (49)
V Raseroka *# • (48)

Management

GD Bolton - Joint Chief Executive (52)
MJ Bolton - Joint Chief Executive (50)
RJ Durrant - Safety, Health, Environment and Quality / BEE (53)
D Edmond-Mack - Sugar (54)
DB Janse van Rensburg - Information Technology & Logistics Solutions (48)
JF Kruger - Chemicals, Fuel and Steel (53)
MA Scott - Trading (68)

*Members of the Audit Committee

#Non-executive directors

+Chairman of the Tax and Audit Committees

•Members of the Remuneration Committee

□Independent non-executive directors

Sponsor

ARCAY MOELA SPONSORS (PTY) LTD
REGISTRATION NUMBER 2007/033725/07

Secretaries and administration

Company Secretary and registered office
MJ Bolton
140 North Reef Road
Elandsfontein, Germiston 1406
(P.O. Box 201, Isando 1600)

Bankers

Standard Corporate and Merchant Bank Ltd
Corner Kram & Monteer Roads
Isando

Lawyers

Werksmans Attorneys
155 Fifth Street
Sandown

Transfer secretaries

and central share depository participant

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

Auditors

Ernst & Young Inc.
Wanderers Office Park
52 Corlett Drive
Illovo, 2196

Registration number

1959/003254/06

Website address

www.cargocarriers.co.za

shareholders' diary

Annual general meeting	26 June 2008
Interim report for the half-year to 31 August 2008 and dividend announcement	October 2008
Final dividend payable	23 June 2008
Interim dividend payable	December 2008

The results for the 2008 financial year were in some respects very pleasing, and in others extremely disappointing. Profit from operating activities was up 31.8%, while profit after tax for the year was up 39.4%. These numbers represent a record level of earnings per share.

The numbers are buoyed by an excellent performance from our Steel, Powders, Fuel and Chemicals divisions. They are also strongly affected by a significant and positive adjustment to the value of the group's properties.

On the negative side, we experienced a very poor performance from our Sugar division, who were for the second season in a row affected by heavy rains in the harvesting season. These unseasonal rains drive up the costs of moving cane from the wet cane fields, and negatively affect our profitability. Due to the uncertainties in Zimbabwe, we have fully impaired the assets of that operation which has resulted in a charge of R6.4 million to the income statement. Finance costs have increased due to interest rate increases during the year and an increase in the level of debt.

The good performance by all of the industrial industry vertical divisions and the poor performance of the Sugar vertical strangely, both lend support to the strategic changes we made to our business during 2002. The decision to focus both our operational and our marketing expertise around the unique requirements of individual industries, has been timeous, as the upswing in both the consumer consumption and the construction sectors have boosted volumes in markets where we have increasing competence. This has resulted in improved performances, and in spite of the consumer spend slowdown we expect all of these divisions to continue to grow both their top and bottom lines. Our decision to consolidate our Sugar operations has also improved our ability to offer comprehensive and coordinated support to Sugar producers who themselves have announced impressive growth plans. These plans are increasingly multinational in nature, and are focused on the area from Northern KwaZulu-Natal, through Swaziland, Zimbabwe, Zambia, Malawi, Mozambique, to Tanzania. These plans have been hatched on the belief that control of tariffs and quotas will loosen in both the EU and the USA over the coming years, and that this low cost production area will flourish. Our strategy relied on this change in focus by our major clients for growth, but for us there was a second imperative. Geographical diversification would reduce our risk exposure to climate, and currency. Sadly our efforts to diversify our operations geographically away from climate risk will only begin to have practical effect from the 2009 season.

We are very pleased with the progress that has been made by our solutions business, which while not yet a contributor to profits has found in the Theory of Constraints methodology and in the supportive Symphony software (where we are the exclusive South African agents), a real and meaningful differentiator. We have during the fiscal, landed our first meaningful gain share contract, have a healthy sales pipeline and an increasing pool of talent. Likewise our recognition that in a skills short environment, those logistics service providers that can deliver will have strategic advantage, has caused us to centralize the Human Resources function and to place more strategic importance on the fact that we must be the most attractive company in which talented people can build a supply chain career.

We continue to work hard to improve our business from a Safety, Health, Environmental and Quality impact point of view. We are proud of our efforts to encourage Government and other road users not only to create sound policy, but to actively adhere to it. We have a senior executive whose primary function is to maintain and improve our scores in this regard. In the Southern African environment transformation is critical if we are to progress. The growth of the middle class that has driven our GDP per capita figures to record levels over the past 5 years is evidence of a welcome side effect of this policy. We have chosen to create relationships with BBBEE partners on an industry by industry basis, in line with our own market focus, and this policy has born fruit with excellent progress having been made in the small grower, sugar based partnerships with Lughubu (Swaziland), and Buhle Betfu in Mpumalanga, and also with Ezethu in the Fuel and Chemical industries.

Our Prospects for the coming year are good. At the time of writing, the weather in our sugar harvesting area is normal, and we are confident that our plans to expand northwards are on schedule. We believe that we will meet our growth targets in the other industry based businesses, and that our hard work to enable these core offerings through sound human capital management and safety, health, environment and quality programs will bear fruit.

We would like to thank our people, our customers and our suppliers, all of whom have worked hard to make this a productive year. We have no doubt that their efforts will be rewarded yet again next year.

Murray and Garth Bolton

Joint Chief Executives

14 May 2008

financial review

For the year ended 29 February 2008

	28-Feb	2008	2007	% Change
Turnover (R million)		419.6	424.8	(1.2)
Headline earnings per share (cents)		69.7	83.1	(16.1)
Non-distributable reserves' adjustments relating to revaluation of owner occupied properties (cents)		56.6	48.4	16.9
Fair value adjustment on investment properties		172.7	69.2	149.4
Dividends per share (cents)				
- interim declared during the year		9.5	9.5	-
- final declared after year end		9.0	9.0	-
Net asset value per share (cents)		1463	1215	20.4
Closing share price on JSE (cents)		1100	1225	(10.2)
Capital employed* (R million)		408.9	353.9	15.5
Capital expenditure (R million) - actual spent		57.6	78.1	(26.3)
Capital expenditure (R million) - committed		12.2	3.3	271.9

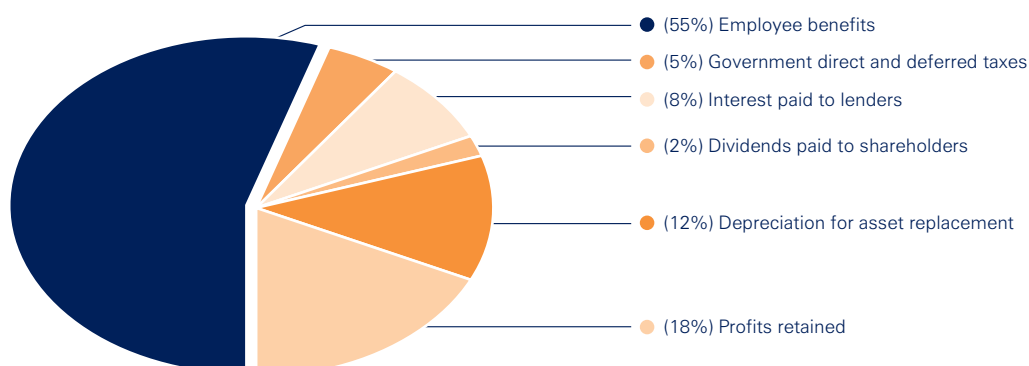
* comprises equity, outside shareholders' interest and non-current liabilities

group value added statement

For the year ended 29 February 2008

	2008		2007	
	Rm	%	Rm	%
<i>Value added comprises:</i>				
Turnover	420	207	425	235
Revaluation of assets	39	19	15	9
Cost of goods and services bought	(256)	(126)	(260)	(144)
	203	100	180	100
<i>Shared as follows:</i>				
Employee benefits	113	55	105	57
Government direct and deferred taxes	10	5	10	6
Interest paid to lenders	15	8	11	6
Dividends paid to shareholders	4	2	6	4
Depreciation of assets	24	12	25	14
Profits retained	37	18	23	13
	203	100	180	100

group value added services



seven year review

R000	2008	2007	2006 Restated	2005	2004*	2003*	2002*
Turnover	419,587	424,849	353,726	371,518	399,946	364,041	346,511
Total turnover of associates and joint venture	102,149	46,902	45,824	32,719	7,874	6,487	-
Group's share of turnover from associates and joint venture (not included in turnover)	41,918	20,748	20,391	14,865	2,160	1,622	-
Profit from operating activities before depreciation and profit/(loss) on disposal of tangible assets	56,107	61,157	55,407	48,059	46,403	34,042	36,023
Profit from operating activities before profit/(loss) on disposal of tangible assets	32,479	36,033	36,764	32,150	23,877	12,786	14,245
Profit from operating activities	65,724	49,842	48,331	35,802	32,798	17,205	17,974
Profit before taxation	50,311	39,460	41,416	29,655	22,165	5,840	10,302
Equity	283,919	238,150	199,295	167,034	125,699	112,806	113,956
Capital employed**	408,893	353,934	283,019	234,503	178,160	169,793	160,201
Total assets	498,719	447,262	352,326	308,071	279,557	266,985	237,131
• Non-current	303,370	332,510	254,478	204,830	169,331	174,840	164,397
• Current	100,349	114,752	97,848	103,241	110,226	92,145	72,734
• Assets held for sale	95,000	-	-	-	-	-	-
Net interest-bearing borrowings to total shareholders' interest (%)	29.3	19.9	3.6	-	-	38.3	21.1
Capital expenditure (R million)	57.6	78.1	55.4	26.7	18.2	31.2	11.7
Earnings per share (cents)	206.3	149.0	165.2	108.7	79.2	22	40.8
Headline earnings per share (cents)	69.7	83.1	119.4	97.0	42.5	6.1	40.6
Non-distributable reserves' adjustments relating to revaluation of owner occupied properties	56.6	48.4	20.9	16.4	-	(17.8)	8.7
Fair value adjustment on investment properties	172.7	69.2	40.2	14.2	18.1	2.8	7.0
Dividends per share (cents)							
- interim declared during the year	9.5	9.5	7.5	5.0	3.5	3.0	2.5
- final declared after year end	9.0	9.0	22.5	10.0	10.0	2.5	7.0
Net asset value per share (cents)	1463	1215	1017	856	648	564	570
Share price movement (cents)							
- high	1700	1250	800	575	330	300	125
- low	1100	760	450	315	220	95	70
Closing share price on JSE (cents)	1100	1225	760	460	320	250	100

* Comparatives have not been restated in terms of IFRS

** Capital employed comprises equity, outside shareholders' interest and non-current liabilities

chairman's statement

The world heads into a period of considerable macro-economic uncertainty over the next year, and many companies and indeed countries will be fortunate to show positive growth.

With an optimistic start, the group has had a mixed performance in the period under review in spite of the strong improvements in operating profits and profitability per share which have been boosted by the increase in revaluation of properties. If the year has proved one thing to us, it has been that we have been positioned strategically in the right industries, and that there was wisdom in our decision to restructure along industry lines.

It has also proved the wisdom of sticking to a set of ethics and values that have been the hallmark of Cargo Carriers since its inception. Our BBBEE partners have performed well, and Cargo Carriers own BBBEE scorecard has improved greatly.

I believe that in increasingly hard-to-predict times, it is the ability of ones people to perform under pressure that makes the difference, so I am particularly pleased to see the investment we are making in management training and in career-pathing, and into greater numbers of apprenticeships and learnerships.

These initiatives, the strategic decisions already made, and the underlying buoyancy that will be provided by the explosion in both private and public sector capital expenditure should find our business in a very sound position over the coming years.

I would like to express my gratitude to our clients and suppliers for their continued support and to all the staff of Cargo Carriers for their sterling efforts for without them we could not have delivered the kind of service that means that our clients will be pleased to be with us next year. Specifically, I would like to thank the Joint Chief Executives, their management team and the Board for a job well done.



SG Chilvers

Chairman

14 May 2008

The group subscribes to the Code of Corporate Practice and Conduct as set out in the King Code of Corporate Practice and Conduct 2002. The directors are satisfied that in all material respects, the company has complied with the recommendations of the code, throughout the accounting period. The principle corporate governance procedures applied are summarised as follows:

Board of Directors

The board of directors of the company comprises six directors, of whom four are non-executive. Currently Mr AE Franklin is an independent non-executive director. The board recognises the need to appoint more independent non-executive directors.

A formal Board Charter has been adopted. All the principles of a Board Charter have been observed during the year. The board of directors has a clearly defined statement of authorities and responsibilities delegated to the chairman, chief executives and management and those matters which are reserved for decision by the board. This statement clearly sets out the areas of responsibility of the board. The qualifications and experience of the non-executive directors ensure the efficient functioning of the board giving insightful input into the successful strategic positioning of the company and assessment of performance.

As two chief executive officers have been appointed, the need for a formal succession plan is not considered by the company to be a priority at this level. Senior executives are formally evaluated against set criteria on an annual basis.

A director's performance review is currently in process.

The positions of chairman and chief executives are held by different persons as shown on page 1. The board, which meets on a quarterly basis and at other times as necessary, monitors the performance of the group and effectively controls the company and its management by reviewing the financial results of the group against operating budgets each quarter and approving and ratifying the strategic plans, operating and capital budgets of the group as well as being involved in all material decisions.

The position of company secretary is filled by one of the chief executive officers, a qualified chartered accountant.

Both the executive directors have normal employment contracts, which are subject to a one month notice period. No other director has an employment contract with the company. In terms of the Code of Conduct relating to the dealing in the shares in the company, and which applies to all directors, office bearers and senior management of the company, no open market transactions are permissible by them during a period of three months before any published announcement by the company of price sensitive information.

The board of directors has the following sub-committees, all chaired by a non-executive director, Mr. SG Chilvers. A formal charter has been adopted for each of the sub-committees below and the principles contained in these charters were observed during the financial year:

- the **Audit Committee** (established in 1988) has terms of reference which clearly set out its scope and objectives. It currently consists of one independent non-executive director and three non-executive directors and meets three times a year. The joint chief executive officers, external auditors, audit and risk manager and corporate financial manager attend all meetings as invitees. The group audit and risk manager reports directly to the audit committee but is responsible to the joint chief executive officer (wheels) on day to day matters. The audit and risk manager and external auditors have unlimited access to the chairperson of the audit committee and chairperson of the board. The committee members have unlimited access to all information, documents and explanations required in the discharge of their duties, as do the internal audit and risk department and the external auditors.

The Audit Committee considers comprehensive reports from:

- the internal audit and risk department regarding the output of the risk management process and also the adequacy and effectiveness of financial and operational control measures
- the SHEQ (safety, health, environment, quality) department regarding social and environmental matters
- the external auditors regarding the planning and results of their audit activities

The audit committee evaluates the group exposures and response to significant risks, including sustainability issues. The management committee, chaired by a joint chief executive officer assists the audit committee with its risk management function. The committee also reviews accounting policies and financial information issued to the public, provides effective communication between directors, management and the internal and external auditors, reviews the performance of the internal audit and risk department as well as the external auditors, recommends the appointment of, and fees payable to the external auditors and monitors the level of non audit services provided by the external auditors. The audit committee is satisfied, based on deliberations during the reporting period, with the level of independent assurance that it has received, and believes that the risk management process and control processes are adequate and are functioning correctly. The committee is satisfied with the independent status of the external auditors. The board is provided with updates and reports on the committees activities. The chairperson of the board is also the chairperson of the Audit Committee. In the present circumstances this is considered most appropriate, however, the board is working towards full compliance with the Corporate Laws Amendments Act.

- the **Remuneration Committee** (established in 1988) comprises four non-executive directors who approve the remuneration and terms of employment of the two executive directors and the senior officers of the company and the adjustments, in general, of the remuneration packages of all non-unionised staff members. The committee members meet as and when it is considered necessary. The chairman of the Remuneration Committee is not an independent non-executive director. In the present circumstances this is considered most appropriate.
- the **Nominations Committee** (established in 1988) has terms of reference which require it to consider and investigate suitable candidates for board appointments. The committee consists of the chairman of the board, one independent non-executive director and two non-executive directors and meets when it is considered necessary.
A peer review of the usefulness and effectiveness of the various committees is carried out by the board.

The Management Committee

The Management Committee is chaired by a joint chief executive and meets monthly. The committee discusses matters of significance to the group and ensures that matters requiring the attention of the board are brought to its attention timeously. The committee deals with all the management issues of the group and ensures that policies are adhered to. It recommends to the board all strategies and policies and is responsible for their subsequent implementation. There is a detailed delegation of authority in place which manages the activities of the committee members.

The Tax Committee

The Tax Committee (established in 1992) comprises representatives of the board, management and the company's auditors. This committee was established to ensure that the company complies with all relevant fiscal legislation and that the affairs of the group are handled in a tax-effective manner.

Code of Ethics

The principles encouraged by the board of directors amongst staff are highest levels of integrity and credibility, to be practised at all levels of operations within the group, as well as in all dealings with outside parties.

The company has formalised detailed statements on ethics, health, safety and environment issues which are incorporated into the accreditation in terms of ISO 9001:2000 and ISO 14001:2004. These have been in place for the full year, which accreditation is audited on an individual basis by international accreditation agencies.

A code of ethics covering all aspects of the business and stake-holders is incorporated in the company's Policies and Procedures Manual to which all employees are required to comply. This has been in place for the full year.

Relations with Stakeholders

The company follows a policy of clear and transparent reporting to all stakeholders, both internally and externally. Communication with investors and shareholders is done through the annual financial statements, interim reports and any other publications required by regulation.

Shareholders and other stakeholders are encouraged to attend the Annual General Meeting of the company, which provides them the opportunity to discuss pertinent issues with all the board members. Internally there are regular meetings with worker representatives where staff have an opportunity to provide feedback or ask questions.

Risk Management

The company has a formal internal audit and risk management function which supports management's responsibility to maintain systems of internal control designed to provide reasonable assurance that transactions are concluded in accordance with management's authority and that assets are adequately controlled and protected against loss. This function reports monthly to the management committee and quarterly to the board or audit committee.

The system includes an appropriate delegation of authority and segregation of responsibilities and is supported by policies and procedures, which are regularly reviewed and if necessary, modified in response to changes in business conditions. There are however, inherent limitations in any control system and in requiring management to implement appropriate controls. The directors take into account that the cost of maintaining a control system should not exceed the benefits to be derived. The internal controls provide a reasonable but not absolute assurance that assets are safeguarded, transactions are authorised and properly recorded and that material errors and irregularities are either prevented or would be detected within a timely period.

In order to bring an added dimension of comfort to the board regarding the internal audit function and internal controls of the company, the external auditors have undertaken a review of certain processes and controls as part of the external audit.

Risks related to tangible assets are considered on a regular basis in conjunction with independent professional advisors. Self-insurance within the risk capacity of the group is undertaken with reinsurance cover being obtained above predetermined limits.

The company has developed a strategic risk profile that:

- identified specific risk matters
- rated such matters in terms of inherent and residual risk
- identified mitigating controls
- established the effectiveness of such controls
- set a prioritised list that identified actions necessary to reduce residual risk to acceptable levels.

The strategic risk profile covers the Group's top twenty five significant risks. The profile was tabled and considered by the audit committee and current risk levels were considered acceptable. The profile is kept relevant by the management committee.

It has been recognised by the company that for the risk management process to be effective, it must be embedded into the every day activities and reporting process of the company. To assist in the risk management process, the risk manager acts as the facilitator of the risk management process throughout the group. The risk manager creates risk awareness throughout the group and ensures that the risk management and monitoring processes are sound. The risk manager further ensures that risk reporting is performed with the necessary integrity and is directed at the right people and committees.

The complete group risk management process is implemented through a hierarchical structure consisting of the:

- Board of directors
- Audit committee
- Management committee
- Divisional management
- Branch management

and is co-ordinated by the group audit and risk department. Output from the risk management process is used to plan internal audit activities.

Social Impact

The company recognizes that human capital development and safety is critical to its sustainability. Therefore various policies and procedures have been put in place to facilitate these matters:

Worker participation - The group is fully committed to the principle of employee involvement and participation where considered appropriate. Apart from the existing trade unions' committees, a structure of consultative committees comprising representatives from management and employees, irrespective of union affiliation, is in place to enhance the process of joint consultation and decision making.

Employment equity - The group subscribes to the principle of employee equality. In addition to its internal training and development programs, it is involved in external development programs to assist in alleviating the skills shortage. The company has also set up an Employment Equity Forum for the review and discussion of strategies to ensure employment equity in the future. The forum consists of unionised and non-unionised staff members, as well as representatives of middle and senior management.

Safety, health, environment and quality (SHEQ) standards - the company is committed to a work environment that is safe and without unnecessary risk to the health of the workers. The group adheres to all Acts applicable to the industry in which it operates. Specific emphasis is placed on the Occupational Health and Safety Act, the National Environmental Management Act, National Road Traffic Act (with specific emphasis on the transportation of dangerous goods by road), and Compensation for Occupational Injuries and Diseases Act. These are implemented and monitored throughout the company by means of Health and Safety Committees that comprise representatives of unionised and non-unionised staff members as well as middle and senior management. Further, specific policy guidelines have been established for dealing with HIV/AIDS in the workplace. This policy is reviewed regularly to ensure compliance and adherence to any new social or legislative developments.

Company policy requires that operations comply with the ISO 9001:2000 and ISO 14001:2004 standards, and those that deal with hazardous products are subject to regular safety and quality assessment system (SQAS) audits by independent parties to ensure adherence.

A member of the Management Committee has been specifically charged with the responsibility of attending to all HSE matters in the group.

Use of External Auditors for non-audit services

The Audit Committee reviews the use of external auditors for non-audit services. It is the policy that non-audit services must not impinge upon the independence of the auditors in any way. During the past year, the non-audit services provided by the external auditors have been in:

- the area of attendance at the Tax Committee, primarily to ensure compliance with an ever changing tax regime.
- reporting accountants report in relation to the disposal of the letting enterprise and the property within the Cargo Carriers Workshop Property (Pty) Ltd subsidiary.

Approval of the Annual Financial Statements

The manner of presentation of the financial statements, the selection of accounting policies and the integrity of the financial information is the responsibility of the directors. The group annual financial statements and other financial information contained in these statements have been prepared by management in accordance with International Financial Reporting Standards applied on a consistent basis throughout the year. The policies applied are reviewed regularly by the Audit Committee. After making enquiries, the directors have every reason to believe that the company will continue to be a going concern in the year ahead and the annual financial statements have accordingly been prepared on the basis of this assumption.

Board Meetings during the year ended 29 February 2008

During the financial year the board met four times, the Audit Committee met three times, and the Tax Committee met twice. The Remuneration Committee matters were discussed telephonically where required.

Where it is not possible to convene a board meeting and a significant matter needs to be decided then the matter is fully discussed telephonically and full details of the matter are forwarded to directors before a resolution is taken and round-robin resolutions are adopted. These resolutions are noted at the following board meeting.

Comprehensive documentation is provided to directors prior to board and committee meetings.

Attendance of directors at board and committee meetings is set out in the table below.

<i>Number of Meetings Attended</i>	<i>Board</i>	<i>Audit</i>
Mr SG Chilvers	4	3
Mr V Raseroka	4	3
Mr AE Franklin	2	2
Mrs BB Fraser	3	2
Mr GD Bolton	4	3 (by invitation)
Mr MJ Bolton	4	3 (by invitation)

Report of the independent auditors to the members of Cargo Carriers Limited

We have audited the annual financial statements and group annual financial statements of Cargo Carriers Limited set out on pages 11 to 49 for the year ended 29 February 2008 which comprise the consolidated balance sheet as at 29 February 2008 and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance that the financial statements are free of 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 auditors' 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 for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Audit opinion

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

Ernst & Young Inc.

Johannesburg
14 May 2008

Approval of Financial Statements

for the year ended 29 February 2008

The annual financial statements and group annual financial statements were approved by the board of directors on 14 May 2008 and are signed on its behalf by:



SG Chilvers (Chairman)



MJ Bolton (Joint Chief Executive)

Report of the Company Secretary

In terms of section 268G(d) of the Companies Act in South Africa, I certify that the company has lodged with the Registrar of Companies all such returns required by the Companies Act and that such returns are true, correct and up to date.



MJ Bolton
Company Secretary
14 May 2008

Directors' Report

The directors present their report on the activities of the group for the year ended 29 February 2008. The financial statements are the responsibility of the directors. The auditors are responsible for reporting on these financial statements.

Nature of Business

Cargo Carriers Limited provides logistics, transport and related IT solutions to a broad range of customers within Sub-Saharan Africa. The provision of these services is enabled by a highly skilled workforce, a large infrastructure of operating branches, and significant logistics management and IT expertise.

Review of Operations

The directors have the responsibility of ensuring that the company strategy achieves acceptable returns on a sustainable and responsible basis, without the assumption of unacceptable risk. This has been achieved through the implementation of a strategy that has focussed on areas of business that have significant growth and earnings potential, that has an eye for the future in ensuring that supply-chain solutions skills are cultivated, and concentrates on ensuring high safety, health, environment and quality standards.

This strategy has concentrated our activities in the industrial, agricultural, and, to a minor extent, the consumer segment. The focus on the industrial segment on logistics within those areas that are riding the wave of the commodities boom has resulted in improved revenue and operating profit. The directors' view is that this business will continue to yield positive results.

The focus on the agricultural sector is not yielding the required returns in the short term but this will change in the longer term, given geographic diversification and worldwide agricultural trends.

Capital expenditure is required in the logistics industry in order to remain competitive, take advantage of new technology where appropriate, and to maintain safety standards. The interest rate and cash flow risks have been managed during the year to ensure sustainability.

The company employs 480 people (2007:445) and the group employs 767 (2007:763).

Segmental Analysis

The primary segment reporting format is determined to be business segments as the group's risks and rate of return are affected predominantly by differences in the products and services produced. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Transfer prices between business segments are set out on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, segment expense and segment result include transfers between business segments. Those transfers are eliminated in consolidation.

The group's geographical segments are based on the location of the group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers.

The basis of this segment report is to reflect those areas of business that are subject to differing risks. This may relate to risk factors such as the weather, consumption patterns, exchange rate volatility and the like.

Market

R000	Industrial		Agricultural		Consumer		SupplyChain Services		Aviation		Property		Total	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
Revenue	261,062	237,394	124,994	155,376	9,481	10,464	22,453	23,209	2,988	-	4,116	2,584	425,094	429,027
Profit/(Loss) from operating activities	39,086	36,705	(7,855)	1,068	(217)	(744)	(4,318)	(2,897)	75	-	38,953	15,710	65,724	49,842
Depreciation	12,345	12,017	8,143	11,421	-	2	2,418	1,091	340	-	382	593	23,628	25,124
Income from associates and joint venture	576	(1,017)	742	(132)	-	-	240	-	-	-	-	-	1,558	(1,149)
Investment in associates and joint venture	10,533	4,409	7,736	2,576	-	-	-	-	-	-	-	-	18,269	12,193
Capital employed	166,849	164,857	135,374	126,358	3,624	3,842	2,037	5,446	9,429	-	91,580	53,431	408,893	353,934
Capital expenditure	31,805	20,528	11,273	56,560	-	-	907	1,053	13,617	-	-	-	57,602	78,141

Geographical

R000	Within South Africa		External to South Africa		Total	
	2008	2007	2008	2007	2008	2007
Revenue	308,062	273,293	117,032	151,556	425,094	424,849
Capital employed	302,097	251,429	106,796	102,505	408,893	353,934
Capital expenditure	50,633	19,479	6,969	58,662	57,602	78,141

Dividends

A final dividend (no. 34) of 9.0 (2007:9.0) cents per share has been declared to shareholders recorded in the books of the company at the close of business on Friday, 20 June 2008. The last date to trade cum dividend will be Thursday, 12 June 2008 and the shares will trade ex dividend from the commencement of business on Friday, 13 June 2008. The dividend will be paid on Monday, 23 June 2008. Share certificates may not be dematerialised/re-materialised between Friday, 13 June 2008 and Friday, 20 June 2008, both days inclusive.

Share Capital

The authorised and issued share capital of the company remained unchanged. At the year end, the shares of the company were held by the following categories of shareholders:

Non-public	2008	2007
	%	%
• Holding Company	64,3	64,3
• Share Incentive Trust	3,0	3,0
• Directors	0,7	0,7
	68,0	68,0
Public - 797 shareholders (2007: 789)	32,0	32,0
	100,0	100,0

The following shareholders were the registered holders of 5 percent or more of the issued share capital of the company, at year end:

	Number of shares			
	2008	%	2007	%
CC Investments (Pty) Ltd	6,899,300	34%	6,899,300	35%
Cargo Carriers Holdings (Pty) Ltd	5,418,252	27%	5,418,252	27%
BB Invest Co (Pty) Ltd	1,857,032	9%	1,857,032	9%
Regent Corporate Fund	1,000,000	5%	1,000,000	5%

Holding Company

Cargo Carriers Holdings (Proprietary) Limited is the company's ultimate holding company. The controlling shares are held directly by the holding company (27,1%), and indirectly through CC Investments (Pty) Ltd (34,5%) and Ridge Nominees (Pty) Ltd (2,7%), which are both wholly owned subsidiaries of the holding company.

Directors' Interests in Shares

At the year end 2008 and 2007, the directors had the following direct and indirect interests in the issued share capital of the company:

	Directly	Indirectly
Beneficial	148 929	9 649 377
GD Bolton	87 388	3 216 459
MJ Bolton	50 372	3 216 459
BB Fraser	-	3 216 459
SG Chilvers	11 169	-
Non-beneficial	-	14 053 256
SG Chilvers	-	13 459 546
BB Fraser	-	593 710

The company has not been informed of any changes in these holdings to the date of this report.

Share Incentive Trust

The Share Incentive Trust held 593,710 (2007:593,710) unallocated shares at year end. At 29 February 2008 the trust had not entered into any agreements to sell shares to participants in terms of the Trust Deed and at year end there were no outstanding or issued share options. In terms of the rules of the scheme not more than 1 million shares may be issued to participants. To conform with the requirements issued by the JSE Securities Exchange Limited, the group consolidates the trust.

Net Borrowings

The net borrowings of the group and company are detailed in note 17 and 18 to the financial statements. The holding company has set the borrowing capacity of the company at 50% of equity plus outside shareholders' interest. The group is currently operating at 58.7% to the borrowing capacity set.

Special Resolutions

No special resolutions were passed by the company, however, a special resolution was passed by Cargo Carriers Workshop Property (Pty) Ltd, a subsidiary company, relating to the sale of its letting enterprise and the property. See note 7.

Directorate and Management

The current directors and management of the company are set out on page 1. In terms of the Articles of Association of the company, Mrs BB Fraser and Mr V Raseroka retire from office at the forthcoming annual general meeting but they are eligible and offer themselves for re-election. Neither director has a service contract with the company.

Mrs BB Fraser graduated with a BA degree from the University of Cape Town and gained significant experience in the travel and tourism industry. She is currently directly involved in the ownership and management of a retail franchise store as well as a franchise motor vehicle retailing business.

Mr V Raseroka is currently working as a consultant in the empowerment sector. He obtained his BA Hons at Fisk University in the United States of America, and graduated magna cum laude. Mr Raseroka previously served as Managing Director of CellC, CEO of SAA Technical, MD of SAA Cargo and Chairman of the Airline Association of Southern Africa. He has also served as Emerging Markets Manager at Shell, National Brand Manager of SAB and Human Resources Officer of the Development Bank of South Africa.

Company Secretary

Mr MJ Bolton is the company secretary. The business and postal addresses of the secretary are set out on page 1.

Events Subsequent to the Balance Sheet Date

No material fact or circumstance has occurred between the balance sheet date and the date of this report. Attention is, however, drawn to the sale agreement of the letting enterprise and the property within Cargo Carriers Workshop Property (Pty) Ltd which was concluded on 5 December 2007 and is expected to be finalised in the new financial year.

Subsidiary Companies

Details of joint ventures and subsidiary companies are given in notes 10 and 11 to the financial statements.

Retirement Benefits

At year end the group has two defined contribution provident funds which are independent of the group's finances and which are governed by the Pension Funds Act of 1956. All eligible employees of the group are members of these funds, other than those who are required by legislation to be members of another fund.

At year end full provision had been made for all retirement benefits in the group. The company has no liability for any other post retirement benefits.

Medical Benefits

The company contributes to the medical aid membership cost of current employees, but these benefits cease on retirement.

1. Corporate information

The consolidated financial statements of Cargo Carriers Limited and its subsidiaries ("the group") for the year ended 29 February 2008 were authorised for issue in accordance with a resolution of the directors on 14 May 2008. Cargo Carriers Limited is a widely held company incorporated and domiciled in the Republic of South Africa whose shares are traded publicly on the JSE Limited.

The principal activities of the group are described on page 11.

2. Basis of preparation

The consolidated financial statements are prepared in accordance with, and comply with IFRS and the South African Companies Act of 1973. The consolidated financial statements are prepared in accordance with the going concern principle under the historical cost basis, except as otherwise noted below, and are presented in the functional currency, the South African Rand, and all values are rounded to the nearest thousand (R000) except where otherwise indicated.

3. Changes in accounting policies

The accounting policies adopted are consistent with those of the previous year, except that the group has adopted those new/revised standards and interpretations mandatory for financial years beginning on or after 1 January 2007. Adoption of these standards and interpretations did not have any effect on the qualitative factors of the financial statements of the group. They did however give rise to additional disclosures, including in some cases, revisions to accounting policies. The group has adopted the following new and amended IFRS standards and IFRIC interpretations during the year:

- IFRS 7 Financial Instruments: Disclosures
- IAS 1 Presentation of Financial Instruments
- IFRIC 8 Scope of IFRS 2
- IFRIC 9 Reassessment of Embedded Derivatives
- IFRIC 10 Interim Financial Reporting and Impairment
- IFRIC 11 IFRS 2 – Group and Treasury Share Transactions
- AC 503 Accounting For Black Economic Empowerment (BEE) Transactions

IFRS 7 Financial Instruments: Disclosures

This standard requires disclosures that enable users of the financial statements to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments. The new disclosures are included throughout the financial statements. While there has been no effect on the financial position or results, comparative information has been revised where needed.

IAS 1 Presentation of Financial Statements

This amendment requires the Group to make new disclosures to enable users of the financial statements to evaluate the Group's objectives, policies and processes for managing capital. These new disclosures are now shown in Note 18.

IFRIC 8 Scope of IFRS 2

No impact on the group's activities

IFRIC 9 – Reassessment of Embedded Derivatives

No impact on the group's activities

IFRIC 10 Interim Financial Reporting and Impairment:

The group adopted IFRIC Interpretation 10 as of 1 March 2007, which requires that an entity must not reverse an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost. As the group had no impairment losses previously reversed, the interpretation had no impact on the financial position or performance of the group.

IFRIC 11 – IFRS 2 – Group and Treasury Share Transactions

No impact on the group's activities

AC 503 – Accounting For Black Economic Empowerment (BEE) Transactions

No impact on the group's activities

4. Significant accounting judgements and estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements made relate to:

Significant judgements made relate to the estimate of useful life and residual values of tangible assets (refer to accounting policy no 9.2 and financial statements note 7), allowance for doubtful debts (refer to accounting policy note 18.9 and financial statements note 13) and impairment of the Zimbabwe subsidiary (refer to accounting policy no 20 and financial statements note 11).

5. Basis of consolidation

Subsidiaries are defined as those companies in which the group, either directly or indirectly, has more than one half of the voting rights, has the right to appoint more than half the board of directors or otherwise has the power to control the financial and operating activities of the entity.

The consolidated financial statements include the financial statements of the company and all its subsidiaries. The accounting policies for the subsidiaries are consistent with the policies adopted by the group, and the financial statements of the subsidiaries are prepared for the same reporting period as the parent company.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the group obtains control, and continue to be consolidated until the date that such control ceases.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full.

Minority interests represent the portion of profit or loss and net assets not held by the group and are presented separately in the income statement and within equity in the consolidated balance sheet, separately from parent shareholders' equity.

The company carries its investments in subsidiaries at cost, less accumulated impairment losses in the company accounts.

6. Investments in Associates

An associate is an entity in which the group has significant influence and which is neither a subsidiary nor a joint venture.

Investments in associates are equity accounted, in the consolidated financial statements, for the period in which the group exercises significant influence. Significant influence is typically assumed in instances where the group has an equity stake sufficiently material to enable it to exercise a significant influence over the financial and operating policies of the investee company concerned.

Equity accounted income represents the group's proportionate share of profits of these companies and the share of taxation thereon, net of the group's share of material unrealised inter-group profits. Losses incurred by associates (including impairment losses where such indications exist) are brought to account in the consolidated financial statements until the investment, including any long-term interest that, in substance, form part of the investors net investment in the associate, in such associates is written down to a nominal value.

The group's interest in an associate is carried in the balance sheet at cost plus an amount that reflects its share of the net post acquisition reserves. Goodwill relating to the associate is included in the carrying amount of the investment and is not amortised. Where there has been a change recognised directly in equity of the associate, the Group recognises its share of any changes and discloses this, when applicable, in the statements of changes in equity.

After application of the equity method the group determines whether it is necessary to recognise any impairment loss with respect to the group's net investment in the associate.

The reporting dates of the associates, with the exception of Murton Cane Contractors (Pty) Ltd and TAB Charters (Pty) Ltd, are identical and the associates accounting policies conform to those used by the group for like transactions and events in similar circumstances.

The investment in associates is carried at cost less any impairment in the company accounts.

7. Joint Ventures

The group has an interest in a joint venture which is a jointly controlled entity. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest. The group's interest in a jointly controlled entity is equity accounted in the consolidated financial statements. Refer to note 6 above for the group's equity accounting policy. The investment in the joint venture is carried at cost less any impairment in the company accounts.

8. Taxation

8.1 Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date. Current tax relating to items recognised directly in equity is recognised in equity and not in profit or loss.

8.2 Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences except:

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

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax relating to items recognised directly in equity is recognised in equity and not in the income statement.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

8.3 Value added tax

Revenues, expenses and assets are recognised net of the amount of value added tax except:

- where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of value added tax included.

The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

8.4 STC and Dividends

Secondary Tax on Companies (STC) provided in respect of the expected dividend payments net of dividends received or receivable, on which STC has been paid or deemed to have been paid and is recognised as a taxation charge in the year in which the dividend is declared.

9. Tangible Assets

9.1 Investment Properties

Investment properties are initially recorded at cost, including transaction costs, and are subsequently stated at fair value. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the period in which they arise. The gains are transferred from distributable to non-distributable reserves unless they offset prior year losses.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no further economic benefit is expected from its use. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the period incurred. Any balance in the asset revaluation reserve relating to the disposed property is transferred to retained earnings.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of the owner occupation, commencement of an operating lease to another party or completion of construction or development. Transfers are made from investment property with a view to sale.

For a transfer from investment property to owner occupied, the deemed cost of property for subsequent accounting is its fair value at the date of change in use. If the property occupied by the group as an owner occupied property becomes an investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the income statement. When the group completes the construction or development of a self constructed investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the income statement.

The fair values of investment properties are determined by an independent valuer, on an open market basis. No assets held under operating lease have been classified as investment property.

9.2 Property, plant and Equipment

Land and buildings are measured at fair value less depreciation on buildings and impairment charged subsequent to the date of the revaluation.

Any revaluation surplus is credited to the asset revaluation reserve included in the equity section of the balance sheet, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except that a deficit directly offsetting a previous surplus on the same asset is directly offset against the surplus in the asset revaluation reserve. Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Plant and equipment is stated at cost, excluding the costs of day to day servicing, less accumulated depreciation and accumulated impairment in value. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

Buildings erected on leased land are considered to be owner-occupied and are depreciated over the term of the lease. Owner-occupied buildings are depreciated over their estimated useful lives to reduce the value to its residual value. Land is not depreciated.

Property, plant and equipment is depreciated on a straight line basis at rates considered appropriate to depreciate the assets to their residual values, over their expected useful lives. The following rates have been used in the years under review:

Land and Buildings – owner occupied	1,5% – 10.0% p.a.
Leasehold improvements	10% p.a.
Vehicles and Leased vehicles	7,0% – 20,0% p.a.
Plant furniture and equipment	10% – 33% p.a.

The carrying values of property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated as the higher of net selling price and value in use. An impairment loss is recognised in the income statement whenever the carrying amount exceeds the recoverable amount and the assets are written down to their recoverable amount. Subsequent valuations may result in the impairment being reversed through the income statement.

The difference between the net proceeds on disposal and the carrying amount of property, plant and equipment is included in the income statement. Any balance in the revaluation reserve relating to disposed property is transferred to retained earnings. The assets residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

10. Inventories

Inventories comprise consumable stores (fuels, oils and lubricants), tyres and maintenance spares that are expensed when used. Inventory is valued at the lower of cost, determined on the weighted average basis, and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs necessary to make the sale.

11. Foreign Currency

The consolidated financial statements are presented in the South African Rand, which is the company's functional and presentation currency. Each entity in the group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the balance sheet date. Foreign currency gains and losses are credited/charged to the income statement.

Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

As at the reporting date, the assets and liabilities of foreign subsidiaries are translated into the presentation currency of Cargo Carriers Limited at the rate of exchange ruling at the balance sheet date and their income statements are translated at the weighted average exchange rates for the year except for subsidiaries in hyperinflationary economies, where the rate ruling at the balance sheet date is used.

Translation differences are taken directly to a foreign currency translation reserve, which is included with non-distributable reserves. On disposal of a foreign operation the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

12. Borrowing Costs

Borrowings costs are recognised as an expense when incurred.

13. Leases

Group as Lessee

Where the group assumes the significant risks and rewards of ownership of leased assets, these leases are classified as finance leases.

Items of property, plant and equipment held under finance leases are capitalised at amounts equal at the commencement of the lease to the fair value of the leased assets or if lower, at the present value of the minimum lease payments using the interest rate implicit in the lease, and a corresponding liability is raised. Such assets are depreciated and impaired in terms of the accounting policy on property, plant and equipment stated above, or if shorter, over the term of the lease if there is no reasonable certainty that the group will obtain ownership by the end of the lease term.

Lease finance charges are allocated to accounting periods over the duration of the leases by the effective interest rate method, which reflects the extent and cost of lease finance, utilised in each accounting period.

All other leases are treated as operating leases and the relevant rentals are charged to profit or loss on a straight-line basis over the lease term

Group as Lessor

Leases where the group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Operating leases and the relevant rentals are charged to income on a straight-line basis over the lease term if there is no reasonable certainty that the group will obtain ownership by the end of the lease term.

14. Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and other sales taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:

Rendering of services

Revenue from the transportation of goods is recognised on delivery of the goods. Revenue from the rendering of other services is recognised by reference to the stage of completion. Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses incurred that are recoverable.

Interest outcome

Revenue is recognised as interest accrues (using the effective interest method that is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset).

Dividends

Revenue is recognised when the group's right to receive the payment is established.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight line basis over the lease terms.

15. Retirement Benefit Contributions

All current defined contribution costs are accounted for in the income statement in the year in which services are provided by the employees.

16. Provisions

Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

17. Treasury Shares

Own equity instruments which are reacquired (treasury shares) are deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the group's own equity instruments.

18. Financial Instruments

18.1 Initial recognition

The group classifies financial instruments, or their component parts, on initial recognition as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement.

Financial assets and liabilities are recognised on the group's balance sheet, when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are recognised initially at fair value. In the case of financial assets or liabilities not classified as financial assets and liabilities at fair value through profit and loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument are added to the fair value.

All regular way purchases and sales of financial assets are recognised on the trade date, which is the date that the group commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Financial instruments recognised on the balance sheet include investments, loans receivable, cash and cash equivalents, trade and other receivables, trade and other payables, and interest bearing loans and borrowings. Disclosure of financial instruments to which the company is party, is provided in the notes to the annual financial statements.

18.2 Subsequent measurement

Financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. The classification depends on the purpose for which the assets were acquired. Management determines the classification at initial recognition and re-evaluates this designation at every reporting date.

After initial recognition financial assets are measured as follows:

- loans and receivables and held-to-maturity investments are measured at amortised cost using the effective interest method;
- investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, are measured at cost; and
- other financial assets at fair value, without any deduction of transaction costs incurred on sale or other disposal.

After initial recognition, financial liabilities are measured as follows:

- financial liabilities at fair value through profit or loss are measured at fair value; and
- other financial liabilities are measured at amortised cost using the effective interest method.

18.3 Gains and losses

Gains and losses arising from changes in the fair value of financial assets or financial liabilities at fair value through profit or loss are recognised in profit or loss in the period in which they arise.

Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in equity, until the financial assets are derecognised, at which time the cumulative gain or loss previously recognised in equity is recognised in profit or loss.

Gains and losses on financial assets and financial liabilities carried at amortised cost are recognised in profit or loss when the financial asset or financial liability is derecognised or impaired, as well as through the amortisation process.

18.4 Derecognition

Financial assets (or, where applicable, parts of financial assets or parts of a group of similar financial assets) are derecognised when:

- the rights to receive cash flows from the financial assets expire;
- the group retains the right to receive cash flows from the assets, but has assumed an obligation to pay them in full without material delay to a third party under a "pass through" arrangement; or

- the group has transferred its rights to receive cash flows from the assets and either, has transferred substantially all the risks and rewards of the assets, or has neither transferred nor retained substantially all risks and rewards of the assets, but has transferred control of the assets.

Where the group has transferred its rights to receive cash flows from a financial asset and has neither transferred nor retained substantially all the risk and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the group's continuing involvement in the asset.

Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expires.

18.5 Impairment of financial assets

The group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. Objective evidence of impairment of loans and advances exists if at least one of the following events has occurred:

- the borrower is experiencing significant financial difficulty
- the borrowers actions, such as default on interest or principal payments, lead to a breach of contract
- the Group, for reasons relating to the borrowers financial difficulty, grants to the borrower a concession that the Group would not otherwise have granted, or
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation

If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The amount of the loss is recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

If an available for sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current value, less any impairment loss previously recognised in the income statement, is transferred from equity to the income statement. Reversals in respect of equity instruments classified as available for sale are not recognised in the income statement.

18.6 Investments (other than investments in subsidiaries, associates and joint ventures)

Investments, other than investments in subsidiaries, associates and joint ventures, are classified as available for sale.

Unlisted investments are subsequently measured at fair value, unless this cannot be reliably established, in which case they are carried at cost, subject to an impairment review at each balance sheet date. Fair value adjustments are recognised as a separate component of equity.

When these investments are sold, collected or other wise disposed of, the cumulative gain or loss previously recognised in equity is recognised in profit or loss for the period.

18.7 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short term, highly liquid investments and bank overdrafts.

Cash and cash equivalents are measured at amortised cost where fixed maturity dates exist; otherwise these are measured at fair value.

For cash flow purposes, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

18.8 Trade and other payables

Trade and other payables are recognised initially at fair value, generally being their issue proceeds net of transaction costs incurred, and are subsequently stated at amortised cost and interest is recognised over the period of the borrowing, using the effective interest rate method.

18.9 Trade and other receivables

Trade and other receivables originated by the group are classified as loans and receivables. They are initially measured at fair value, generally being original invoice amount less a provision for impairment, and are subsequent carried at amortised cost using the effective interest rate method.

A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

18.10 Interest bearing loans and borrowings

After initial recognition, interest-bearing loans and borrowing are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue costs and any discount or premium on settlement.

19. Segment Recognition

The group provides transport and logistics solutions to a wide range of customers in Southern Africa.

On the primary segment basis, the results have been segmented to reflect the different markets in which the customers operate, which are the industrial, agricultural, consumer and supply chain services sectors.

The Directors consider the risk factors relating to operations within South Africa to differ significantly from operations in other countries in Southern Africa. As a consequence it is considered appropriate to disclose secondary segments by geographical analysis.

20. Impairments

The group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Fair value less costs to sell is determined by ascertaining the current market value of an asset and deducting any costs relating to the realisation of the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

Impairment losses are recognised in the income statement except for property previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the group makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment losses recognised in relation to goodwill are not reversed for subsequent increases in its recoverable amount.

Impairment losses of investments in either equity instruments or financial assets carried at cost recognised in a previous interim period are not reversed.

21. IFRS and IFRIC Interpretations issued not yet effective:

The group has not applied the following IFRS's and IFRIC interpretations that have been issued but are not yet effective:

- **IFRS 8 – Operating Segments**

The standard is effective for years commencing after 1 January 2009 and requires disclosure of information about the group's operating segments and replaced the requirement to determine primary (business) and secondary (geographical) reporting segments of the group. The impact of this standard will be assessed at a future date.

- **IFRIC 12 – Service Concession Arrangements**

This interpretation is effective for years commencing after 1 January 2008 and deals with the accounting for service concession arrangements. This interpretation is not expected to be relevant to the current activities of the group.

- **IFRIC 13 – Customer Loyalty Programmes**

This interpretation is effective for years commencing after 1 July 2008 and deals with the accounting for loyalty award credits which should be accounted for as a separate component of the sales transaction. This interpretation is not expected to be relevant to the current activities of the group.

- **IFRIC 14 – IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction**

This interpretation is effective for years commencing after 1 January 2008 and provides general guidance on how to assess the limit in IAS 19 Employee Benefits on the amount of the surplus that can be recognised as an asset. It also explains how this limit, also referred to as the 'asset ceiling test', may be influenced by a minimum funding requirement. The Interpretation is not expected to be relevant to the current activities of the group, as employees do not belong to a defined benefit plan.

- **IAS 23 – Borrowing Costs**

This standard is effective for years commencing after 1 January 2009 and requires all borrowing costs to be capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. The choice to immediately recognise such costs as an expense is eliminated. The impact of this revised standard will be assessed at a future date.

- **IAS 1 – Revised Presentation of Financial Statements**

The revised IAS 1 Presentation of Financial Statements becomes effective for financial years beginning on or after 1 January 2009. The Standard separates owner and non-owner changes in equity. The statement of changes in equity will include only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, the Standard introduces the statement of comprehensive income: it presents all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Group is still evaluating whether it will have one or two statements.

- **IFRS 3R Business Combinations and IAS 27R Consolidated and Separate Financial Statements**

The revised standards become effective for financial years beginning on or after 1 July 2009. IFRS 3R introduces a number of changes in the accounting for business combinations that will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. IAS 27R requires that a change in the ownership interest of a subsidiary is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes introduced by IFRS 3R and IAS 27R must be applied prospectively and will affect future acquisitions and transactions with minority interests.

- **IFRS 2 Share-based Payment – Vesting Conditions and Cancellations**

This amendment to IFRS 2 Share-based payments becomes effective for financial years beginning on or after 1 January 2009. The Group has not entered into share-based payment schemes with non-vesting conditions attached and, therefore, does not expect this revised standard to have an impact on the group.

- **Amendments to IAS 32 and IAS 1 Potable Financial Instruments**

Amendments to IAS 32 and IAS 1 become effective for annual periods beginning on or after 1 January 2009. The amendment to IAS 32 requires certain potable financial instruments and obligations arising on liquidation to be classified as equity if certain criteria are met. The amendment to IAS 1 requires disclosure of certain information relating to potable instruments classified as equity. The Group does not expect these amendments to impact the financial statements of the Group.

The group does not intend early adopting any of the above new / revised standards and/or interpretations.

income statements

for the year ended 29 February 2008

	Note	GROUP		COMPANY	
		2008 R000	2007 R000	2008 R000	2007 R000
Revenue					
- transport services		417,411	422,375	300,379	270,899
- information technology services		2,176	2,474	2,176	2,394
- interest income		4,366	5,093	3,911	4,043
- income from subsidiary companies		-	-	11,179	13,706
- other income		5,507	4,178	462	397
		429,460	434,121	318,107	291,439
Costs and expenses					
- operating and administration costs		260,816	267,773	182,347	170,117
- employment costs	1	112,537	105,192	84,098	73,324
- depreciation	7	23,628	25,124	19,536	19,833
		396,981	398,089	285,981	263,274
Profit from operating activities before profit on disposal of tangible assets	1	32,479	36,032	32,126	28,165
Profit/(Loss) on disposal of tangible assets		380	(751)	253	(877)
Loss on disposal of investment subsidiary	11	(1,282)	-	-	-
Adjustments to value of assets	3	38,953	15,710	4,500	2,150
Impairment of Zimbabwe operations	11	(6,364)	-	(50)	-
Income/(Loss) from associates and joint venture	9 & 10	1,558	(1,149)	-	-
Profit from operating activities		65,724	49,842	36,829	29,438
Finance costs	2	(15,413)	(10,382)	(10,831)	(7,106)
Profit before taxation		50,311	39,460	25,998	22,332
Taxation	5	(9,510)	(10,192)	(6,218)	(8,284)
Profit of the group for the year		40,801	29,268	19,780	14,048
Attributable to:					
Equity holders of the company		40,032	28,912		
Minority Shareholders in subsidiary deconsolidated during the year		769	356		
Profit for the year		40,801	29,268		
Basic/Diluted earnings per ordinary share (cents) attributable to equity holders of the company	6	206.3	149.0		
Dividends per share (cents)					
- final declared after year end		9.0	9.0		

at 29 February 2008

	Type of Financial Instrument	Note	GROUP		COMPANY	
			2008	2007	2008	2007
			R000	R000	R000	R000
ASSETS						
• Non-current assets			303,370	337,718	243,347	216,382
Property, plant and equipment		7	252,820	263,788	193,407	175,946
Investment properties		7	30,273	61,594	11,889	7,389
Loans to related parties	**	8	-	-	4,333	3,884
Investments in associates		9	7,736	2,576	-	-
Investment in joint venture		10	10,533	9,617	1	1
Investments in subsidiaries		11	-	-	6,265	6,265
Indebtedness by subsidiary companies	**	11	-	-	27,452	22,897
Deferred taxation		16	2,008	143	-	-
• Current assets			100,349	109,544	82,208	79,045
Inventories		12	6,742	4,791	3,721	2,471
Trade and other receivables	**	13	70,888	51,309	66,094	48,066
Cash and cash equivalents	**	14	14,949	51,691	9,595	27,563
Taxation			7,770	1,753	2,798	945
Assets held for sale		7	95,000	-	-	-
Total Assets			498,719	447,262	325,555	295,427
EQUITY AND LIABILITIES						
• Equity			283,919	238,150	148,848	129,644
Share capital		15	194	194	200	200
Non-distributable reserves			106,256	61,247	17,805	10,833
Distributable reserves			177,469	174,332	130,843	118,611
Minority shareholders' interest			-	2,377	-	-
• Non-current liabilities			124,974	115,784	108,409	108,346
Deferred taxation		16	54,008	42,558	36,273	31,200
Secured loans	*	17	70,966	73,226	50,239	46,612
Indebtedness to subsidiary companies	*	11	-	-	21,897	30,534
• Current liabilities			89,826	93,328	68,298	57,437
Trade and other payables	*	19	55,688	60,668	44,323	36,510
Provisions		20	6,847	6,820	3,116	2,905
Short term portion of loans	*	17	27,291	25,840	20,859	18,022
Total Equity and Liabilities			498,719	447,262	325,555	295,427

** Loans and receivables (excluding prepayments)

* Financial liabilities at amortised cost

statement of changes in equity

for the year ended 29 February 2008

R000	Note	Mar 06	Movement	Feb 07	Movement	Feb 08
GROUP						
<i>Share capital</i>	16	194	-	194	-	194
<i>Non-distributable reserves</i>		34,480	26,767	61,247	45,009	106,256
• Revaluation of land and buildings		22,106	9,396	31,502	10,987	42,489
Capital portion of revaluation	7	28,828	13,233	42,061	15,474	57,535
Deferred tax on revaluation	17	(6,722)	(3,837)	(10,559)	(4,487)	(15,046)
• Capital redemption reserve fund		80		80		80
• Foreign currency translation reserve		(2,743)	3,940	1,196	717	1,913
• Transfer fair value gains on investment properties from distributable reserves		15,037	13,432	28,469	33,305	61,774
<i>Distributable reserves</i>						
• Retained profit		162,602	11,730	174,332	3,137	177,469
- Profit for the period			28,912		40,032	
- Prior period adjustment			2,460		-	
- Transfer fair value gains on investment properties to asset revaluation reserve			(13,432)		(33,305)	
- Dividends paid	6		(6,210)		(3,590)	
Minority Shareholders Interest		2,019		2,377		-
- At beginning of the period		920		2,019		2,377
- Disposal of interest in subsidiary		768		-		(3,146)
- Other		53		2		-
- Profit for the period		278		356		769
Total		199,295		238,150		283,919
COMPANY						
<i>Share capital</i>	16	200		200		200
<i>Non-distributable reserves</i>		5,869	4,964	10,833	6,972	17,805
• Revaluation of land and buildings		4,036	3,126	7,162	3,124	10,286
Capital portion of revaluation	7	6,472	4,312	10,784	4,400	15,184
Deferred tax on revaluation	17	(2,436)	(1,186)	(3,622)	(1,276)	(4,898)
• Capital redemption reserve fund		50		50		50
• Transfer fair value gains on investment properties from distributable reserves		1,783	1,838	3,621	3,848	7,469
<i>Distributable reserves</i>						
• Retained profit		112,801	5,810	118,611	12,232	130,843
- Profit for the period			14,048		19,780	
- Transfer fair value gains on investment property to asset revaluation reserve			(1,838)		(3,848)	
- Dividends paid	6		(6,400)		(3,700)	
Total Equity attributable to equity holders of the company		118,870	10,774	129,644	19,204	148,848
Total income and expense						
- GROUP				42,248		51,737
- COMPANY				17,174		22,904

cash flow statement

for the year ended 29 February 2008

	Note	GROUP		COMPANY	
		2008 R000	2007 R000	2008 R000	2007 R000
Cash receipts from customers		402,213	410,246	280,947	266,781
Cash paid to suppliers and employees		(377,694)	(350,179)	(244,434)	(233,776)
Cash generated by operations	25.1	24,519	60,066	36,513	33,005
Interest received		4,366	5,093	3,911	4,043
Finance costs paid		(15,413)	(10,382)	(10,831)	(7,106)
Taxation paid	25.2	(9,607)	(12,793)	(4,230)	(8,168)
Dividend paid	25.3	(3,590)	(6,210)	(3,700)	(6,400)
Net cash inflow from operating activities		275	35,774	21,663	15,374
Net cash outflow from investing activities		(56,667)	(75,903)	(37,458)	(30,775)
- Proceeds on disposal of investment in subsidiary	25.4	48	-	-	-
- (Increase)/Decrease in loans to joint venture and associate		(167)	(7,694)	(559)	366
- (Increase)/Decrease in indebtedness by subsidiary companies		-	-	(4,556)	3,667
- Investment in associate	9	(1,560)	-	-	-
Investment maintaining operations:					
- Replacement of tangible assets	25.5	(57,602)	(78,141)	(35,566)	(42,182)
- Proceeds on sale of tangible assets		2,614	9,932	3,223	7,380
Net cash inflow/(outflow) from financing		19,650	41,665	(2,173)	3,917
Secured loans repaid		(35,387)	(39,459)	(32,448)	(31,402)
Secured loans raised		55,037	81,124	38,912	46,002
Increase/(Decrease) in indebtedness to subsidiary companies		-	-	(8,637)	(10,683)
Net increase/(decrease) in cash		(36,742)	1,536	(17,968)	(11,478)
Net cash at beginning of year		51,691	50,155	27,563	39,041
Net cash at end of the year		14,949	51,691	9,595	27,563

	GROUP		COMPANY	
	2008 R000	2007 R000	2008 R000	2007 R000
1. Profit from operating activities before profit/(loss) on disposal of tangible assets				
<i>Profit is stated after crediting:</i>				
Foreign exchange translation gain	582	78	582	74
Rental income from investment property	4,116	2,584	462	396
<i>Profit is stated after charging:</i>				
Impairment of unlisted investment	-	101	-	101
Inventories written down	239	113	239	113
Auditors' remuneration	1,788	1,912	1,195	1,298
- audit fees	1,664	1,744	1,087	1,197
- other services	124	168	108	101
Cost of sales	349,783	362,402	268,364	242,897
Foreign exchange translation loss	297	714	258	712
Operating expenses on investment property	3,681	3,212	152	140
Operating lease expenses				
- buildings	1,748	1,608	309	262
- equipment	21	30	-	-
Employee benefit expenses	112,537	105,192	84,098	73,324
- salaries and wages	105,767	99,353	77,727	67,975
- contributions to medical aid and retirement fund	6,770	5,839	6,371	5,349
2. Finance costs				
Long term loans	11,488	6,575	9,100	6,575
Bank and short term borrowings	3,925	3,807	1,731	531
	15,413	10,382	10,831	7,106
3. Adjustments to value of assets				
Write up of investment property to fair value	38,953	15,710	4,500	2,150
	38,953	15,710	4,500	2,150
4. Directors' emoluments and Key Management				
<i>Non-executive directors:</i>				
• SG Chilvers - fees	160	160	160	160
• BB Fraser - fees	70	70	70	70
• AE Franklin - fees	80	80	80	80
• V Raseroka - fees	80	80	80	80
<i>Executive directors:</i>				
• GD Bolton	1,215	1,404	1,215	1,404
- salary	874	817	874	817
- bonus	73	368	73	368
- benefits	268	219	268	219
• MJ Bolton	1,325	1,522	1,325	1,522
- salary	983	918	983	918
- bonus	82	377	82	377
- benefits	260	227	260	227
Total Directors emoluments	2,930	3,315	2,930	3,315
<i>Other Key Management</i>	4,620	4,715	3,769	3,975
- short term employee benefits	4,189	4,310	3,338	3,570
- post employment pension benefits	431	405	431	405

	GROUP		COMPANY	
	2008 R000	2007 R000	2008 R000	2007 R000
5. Taxation				
<i>South African normal taxation:</i>				
Current				
- current year	2521	4873	2045	3988
- prior year	(341)	1874	(341)	1847
- secondary tax on companies	673	564	673	587
Deferred				
- attributable to income not taxable and expenses not deductible in the current year	9639	4672	4756	2055
- prior year	161	(195)	161	(193)
<i>Foreign taxation :</i>				
Current				
- current year	844	335	-	-
- prior year	420	-	-	-
Withholding taxes	38	6	-	-
Deferred				
- attributable to income not taxable and expenses not deductible in the current year	(3147)	(1928)	-	-
- rate change	(1326)	-	(1076)	-
- prior year	28	(9)	-	-
Total charged against profit for the year	9,510	10,192	6,218	8,284
<i>Reconciliation of tax rate :</i>				
	%	%	%	%
Standard tax rate	29.0	29.0	29.0	29.0
Non-taxable income	(9.0)	(1.6)	(5.5)	(3.6)
Prior year adjustments	(0.5)	4.5	(0.6)	7.5
Assessed loss from controlled foreign company	(0.1)	(0.3)	(0.2)	(0.4)
Foreign tax rate differential	0.3	0.1	-	-
Rate change	(2.7)	-	(4.1)	-
Disallowable expenses	(0.0)	0.2	0.3	0.9
Impairment of Zimbabwe operations	12.7	-	-	-
CGT rate differential on fair value adjustments to investment property	(12.1)	(7.8)	2.4	0.2
STC rate differential	1.3	1.5	2.6	3.5
Effective tax rate	18.9	25.8	23.9	37.1

The group has tax losses (at 28%) of R9,4 million (2007: (at 29%) R4,0 million) that are available for offset against future taxable profits of the companies in which the losses arose.

GROUP

2008
R000

2007
R000

6. Dividends, Basic/Diluted and Headline earnings per ordinary share

Dividends

No. 30 of 22,5 cents declared 19 May 2006 and paid 26 June 2006		4,366
No. 31 of 9,5 cents declared 12 October 2006 and paid 18 December 2006		1,844
No. 32 of 9,0 cents declared 10 May 2007 and paid 25 June 2007	1,747	
No. 33 of 9,5 cents declared 26 October 2007 and paid 18 December 2007	1,843	
Total ordinary dividends	<u>3,590</u>	<u>6,210</u>

The basic/diluted earnings per ordinary share (cents) are based on the net profit for the year of R40.0 million (2007: profit of R28.9 million) divided by 19.4 million (2007: 19.4 million) ordinary shares in issue during the year

206.3 149.0

Adjustments:

(Profit)/Loss on sale of tangible assets	(1.4)	2.8
Loss on disposal of investment in subsidiary	4.7	-
Impairment of investment	-	0.5
Impairment of Zimbabwe operations	32.8	-
Write up of investment property to fair value	(172.7)	(69.2)
Headline earnings per share (cents)	<u>69.7</u>	<u>83.1</u>

Basic/diluted earnings per share	206.3	149.0
Reconciliation between profit for the year and headline earnings		
Profit attributable to ordinary shareholders	40,032.1	28,912.2
Adjustments:		
(Profit)/Loss on sale of tangible assets	(379.6)	751.5
Loss on disposal of investment in subsidiary	1,282.5	-
Impairment of investment	-	101.4
Impairment of Zimbabwe subsidiary	6,364.4	-
Write up of investment property to fair value	(38,953.0)	(15,709.6)
Taxation effect of adjustments	5,191.6	2,060.0
Headline earnings for the year	<u>13,538.0</u>	<u>16,115.5</u>

	Investment properties	Land and buildings	Leasehold improvements and prefab buildings	Vehicles	Leased vehicles	Plant, furniture and equipment	Total
7. Tangible assets (R000)							
GROUP 2008							
Beginning of year							
- cost/fair value	61,594	48,278	7,413	207,194	151,462	35,354	511,295
- accumulated depreciation	-	(2,462)	(6,202)	(123,979)	(22,858)	(30,412)	(185,913)
Net book value	61,594	45,816	1,211	83,215	128,604	4,942	325,382
Current year's movements							
- revaluations	-	15,470	-	-	-	-	15,470
- net gain from fair value adjustments	38,957	-	-	-	-	-	38,957
- controlling interest in subsidiary disposed of	-	-	-	(3,163)	(23,584)	-	(26,747)
- additions	-	-	513	8,321	31,827	16,941	57,602
- impairment of Zimbabwe subsidiary	-	-	-	(5,427)	-	-	(5,427)
- asset reclassified as held for sale	(70,278)	(24,722)	-	-	-	-	(95,000)
- disposals at net book value	-	-	-	(2,263)	(1,202)	(51)	(3,516)
- depreciation	-	(382)	(302)	(11,677)	(8,700)	(2,567)	(23,628)
Balance at end of year	30,273	36,182	1,422	69,006	126,945	19,265	283,093
Made up as follows :							
- cost/fair value	30,273	39,026	7,926	199,711	156,064	49,865	482,865
- accumulated depreciation	-	(2,844)	(6,504)	(130,706)	(29,119)	(30,599)	(199,772)
Net book value	30,273	36,182	1,422	69,005	126,945	19,266	283,093
COMPANY 2008							
Beginning of year							
- cost/fair value	7,389	18,772	3,640	162,007	107,215	33,295	332,318
- accumulated depreciation	-	(562)	(2,550)	(97,412)	(19,996)	(28,463)	(148,983)
Net book value	7,389	18,210	1,090	64,595	87,219	4,832	183,335
Current year's movements							
- revaluations	-	4,400	-	-	-	-	4,400
- net gain from fair value adjustments	4,500	-	-	-	-	-	4,500
- reclassification of leased vehicles	-	-	-	1,874	(1,874)	-	-
- additions	-	-	453	8,321	23,872	2,920	35,566
- disposals at net book value	-	-	-	(2,280)	(638)	(51)	(2,969)
- depreciation	-	(172)	(172)	(9,967)	(7,124)	(2,101)	(19,536)
Balance at end of year	11,889	22,438	1,371	62,543	101,455	5,600	205,296
Made up as follows :							
- cost/fair value	11,889	23,172	4,539	164,972	128,313	33,783	366,668
- accumulated depreciation	-	(734)	(3,168)	(102,429)	(26,858)	(28,183)	(161,372)
Net book value	11,889	22,438	1,371	62,543	101,455	5,600	205,296

	Investment properties	Land and buildings	Leasehold improvements and prefab buildings	Vehicles	Leased vehicles	Plant, furniture and equipment	Total
7. Tangible assets (R000)							
GROUP 2007							
Beginning of year							
- cost/fair value	45,884	34,559	7,115	206,221	93,333	35,130	422,242
- accumulated depreciation	-	(1,893)	(5,898)	(117,412)	(20,138)	(28,827)	(174,168)
Net book value	45,884	32,666	1,217	88,809	73,195	6,303	248,074
Current year's movements							
- revaluations	-	13,233	-	-	-	-	13,233
- net gain from fair value adjustments	15,710	-	-	-	-	-	15,710
- reclassification of properties	0	(0)	243	493	(168)	(568)	0
- additions	-	486	55	11,209	65,001	1,390	78,141
- disposals at net book value	-	-	-	(8,941)	(1,696)	(48)	(10,685)
- hyperinflationary adjustment	-	-	-	6,033	-	-	6,033
- depreciation	-	(569)	(304)	(14,388)	(7,728)	(2,135)	(25,124)
Balance at end of year	61,594	45,816	1,211	83,215	128,604	4,944	325,382
Made up as follows :							
- cost/fair value	61,594	48,278	7,413	207,194	151,462	35,354	511,295
- accumulated depreciation	-	(2,462)	(6,202)	(123,979)	(22,858)	(30,412)	(185,913)
Net book value	61,594	45,816	1,211	83,215	128,604	4,942	325,382
COMPANY 2007							
Beginning of year							
- cost/fair value	5,250	13,898	3,196	162,730	86,045	33,186	304,305
- accumulated depreciation	-	(89)	(2,378)	(91,822)	(19,863)	(27,688)	(141,840)
Net book value	5,250	13,809	818	70,908	66,182	5,498	162,465
Current year's movements							
- revaluations	-	4,300	-	-	-	-	4,300
- net gain from fair value adjustments	2,150	-	-	-	-	-	2,150
- reclassification of properties	(11)	12	389	1,794	(1,830)	(30)	324
- additions	-	562	55	9,237	30,948	1,380	42,182
- disposals at net book value	-	-	-	(6,515)	(1,696)	(42)	(8,253)
- depreciation	-	(473)	(172)	(10,829)	(6,385)	(1,974)	(19,833)
Balance at end of year	7,389	18,210	1,090	64,595	87,219	4,832	183,335
Made up as follows :							
- cost/fair value	7,389	18,772	3,640	162,007	107,215	33,295	332,318
- accumulated depreciation	-	(562)	(2,550)	(97,412)	(19,996)	(28,463)	(148,983)
Net book value	7,389	18,210	1,090	64,595	87,219	4,832	183,335

7. Tangible assets continued

Land and buildings were revalued by an independent valuer as at 29 February 2008 on an open market basis. The independent valuer has reviewed and updated the valuations on an annual basis for the determination of the fair value of the investment properties.

Following the signature of the sale agreement on 05 December 2007, it was announced on SENS on 06 December 2007 and in the press on 07 December 2007, that Cargo Carriers Limited, through its wholly-owned subsidiary, Cargo Carriers Workshop Property (Proprietary) Limited, will dispose of the letting enterprise including the Property described as Portion 306 of the Farm Rietfontein No. 63 IR, Gauteng, measuring approximately 12, 1404 hectares (head office), held under Title Deed number T32866/1964, together with all improvements thereon, for a total consideration of R95 000 000 (ninety five million rands). The disposal consideration shall be paid by the purchaser to the seller on the transfer date. Transfer of the property has not been effected at year end 29 February 2008 and as such has been classified under current assets as asset held for sale. The valuation of the property was done by independent valuers Quadrant Properties.

Insured value of assets in the group

Land and buildings and investment properties	R161,5 million	(2007: R107,1 million)
Other tangible assets	R216,6 million	(2007: R218,0 million)

Insured value of assets in the company

Land and buildings and investment properties	R 34,3 million	(2007: R25,6 million)
Other tangible assets	R171,0 million	(2007: R157,7 million)

Net book value of land and buildings and investment properties based on historical cost

Group	27,205
Company	8,734

The registers of land and buildings required in terms of paragraph 22(3) of the Fourth Schedule of the Companies Act are available for inspection at the registered offices of the company and its subsidiaries. Included in vehicles and equipment are capitalised leased assets with a net book value of R126.9 (2007:R128.6) million. These capitalised assets are encumbered as security for the repayment of lease commitments. Refer note 18.

	GROUP		COMPANY	
	2008 R000	2007 R000	2008 R000	2007 R000

8. Loans and unlisted investments

8.1	Share Incentive trust loan	-	-	776	886
8.2	Loan to associate/joint venture	-	-	3,557	2,998
		-	-	4,333	3,884

8.1 The recoverability of the loan to the share incentive trust is dependent upon the ultimate realisable value of the unallocated shares in the Trust. The market value of the underlying shares in the trust at 29 February 2008 was R 6,5 million (2007: R7,3 million). The group consolidates the trust which results in an elimination of the loan to the trust within the group.

8.2 The loan to the joint venture is stated at amortised cost. The company has subordinated the loan in favour of other creditors until such time as the joint venturer's assets, fairly valued, exceed its liabilities.

GROUP

2008 2007
R000 R000

9. Investments in associates

The group has a 25% interest in Murton's Cane Contractors (Pty) Ltd, a 49.9% interest in Lugubhu Carriers (Pty) Ltd and a 40.0% interest in Buhle Betfu Holdings (Pty) Ltd. The nature of the companies' business is contract sugar cane harvesting and transportation in Swaziland and South Africa. A 26% investment in TAB Charters (Pty) Ltd was acquired during the year and the nature of its business is aircraft charter for the transportation of passengers.

The investments in Murton's Cane Contractors (Pty) Ltd and Lugubhu Carriers (Pty) Ltd are held by Cargo Carriers (Swaziland) (Pty) Ltd (an indirect wholly owned subsidiary of Cargo Carriers Ltd) and are accounted for at cost in that company. The investment in Buhle Betfu Holdings (Pty) Ltd is held by Siyazama Sisonke (Pty) Ltd (a wholly owned subsidiary of Cargo Carriers Limited) and is accounted for at cost in that company. The investment in TAB Charters is held by Executive Air (Pty) Ltd (a wholly owned subsidiary of Cargo Carriers Limited). Buhle Betfu Holdings (Pty) Ltd was consolidated in the prior year, however, 24% of the shares were sold in the current financial year which resulted in this entity being equity accounted.

GROUP

Murton's Cane Contractors (Pty) Ltd

Investment at cost	160	160
Post acquisition profits	632	615
Current year share of profits	90	18
At year end	882	793

Lugubhu Carriers (Pty) Ltd

Investment at cost	1,618	1,618
Post acquisition profits	(222)	(72)
Loan to associate	212	387
Current year share of profits	65	(150)
At year end	1,673	1,783

Buhle Betfu Holdings (Pty) Ltd

Investment at beginning of year	-	-
Investment reclassified from subsidiary to associate	2,792	-
Current year share of profits	589	-
At year end	3,381	-

TAB Charters (Pty) Ltd

Investment at beginning of year	-	-
Investment acquired at cost	1,560	-
Current year share of profits	240	-
At year end	1,800	-

Total

7,736 2,576

	Lugubhu Carriers (Pty) Ltd		Murton's Cane Contractors (Pty) Ltd	
	2008	2007	2008	2007
	R 000	R 000	R 000	R 000
Balance Sheet				
Total Assets	5,269	4,575	6,233	4,021
	5,269	4,575	6,233	4,021
Equity	(455)	(611)	4,504	3,732
Total Liabilities	5,724	5,186	1,729	289
	5,269	4,575	6,233	4,021

	2008	2007	2008	2007
	R 000	R 000	R 000	R 000
Income Statement				
Revenue	6,319	4,164	9,639	9,464
Profit before tax	187	(300)	507	99
Taxation	(57)	-	(146)	(29)
Profit after taxation	130	(300)	361	70
Share of associates profit (49.9%/25%)	65	(150)	90	18
Transactions with Group	484	1,109	10,735	8,676

The carrying value of the above investments does not exceed the directors' valuation of the investments. The loans to associates are non-interest bearing and have no fixed terms of repayment. The transactions with Cargo Carriers relates to management fees, vehicle hire charges and other operating costs.

	Buhle Betfu Carriers (Pty) Ltd		TAB Charters (Pty) Ltd
	2008	2007	2008
	R 000	R 000	R 000
Balance Sheet			
Total Assets	42,722	32,881	7,666
	42,722	32,881	7,666
Equity	8,286	7,371	4,303
Total Liabilities	34,436	25,510	3,363
	42,722	32,881	7,666

	2008	2007	2008
	R 000	R 000	R 000
Income Statement			
Revenue	51,434	30,533	5,435
Profit before tax	2,383	3,096	1,301
Taxation	(910)	(910)	(377)
Profit after taxation	1,473	2,186	924
Share of associates profit (40%/26%)	589	874	240
Transactions with Group	2,738	2,455	2,988

The carrying value of the above investments does not exceed the directors' valuation of the investments. The loans to associates are non-interest bearing and have no fixed terms of repayment. The transactions with Cargo Carriers relates to management fees, vehicle hire charges and other operating costs.

	GROUP		COMPANY	
	2008 R 000	2007 R 000	2008 R 000	2007 R 000

10. Investment in joint venture

The joint venture is with Ezethu Logistics (Pty) Ltd, in which the company has a 49% interest. The nature of the joint venturer's business is contract transportation. The investment is accounted for using the equity method.

Investment at cost	1	1	1	1
Post acquisition profits	2,539	3,556	-	-
Loan to joint venture	7,419	7,077	-	-
Current year share of profits	574	(1,017)	-	-
Carrying value at year end	10,533	9,617	1	1

The assets, liabilities and results of operations for the joint venture are summarised as follows:

Balance Sheet

Total Assets	25,722	19,406
	<u>25,722</u>	<u>19,406</u>
Equity	(316)	(327)
Total Liabilities	26,038	19,733
	<u>25,722</u>	<u>19,406</u>

Income Statement

Revenue	29,322	33,274
Profit/(Loss) before tax	1,618	(2,075)
Taxation	(446)	-
Profit/(Loss) after taxation for the year	1,172	(2,075)
49% interest in income/(loss)	574	(1,017)

Transactions with Cargo Carriers	1,223	2,076
----------------------------------	-------	-------

The carrying value of the investment does not exceed the directors' valuation of the investment. The loan to the joint venturer bears interest at the ruling prime overdraft rate and has no fixed terms of repayment.

The transactions with Cargo Carriers relates to management fees and other operating costs.

The comparative figures for the investment in the joint venture have been changed, as an amount owing by the joint venture partner that was reflected in trade receivables in the prior period has been reclassified to the equity accounted investment. This change has also effected the classification of certain items in the cashflow statement in the prior year between working capital changes and investment in joint ventures.

notes to the financial statements

continued

	Issued share capital	Cost of shares	Transactions with subsidiaries		Indebtedness by subsidiary companies		Indebtedness to subsidiary companies	
			2008	2007	2008	2007	2008	2007
11. Investments in subsidiaries								
Transport								
Buhle Betfu Carriers•	200	-	-	-	-	-	-	(88,095)
Cargo Carriers (Botswana)□•	2	-	19,824	17,984	-	-	(188,796)	(208,619)
Cargo Carriers (Swaziland)□□•	4	-	10,141,342	8,269,496	-	-	(3,826,894)	(17,203,264)
Heavy Hauliers (Pvt) Ltd #•	2	-	-	-	-	50,127	-	-
J & G Transport (Lesotho) ##	200	1,335,150	160,227	474,405	-	-	(9,612,708)	(7,109,157)
J & G Transport (South Africa)•	100	-	43,662	39,995	3,416,977	3,460,640	(120,742)	-
Jaybee Holdings Incorporated ###	10000	1,279,958	(225,581)	(623,836)	-	-	(4,770,325)	(4,544,744)
Information Technology								
Two Inc Consulting	100	2,067,811	-	-	116,260	196,260	-	-
Property								
Cargo Carriers Alrode Properties	1600	-	-	-	6,435,413	6,435,413	-	-
Cargo Carriers Workshop Property	2	2	(1,120,529)	(1,384,121)	11,778,278	12,754,358	-	-
Carrick (Swaziland)□□•	2	-	-	-	-	-	-	-
Aviation								
Executive Air (Pty) Ltd (South Africa)	154	154	-	-	3,424,897	-	-	(154)
Summer Sun Trading (Pty) Ltd (South Africa)1000	700	700	1,413,418	-	2,280,500	-	-	-
Dormant/Holding								
Cargo Carriers (Lesotho) ##•	2	-	-	-	-	-	-	-
Cargo Carriers Management Services	3501	3,501	-	-	-	-	(3,501)	(3,501)
Cargo Carriers Namibia *	1	1	-	-	-	-	(1)	(1)
Cargo Carriers Swaziland Holdings□□•	10	-	-	-	-	-	-	-
Cargo Carriers Harvesting□□•	10	-	-	-	-	-	(10)	(10)
GFLT Developments	1000	850	-	-	-	-	(1,000)	(1,000)
Heavy Hauliers Ltd **•	10	-	-	-	-	-	-	-
Heavy Hauliers Ltd ***•	2	-	-	-	-	-	-	-
Siyazama Sisonke Empowerment	200	3,405,200	7,915	-	-	-	(3,373,115)	(1,375,671)
Cost of shares		8,093,327	10,440,278	6,793,923	27,452,325	22,896,798	(21,897,092)	(30,534,216)
Less: Diminution in value of		(1,827,852)						
Two Inc Consulting								
Carrying value of shares		<u>6,265,475</u>						

	<i>Country of incorporation</i>	<i>Currency of issued share capital</i>
□	Botswana	Pula
□□	Swaziland	Emalangeni
#	Zimbabwe	Zimbabwean Dollars
##	Lesotho	Maloti
###	BritishVirginIslands	US Dollars
*	Namibia	Namibian Dollars
**	Zambia	Zambian Kwacha
***	Malawi	Malawian Kwacha
•	Held indirectly	

11. Investments in subsidiaries (continued)

The subsidiaries are all wholly owned, with the exception of GFLT Developments (Pty) Ltd (85%) and Summer Sun Trading (Pty) Ltd (70%). Unless otherwise stated, all subsidiaries are (Pty) Ltd companies and the issued share capital is stated in rands.

Siyazama Sisonke Empowerment (Pty) Ltd (SS) holds the shares in Buhle Betfu Holdings (Pty) Ltd (BBH) which in turn wholly owns Buhle Betfu Carriers (Pty) Ltd (BBC). The Group held the majority shareholding in BBH during prior years which resulted in BBH's results being consolidated. During the current financial year 24% (2007:0%) of the shareholding in BBH was disposed of by SS resulting in the Group retaining a 40% shareholding in BBH. As a result of this disposal BBH is no longer a subsidiary of the Group and has been equity accounted (see note 9). The Group incurred a R1.282 million loss on the disposal of these shares.

The Group holds a direct interest in Heavy Hauliers (Pvt) Limited, which operates a transport business in Zimbabwe. This country continues to face enormous political and social difficulties and un-certainties, on-going recession, a rapidly depreciating currency and extremely high levels of unemployment. Current inflation rates in that country have exceeded those experienced in any country since World War One and even its own inflation and exchange rates of just over a year ago. The Group has continued to account for the results and financial position of this entity in terms of IAS29 – Financial Reporting in Hyperinflationary Economies, using a parallel exchange rate of 2,0 million Zimbabwean dollars to 1 Rand. An equivalent rate used to consolidate the Zimbabwe subsidiary in the prior year was 33, 738 thousand Zimbabwean dollars to 1 Rand. At these current exchange rates, the results for the year under review are immaterial to the Group.

However, the investment in Heavy Hauliers was assessed for impairment in terms of IAS 36, *Impairment of Assets*, and as the factors discussed above reaffirm the material uncertainty surrounding the future profitability and resultant realisable value of the investment in Zimbabwe, a decision was made to impair the assets of that subsidiary and the group income statement has been debited with an impairment charge of R6,4 million this year. The fair value of the assets less cost of disposals was assessed to be less than the group carrying value of these assets. The entire operation is considered a cash generating unit as it operates in a single sector.

The loans to subsidiary companies are non-interest bearing and have no stipulated payment terms and are due on demand.

The attributable aggregate income after taxation of the subsidiaries for the year ended 29 February 2008 is:

Profit: R42,3 million (2007: R26,9 million)

Loss: R7,6 million (2007: R6,9 million)

	GROUP		COMPANY	
	2008 R000	2007 R000	2008 R000	2007 R000
12. Inventories				
Fuels, Oils and Lubricants	3,636	1,908	2,062	1,082
Tyres	403	424	-	121
Maintenance spares	3,668	3,058	2,389	1,867
Provision for obsolescence	(965)	(599)	(730)	(599)
Total inventories carried at lower of cost and net realisable value	6,742	4,791	3,721	2,471

13. Trade and other receivables

Trade debtors	62,931	45,556	61,444	39,836
Sundry debtors	7,957	5,753	4,650	8,230
	70,888	51,309	66,094	48,066

Trade receivables are non-interest bearing and are generally on 30 day terms

As at 29 February 2008, trade receivables at nominal value of R62.9 (2007:R45.6) million were impaired and fully provided for.

Movements in the provision for impairment of receivables were as follows:

	Individually Impaired Group R000	Individually Impaired Company R000
Balance at 1 March 2006	5,800	4,387
Decrease in provision during year	(1,715)	(1,725)
Balance at 28 February 2007	4,085	2,662
Increase in provision during year	168	63
Provision reversed	(280)	(230)
Balance at 29 February 2008	3,973	2,495

As at 29 February 2008, the age analysis of trade receivable is as follows:

R000	Total	Neither past due nor impaired	Past due but not impaired			
			30-60 days	60-90 days	90-120 days	> 120 days
Group						
2008	62,931	36,050	17,722	3,329	1,642	4,188
2007	45,556	30,565	7,420	1,869	714	4,988
Company						
2008	61,444	32,260	17,483	3,630	2,932	5,139
2007	39,836	28,404	7,988	924	423	2,097

	GROUP		COMPANY	
	2008 R000	2007 R000	2008 R000	2007 R000

14. Cash and cash equivalent

Cash at bank	14,782	51,543	9,481	27,453
Cash on hand	167	148	114	110
	14,949	51,691	9,595	27,563

15. Share capital and reserves

Authorised - 25 000 000 ordinary

shares of 1 cent each

250	250	250	250
-----	-----	-----	-----

Issued - 20 000 000 ordinary

shares of 1 cent each

200	200	200	200
-----	-----	-----	-----

Treasury - 593 710 ordinary

shares of 1 cent each

(6)	(6)	-	-
-----	-----	---	---

194	194	200	200
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The unissued shares have been placed under the control of the directors. This authority expires at the next annual general meeting.

Nature and purpose of other reserves presented on the statements of changes in equity:

Asset revaluation reserve

The asset revaluation reserve is used to record increases in the fair value of land and buildings and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in equity. The reserve is not available for distribution in the term of dividends.

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries

	GROUP		COMPANY	
	2008 R000	2007 R000	2008 R000	2007 R000
16. Deferred taxation				
The liability for deferred taxation is made up as follows:				
Tangible assets	64,198	49,311	39,735	34,957
Prepayments	300	222	217	95
Provisions	(3,070)	(3,056)	(1,571)	(1,610)
Estimated tax losses	(9,428)	(4,062)	(2,108)	(2,242)
	52,000	42,415	36,273	31,200
Deferred Tax Asset	2,008	143	-	-
Deferred Tax Liability	54,008	42,558	36,273	31,200
	52,000	42,415	36,273	31,200
Reconciled as follows:				
Opening balance previously reported				
Opening balance	42,415	40,491	31,200	28,152
Income Statement Charge	6,546	2,744	4,756	2,055
Charged through NDR	4,487	3,837	1,232	1,186
Prior period adjustments	833	(4,657)	161	(193)
Rate Change	(1,326)	-	(1,076)	-
Subsidiary interest in subsidiary disposed of	(955)	-	-	-
	52,000	42,415	36,273	31,200

The asset for deferred taxation has been raised on the assumption that future taxable profits will be available against which the associated unused tax losses and deductible temporary differences can be utilised.

	GROUP		COMPANY	
	2008 R000	2007 R000	2008 R000	2007 R000
17. Secured loans				
<i>Finance lease creditors:</i>				
17.1 Loans bear interest at prime less 2.25% with monthly repayment terms over a 5 year period ending February 2013. The loans are secured by vehicles with a book value of R77 (2007:R56) million.	59,550	42,114	51,775	38,938
17.2 Loans bear interest at prime less 2.25% with monthly repayment terms over a 5 year period ending August 2011. The loans are secured by vehicles with a book value of R5.3 (2007:R7.0) million.	12,004	10,918	8,429	10,918
17.3 Loan bears interest at prime less 1.5% with monthly repayment terms over a 5 year period ending April 2007. The loan is secured by vehicles with a book value of R5.2 (2007:R5.8) million	-	98	-	98
17.4 Loans bear interest at prime less 1.9%-2.0% with monthly repayment terms over 5 year periods ending May 2010. The loans are secured by vehicles/aircrafts with a book value of R13.8 (2007:R5.1) million.	12,296	4,475	1,713	2,342
17.5 Loans bear interest at prime less 1.0% with monthly repayment terms over a 5 year period ending June 2011. The loans are secured by vehicles with a book value of R12.1 (2007:R14) million.	5,226	9,006	-	-
17.6 Loans bear interest at prime less 2.0% with monthly repayment terms over a 5 year period ending April 2011. The loans are secured by vehicles with a book value of R13.03 (2007:R14.1) million.	9,181	12,338	9,181	12,338
17.7 This loan relates to a subsidiary company in which the Group has sold its majority shareholding. This entity is now being equity accounted and as such its assets and liabilities have been de-consolidated from the Group.	-	20,117	-	-
	98,257	99,066	71,098	64,634
Current portion included under current liabilities	(27,291)	(25,840)	(20,859)	(18,022)
Non-current liabilities	70,966	73,226	50,239	46,612

	GROUP		COMPANY	
	2008	2007	2008	2007
	R000	R000	R000	R000

18. Group borrowings

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. The method to raise additional capital will be decided and approved by the board.

The borrowing powers of the company and its subsidiaries are as determined by the company's holding company. These have been fixed at not more than 50% of equity and outside shareholders' interest.

Current Equity/Capital	283,919	238,150		
The borrowing capacity of the group at 50%	141,959	119,075		
The extent to which the group's borrowing capacity has been utilised at year end was as follows:				
Interest bearing - long term	70,966	73,226		
Interest bearing - short term	27,291	25,840		
	98,257	99,066		
Cash resources	(14,949)	(51,691)		
	83,308	47,375		
Borrowings capacity utilised at year end	58.7%	36.3%		

19. Trade and other payable

Trade payables	40,608	25,550	23,426	9,799
Sundry creditors	15,080	35,118	20,897	26,711
	55,688	60,668	44,323	36,510

Trade payables are non-interest bearing and are generally on 30 day terms

20. Provisions

Leave pay

- at beginning of year	3,344	3,120	2,905	2,666
- increase in provision during year	1,478	1,028	1,207	589
- amounts utilised during year	(1,336)	(804)	(996)	(350)
- at end of year	3,486	3,344	3,116	2,905

Statutory severance and retirement allowance

- at beginning of year	3,476	3,474		
- increase in provision during year	399	533		
- amounts utilised during year	(514)	(531)		
- at end of year	3,361	3,476		

Total	6,847	6,820	3,116	2,905
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Provisions listed above are dependent on the movement of staff and have no known or determinable payment date.

21. Commitments

21.1 Commitments in respect of capital expenditure:

Approved by directors:

- contracted for	1,148	2,127	1,012	1,392
- not contracted for	11,073	1,159	11,073	1,093
	12,221	3,286	12,085	2,485

Budgeted capital expenditure for the forthcoming year	63,407	55,908	35,067	44,248
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These commitments will be financed from available resources, funds generated by operations as well as financing deals specific to the capital commitments.

	GROUP		COMPANY	
	2008 R000	2007 R000	2008 R000	2007 R000
21.2 Finance lease commitments				
- within one year	27,291	25,840	20,859	18,022
- after one year, but not more than five years	70,966	73,226	50,239	46,612
- more than five years	-	-	-	-
	98,257	99,066	71,098	64,634
	Within			
Group	1 year	1-5 years	> 5 years	Total
Total of future minimum lease payments	37,282	85,910	-	123,192
Less unearned finance charges	(9,991)	(14,944)	-	(24,935)
Present value of future minimum lease payments	27,291	70,966	-	98,257
Company				
Total of future minimum lease payments	27,788	58,524	-	86,312
Less unearned finance charges	(6,929)	(8,285)	-	(15,214)
Present value of future minimum lease payments	20,859	50,239	-	71,098
The terms for repayment are fully disclosed in note 18				
21.3 Operating lease commitments				
- within one year	1,987	1,321	383	372
- after one year, but not more than five years	1,731	1,102	35	225
- more than five years	1,794	805	-	-
	5,512	3,228	418	597

All lease payments are made monthly in advance and subject to annual escalation of 7%-10%.

22. Contingency

The company did not guarantee any bank facilities of subsidiary companies during the current year (2007: Rnil). The company has bound itself as surety for finance lease facilities granted to joint venturer Ezethu Logistics to the value of R5.9 (2007:R6.5) million.

23. Related party transactions

Terms and conditions of transactions with related parties

Related party transactions exist between the group and fellow subsidiaries controlled by the holding company. All purchasing and selling transactions with related parties are concluded at arm's length. Outstanding balances at year end are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables, except as referred to in note 22. For the year ended 29 February 2008, the group has impaired loans owing by Heavy Hauliers (Pvt) Ltd due to the severe economic trading conditions prevailing in Zimbabwe (2007:Nil). This impairment exercise is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Details of the major shareholders of the company are disclosed in the director's report and all directors of the company have confirmed that they have no major interest in any contract of significance to the group which could result in a conflict of interest.

No share options have been granted to any of the members of the Board of Directors.

Dividend payments to shareholders and the holding company are disclosed in the directors report. Details regarding associates, joint ventures and subsidiaries are disclosed in notes 9,10 and 11. Payments made to directors and key management of the company is disclosed in note 4.

The following table provides the total amount of transactions, which have been entered into with related parties, other than those noted above, for year ended 29 February 2008.

Related party		Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
Hallmark Motor Group	2008 (R000)	-	2,730	-	326
	2007 (R000)	-	2,943	-	263

Hallmark Motor Group is a subsidiary of the Groups ultimate holding company, Cargo Carriers Holding (Pty) Ltd. The debts are non-interest bearing and payment terms generally on 30 days.

24. Financial instruments

24.1 Introduction

The Group's principal financial instruments comprise bank loans and overdraft, finance leases and hire purchase contracts, loans to associates and joint ventures, cash and cash equivalents, loans and unlisted investments, indebtedness by subsidiary companies and indebtedness to subsidiary companies. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Group does not normally enter into derivative transactions. It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are credit risk, foreign currency risk, treasury and interest rate risk and liquidity risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

24.2 Credit risk

The most significant exposure to credit risk is in trade debtors that amounts to 88.6% (2007: 88.8%) of total accounts receivable at year end, for which no collateral is held. The trade debtors comprise a large number of customers. The majority have been contractually tied for some years and have proven credit risk ratings. The group policy is to perform credit checks on all customers on a regular basis. Trade debtors are presented net of impairments. At year end the group considered it had sufficient allowances to cover any significant risk exposure amongst debtors. The group only deposits cash surpluses with major banks of high quality credit standing. Accordingly the group has no significant concentration of credit risk. Ref to note 13

The carrying amounts of financial assets included in the consolidated balance sheet represent the group's exposure to credit risk in relation to these assets.

24.3 Foreign currency risk

The group policy is to avoid unnecessary exposure to foreign exchange rate fluctuations when entering into any foreign currency transaction. Forward exchange contracts will be used to mitigate the exposure to currency movements if required. The financial assets and liabilities of foreign subsidiaries external to the Rand monetary area are translated in terms of the policies stated in note 11 of the accounting policies and the applicable year end rates are as follows:

	Balance at 29 February 08 in foreign currency	Exchange rate 29 February 08	Exchange rate 28 February 07
US Dollar	812,287	R7.589/US\$1	R7.295/US\$1
Botswana Pula	319	R1.1859/P1	R1.1701/P1

24.4 Treasury and interest rate risk

Management regularly evaluates the company's exposure to interest rate fluctuations and determines future gearing based on economic forecasts. As part of the process of managing the group's interest rate risk, interest rate characteristics of new borrowings and the refinancing of existing borrowings are positioned according to expected movements in interest rates. Refer to note 17 of the financial statements for potential exposure to interest rate fluctuations.

Sensitivity Analysis	Increase/decrease in basis points	Effect on profit before tax R000
2008	50	(318)
	(50)	318
2007	50	(337)
	(50)	337

24.5 Liquidity Risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g. accounts receivables, other financial assets) and projected cash flows from operations. The cashflows from debtors and creditors are reasonably well matched in that payments are made to creditors on the same terms and conditions given to customers. It is anticipated that the year end position will be settled within a 45-to-60 day time frame.

The table below summarises the *maturity profile* of the Groups financial liabilities at 29 February 2008 based on contractual undiscounted payments

29-Feb-08	On Demand R000	1 to 5 years R000	Total R000
GROUP			
Interest bearing loans and borrowings	37,282	85,910	123,192
Trade and other payables	40,608	-	40,608
Sundry Creditors	15,080	-	15,080
COMPANY			
Interest bearing loans and borrowings	27,788	58,524	86,312
Indebtedness to subsidiary companies	21,897	-	21,897
Trade and other payables	23,426	-	23,426
Sundry Creditors	20,897	-	20,897

28-Feb-07	On Demand R000	1 to 5 years R000	Total R000
GROUP			
Interest bearing loans and borrowings	35,299	88,646	123,945
Trade and other payables	25,550	-	25,550
Sundry Creditors	35,118	-	35,118
COMPANY			
Interest bearing loans and borrowings	24,009	54,298	78,307
Indebtedness to subsidiary companies	30,534	-	30,534
Trade and other payables	9,799	-	9,799
Sundry Creditors	26,711	-	26,711

24.6 Fair value of financial instruments

The carrying amounts of financial instruments approximated their fair values due to the short term maturities of these assets and liabilities.

	GROUP		COMPANY	
	2008 R000	2007 R000	2008 R000	2007 R000
25. Notes to the Cash Flow Statements				
25.1 Reconciliation of net profit before interest and taxation to cash generated by operations:				
Profit from operating activities before profit on disposal of tangible assets	32,479	36,033	32,126	28,165
Depreciation	23,628	25,124	19,537	19,833
Interest received	(4,366)	(5,093)	(3,911)	(4,043)
Provisions increase/(decrease)	28	311	212	220
Foreign currency adjustments	(1,003)	(3,941)	(324)	-
Stock adjustment	239	-	239	-
Provision for bad debts	168	-	64	-
Impairment of unlisted investment	-	101	-	101
Operating profit before working capital changes	51,173	52,535	47,943	44,276
Working capital changes	(26,654)	7,531	(11,430)	(11,271)
Inventories (increase)/decrease	(1,951)	(549)	(1,215)	303
Controlling interest in subsidiary disposed of	(350)	-	-	-
Trade and other receivable decrease/(increase)	(19,579)	(7,858)	(18,028)	(8,023)
-controlling interest in subsidiary disposed of	(7,775)	-	-	-
Trade and other payable increase/(decrease)	(4,980)	15,938	7,813	(3,551)
-controlling interest in subsidiary disposed of	7,981	-	-	-
-cash generated by operations	24,519	60,066	36,513	33,005
25.2 Taxation paid				
Amounts prepaid/(owing) at beginning of year	1,753	(3,389)	945	(800)
Subsidiary disposed	145	-	-	-
Current tax charged per the income statement	(3,735)	(7,651)	(2,377)	(6,423)
Amounts due at end of year	(7,770)	(1,753)	(2,798)	(945)
	(9,607)	(12,793)	(4,230)	(8,168)
25.3 Dividend paid				
Amounts unpaid at beginning of year	-	-	-	-
Amounts charged per statement of equity	(3,590)	(6,210)	(3,700)	(6,400)
	-	-	-	-
Amounts unpaid at end of year	(3,590)	(6,210)	(3,700)	(6,400)
25.4 Disposal of investment in subsidiary				
During the year, the group sold 24% (2007:0%) of its interest in the issued share capital of Buhle Betfu Holdings (Pty) Ltd, which resulted in an effective shareholding of 40% after the disposal. The entity is now being equity accounted.				
Non Current Assets	6,234	-	-	-
Current Assets	1,997	-	-	-
Non Current Liabilities	(5,370)	-	-	-
Current Liabilities	(1,455)	-	-	-
Net Asset Value	1,406	-	-	-
Cash sold	(869)	-	-	-
Consideration received	917	-	-	-
Net Cashflow	48	-	-	-
25.5 Replacement of tangible assets to maintain operations				
Investment Properties	-	-	-	-
Land and buildings	-	486	-	562
Buildings and leasehold improvements	513	55	453	55
Vehicles	8,321	11,209	8,321	9,237
Leased vehicles	31,827	65,001	23,872	30,948
Plant, furniture and equipment	16,941	1,390	2,920	1,380
	57,602	78,141	35,566	42,182

notice to shareholders

Notice is hereby given that the forty-eighth annual general meeting of shareholders of Cargo Carriers Limited will be held at the registered office of the company, which is situated at 140 North Reef Road, Elandsfontein, Germiston at 9:30am on 26 June 2008 to transact the following business :

1. To receive and consider the annual financial statements and auditors' report thereon for the financial year ended 29 February 2008.
2. To elect directors in place of the directors retiring in terms of the company's Memorandum and Articles of Association. Mrs BB Fraser and Mr V Raseroka retire from office, are eligible and offer themselves for re-election.
3. To determine the remuneration of the directors.
4. To authorise the directors, subject to the requirements of the JSE Limited, to allot and issue at their discretion the 5 000 000 un-issued shares of the company during the forthcoming year.
5. To transact such other business as may be transacted at an ordinary general meeting of the company.

A member entitled to attend and vote at the above mentioned meeting is entitled to appoint a proxy to attend, speak and vote in his/her stead. Such proxy need not be a member of the company. Forms of proxy must be deposited at the company's registered office before 9:30am on 25 June 2008.

By order of the board



MJ Bolton
Company Secretary

Germiston
14 May 2008

form of proxy

Cargo Carriers Limited
(Reg. No. 1959/003254/06)
("the company")

Annual general meeting

A member entitled to attend and vote is entitled to appoint a proxy to attend the meeting and speak and, on a poll, to vote in his/her stead. A proxy need not be a member of the company. Instruments appointing the proxy must be lodged at the registered office of the company before 9:30am on 25 June 2008.

I/We _____ of _____
being a member(s) of Cargo Carriers Limited are entitled to _____ votes
hereby appoint _____
or failing him/her _____

or failing him/her the chairman of the meeting as my/our proxy to vote for me/us on my/our behalf at the annual general meeting of the company, to be held at the offices of Cargo Carriers Limited, 140 North Reef Road, Elandsfontein, at 9:30am on 26 June 2008 and at any adjournment as follows:

Proposed resolutions	For	Against	Abstain
Resolution to approve and adopt the annual financial statements			
Resolution to re-elect retiring director – Mrs BB Fraser			
Resolution to re-elect retiring director – Mr V Raseroka			
Resolution to fix the remuneration of the directors			
Resolution to place the un-issued ordinary shares under the directors' authority			

(Indicate instructions to proxy by way of a cross in the space provided above)

Unless otherwise instructed, my/our proxy may vote as he/she thinks fit.

Signed by me/us on this _____ day of _____ 2008

Signature

