AFRICAN PARKS NETWORK
(ASSOCIATION INCORPORATED UNDER S21)
2007/030803/08

ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2008

PRICEWATERHOUSECOOPERS

AFRICAN PARKS NETWORK
(ASSOCIATION INCORPORATED UNDER S21)

ANNUAL FINANCIAL STATEMENTS
for the year ended 31 December 2008

The reports and statements set out below comprise the annual financial statements presented to members:

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AFRICAN PARKS NETWORK
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STATEMENT OF RESPONSIBILITY OF DIRECTORS
for the year ended 31 December 2008

Statements of responsibility

The directors are responsible for the preparation, integrity and fair presentation of the annual financial statements of African Parks Network (Association Incorporated under section 21). The annual financial statements presented on pages 5 to 36 have been prepared in accordance with International Financial Reporting Standards (IFRS), and in the manner required by the Companies Act, 1973.

The directors consider that in preparing the annual financial statements they have used the most appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates, and that all Statements of IFRS that they consider to be applicable have been followed. The directors are satisfied that the information contained in the annual financial statements fairly presents the results of operations for the year and the financial position of the company at year-end.

The directors have responsibility for ensuring that accounting records are kept. The accounting records should disclose with reasonable accuracy the financial position of the company to enable the members to ensure that the annual financial statements comply with the relevant legislation.

The directors are also responsible for the company's system of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the annual financial statements, and to adequately safeguard, verify and maintain accountability of assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The going concern basis has been adopted in preparing the annual financial statements. The directors have no reason to believe that the company will not be a going concern in the foreseeable future based on forecasts and available cash resources. These annual financial statements support the viability of the company.

The annual financial statements have been audited by the independent accounting firm, PricewaterhouseCoopers Inc., which was given unrestricted access to all financial records and related data. The members believe that all representations made to the independent auditors during their audit are valid and appropriate. PricewaterhouseCoopers Inc. audit report is presented on page 3 - 4.

The annual financial statements set out on pages 5 to 36 were approved by the board of directors on 18 May 2009 and were signed on their behalf by:

....
Chairman of Board of Directors

PRICEWATERHOUSECOOPERS

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AFRICAN PARKS NETWORK (ASSOCIATION INCORPORATED UNDER SECTION 21)

We have audited the annual financial statements of African Parks Network (Association Incorporated under section 21), which comprise the report of the members, the balance sheet as at 31 December 2008, the income statement, the statement of changes in equity, the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 5 to 36.

Directors' Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls.

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of African Parks Network (Association Incorporated under section 21) as of 31 December 2008, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc
Director: NL Forster
Registered Auditor
Johannesburg
18 May 2009

AFRICAN PARKS NETWORK
(ASSOCIATION INCORPORATED UNDER S21)

REPORT OF THE DIRECTORS
for the year ended 31 December 2008

The Directors present their report for the year ended 31 December 2008. This report forms part of the audited financial statements.

1 **Incorporation**

The company was incorporated on 20 September 2007 and obtained its certificate to commence business on that date.

2 **General review**

The company's business and operations and the results thereof are clearly reflected in the attached annual financial statements. No material fact or circumstance has occurred between the accounting date and the date of this report.

The nature of the business is to ensure long term sustainability of parks in Africa.

It has been noted that the following Parks are managed by African Parks Network:

Majete Wildlife Reserve (Malawi)
Liuwa Plain National Park (Zambia)
Garamba National Park (Democratic Republic of Congo)
Bangweulu Wetlands (Zambia)
West Lunga National Park (Zambia)

3 **Plant and equipment**

Movements in plant and equipment are shown in note 3 of these financial statements.

4 **Directors**

The Directors of the company during the accounting period and up to the date of this report were as follows:

P Klaver: Chairman	(resigned 1 September 2008)
H Boumeester: Chairman	(appointed 1 September 2008)
P Fearnhead: CEO	
M Msimang	
C Ramaphosa	
Hon. J Lembeli	
Justice R Banda	
V Chitalu	

5 **Auditors**

PricewaterhouseCoopers Inc. will continue in office in accordance with Section 270(2) of the Companies Act.

6 **Directors' interest in contracts**

The directors do not have any direct interest in the shareholding of the company.

7 **Interest in subsidiaries and countries of incorporation if not the Republic of South Africa**

Name of subsidiary

African Parks Majete Limited (Malawi)
African Parks Zambia Limited (which includes West Lunga National Park and Liuwa Plain National Park) (Zambia)
Garamba National Park (Democratic Republic of Congo)
Bangweulu Wetlands Management Board (Zambia)

Details for the company's investment in subsidiaries are set out in note 18.

8 **Post balance sheet events**

It has been noted that on the 02 January 2009 the aircraft which was transferred to African Parks Network, together with other fixed and movable assets were destroyed in an attack on Garamba (Democratic Republic of Congo) by the Lords Resistance Army.

The above post balance sheet events is not an adjusting event as defined by IAS 10.

The directors are not aware of any further matters or circumstances arising since the end of the financial year.

AFRICAN PARKS NETWORK
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BALANCE SHEET
at 31 December 2008

	Notes	Group 2008 16 months ended $	Company 2008 16 months ended $
ASSETS			
Non-current assets		**2 318 548**	**277 190**
Plant and equipment	3	2 317 774	78 782
Intangible assets	4	774	774
Investment in subsidiary parks		-	197 634
Current assets		**2 678 602**	**1 386 294**
Receivable from European Union		973 454	973 454
Trade and other receivables	5	1 125 228	307 792
Amounts due from related parties	6	179 162	56 181
Cash and cash equivalents	7	388 086	48 867
Inventory	8	12 672	-
Total assets		**4 997 150**	**1 663 484**
EQUITY AND LIABILITIES			
Capital and reserves		**2 926 376**	**345 150**
Equity capital contribution	9	-	197 631
Foreign currency translation reserves		(53 870)	(24 034)
Accumulated reserves		2 980 246	171 553
Minority interest in equity		**2 149**	-
Total equity		**2 928 795**	-
Current liabilities		**2 068 355**	**1 318 334**
Trade and other payables	10	714 232	42 245
Amounts owing to related parties	6	1 354 123	1 276 089
Total equity and liabilities		**4 997 150**	**1 663 484**

AFRICAN PARKS NETWORK
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INCOME STATEMENT
for the year ended 31 December 2008

	Notes	Group 2008 16 months ended $	Company 2008 16 months ended $
Revenue		7 579 968	1 287 030
Donations	11	7 579 968	1 287 030
Costs			
Other income	12	268 461	-
Staff costs	12	(1 894 362)	(174 052)
Depreciation and amortisation	12	(970 540)	(8 218)
Foreign exchange gains/(losses)		(31 332)	(19 680)
Operating leases		(73 145)	(37 587)
Goodwill	12	2 246 726	(882 024)
Other expenses		(3 236 310)	(3 236 310)
Specific expense		(1 002 125)	-
Operating surplus	12	2 950 005	165 469
Finance income	13	32 660	6 084
Surplus for the year		2 982 665	171 553
Attributable to:			
- equity holders of the parent		2 980 246	-
- minority interest		2 419	-

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STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2008

	Equity capital contribution $	Foreign currency translation $	Accumulated surplus $	Total $
Company				
Balance as at 31 December 2007		-	-	-
At acquisition	197 631	-		197 631
Net Surplus for the year	-	-	171 553	171 553
Foreign currency exchange losses	-(2	4 034)	-(2	4 034)
Balance as at 31 December 2008	**197 631(2**	**4 034)**	**171 553**	**345 150**

	Foreign currency translation $	Accumulated reserves $	Attributable to equity holders of the parent $	Minority interest $	Total equity $
Group					
Balance as at 31 December 2007	-	-	-	-	-
Net Surplus for the year	-	2 980 246	2 980 246	2 419	2 982 665
Foreign currency exchange losses attributable to investment	(53 870)	-	(53 870)	-	(53 870)
Balance as at 31 December 2008	**(53 870)**	**2 980 246**	**2 926 376**	**2 419**	**2 928 795**

AFRICAN PARKS NETWORK
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CASH FLOW STATEMENT
for the year ended 31 December 2008

	Notes	Group 2008 16 months ended $	Company 2008 16 months ended $
Cash flows from operating activities			
Cash receipts from patrons, donors and related parties		6 577 843	1 287 030
Cash paid to suppliers and employees		(4 007 577)	(1 143 511)
Cash generated from operating activities	15	2 570 266	143 519
Net finance income		32 660	6 084
Net cash generated by operating activities		2 602 926	49 603
Cash flows from investing activities			
Net cash effect on subsidiaries received		308 983	-
Acquisition of plant and equipment		(2 714 759)	(99 668)
Acquisition of intangible assets		(1 068)	(1 068)
Proceeds on disposal of fixed assets		192 004	-
Net cash outflow from investing activities		(2 214 840)	(100 736)
Net increase in cash and cash equivalents		388 086	48 867
Cash and cash equivalents at the beginning of the year		-	-
Cash and cash equivalents at the end of the year	7	388 086	48 867

1 **Basis of preparation**

The financial statements are prepared in accordance with International Financial Reporting Standards. The policies set out below have been consistently applied to all years presented. The financial statements have been prepared under the historical cost convention.

The accounting policies as set out below apply to both the financial statements of the company and the group, unless stated otherwise.

Standards, amendments and interpretations issued but not yet effective

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the group's accounting periods beginning on or after 1 January 2009 or late periods, but the group has not early adopted them:

- **IFRS 8, Operating Segments (effective from 1 January 2009)**
  IFRS 8 requires an entity to adopt the 'management approach' to reporting on the financial performance of its operating segments. The Standard sets out requirements for disclosure of information about and entity's operating segments and also about the entity's products and services, the geographical areas in which it operates, and its major customers. The disclosure should enable users of its financial statements to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates.

- **IAS 23, Borrowing Costs – Revised (effective from 1 January 2009)**
  The main change from the previous version of IAS 23 is the removal of the option of immediately recognising as an expense borrowing costs that relate to assets that take a substantial period of time to get ready for use or sale.

- **IAS 1, Presentation of Financial Statements – Revised (effective from 1 January 2009)**
  The changes made to IAS 1 are to require information in financial statements to be aggregated on the basis of shared characteristics and to introduce a statement of comprehensive income. This will enable readers to analyse changes in a company's equity resulting from transactions with owners in their capacity as owners separately from 'non-owner' changes. The revisions include changes in the titles of some of the financial statements to reflect their function more clearly. The new titles are not mandatory for use in financial statements.

1 **Basis of preparation** (continued)

- **IAS 27, Consolidated and Separate Financial Statements – Revised (effective from 1 July 2009)**
  IAS 27 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control. They will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value and a gain or loss is recognised in profit or loss.

- **IFRS 3, Business Combinations – Revised (effective from 1 July 2009)**
  The new standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with some contingent payments subsequently re-measured at fair value through income. Goodwill may be calculated based on the parent's share of net assets or it may include goodwill related to the minority interest. All transaction costs will be expensed.

- **IFRS 2, Amendment to IFRS 2 Share-Based Payment: Vesting Conditions and Cancellations (effective from 1 January 2009)**
  The amendment deals with two matters. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment.

- **IAS 32 and IAS 1, Amendment to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of financial statements - Puttable Financial Instruments and Obligations Arising on Liquidation (effective from 1 January 2009)**
  The amendments require entities to classify the following types of financial instruments as equity, provided they have particular features and meet specific conditions: a) puttable financial instruments (for example, some shares issued by co-operative entities); b) instruments, or components of instruments, that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation (for example, some partnership interests and some shares issued by limited life entities). Additional disclosures are required about the instruments affected by the amendments.

1 **Basis of preparation** (continued)

- **IFRS 1 and IAS 27, Amendments to IFRS 1 First-Time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (effective from 1 January 2009)**
The amendment allow first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The amendment also removed the definition of the cost method from IAS 27 and replaced it with a requirement to present dividends as income in the separate financial statements of the investor.

- **IAS 39, Amendments to IAS 39 Financial Instruments: Recognition and Measurement Exposures Qualifying for Hedge Accounting (effective from 1 July 2009)**
The amendment makes two significant changes. It prohibits designating inflation as a hedgeable component of a fixed rate debt. It also prohibits including time value in the one-sided hedged risk when designating options as hedges.

- **Improvements to IFRSs (effective from 1 January 2009)**
This is a collection of amendments to IFRSs. These amendments are the result of conclusions the IASB reached on proposals made in its annual improvements project. The annual improvements project provides a vehicle for making non-urgent but necessary amendments to IFRSs. Some amendments involve consequential amendments to other IFRSs.

- **IFRIC 13, Customer Loyalty Programmes (effective from 1 July 2008)**
IFRIC 13 addresses accounting by entities that grant loyalty award credits to customers who buy other goods or services. Specifically, it explains how such entities should account for their obligations to provide free or discounted goods or services to customers who redeem award credits.

- **IFRIC 15, Agreements for the Construction of Real Estate (effective from 1 January 2009)**
IFRIC 15 addresses diversity in accounting for real estate sales. IFRIC 15 clarifies how to determine whether an agreement is within the scope of IAS 11 – *Construction contracts* or IAS 18 - *Revenue* and when revenue from construction should be recognised. The guidance replaces example 9 in the appendix to IAS 18.

1 **Basis of preparation** (continued)

- **IFRIC 16, Hedges of a Net Investment in a Foreign Operation (effective from 1 October 2008)**
  IFRIC 16 provides guidance on identifying the foreign currency risks that qualify as a hedged risk (in the hedge of a net investment in a foreign operation). It secondly provides guidance on where, within a group, hedging instruments that are hedges of a net investment in a foreign operation can be held to qualify for hedge accounting. Thirdly, it provides guidance on how an entity should determine the amounts to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item.

- **IFRIC 17, Distributions of Non-cash Assets to Owners (effective from 1 July 2009)**
  IFRIC 17 applies to the accounting for distributions of non-cash assets (commonly referred to as *dividends in specie*) to the owners of the entity. The interpretation clarifies that: a dividend payable should be recognised when the dividend is appropriately authorised and is no longer at the discretion of the entity; an entity should measure the dividend payable at the fair value of the net assets to be distributed; and an entity should recognise the difference between the dividend paid and the carrying amount of the net assets distributed in profit or loss.

- **IFRIC 18, Transfers of assets from customers (effective from 1 July 2009)**
  IFRIC 18 clarifies the accounting treatment for transfers of property, plant and equipment received from customers. This Interpretation applies to agreements with customers in which the entity receives cash from a customer when that amount of cash must be used only to construct or acquire an item of property, plant and equipment and the entity must then use the item of property, plant and equipment either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods and services, or to do both.

The group in still in the process of assessing the impact that the above changes are about to have on the financial statements, but do not believe that it would have a material effect.

1.1 Investment in subsidiaries

The group annual financial statements include those of the holding company and its subsidiaries. The results of the subsidiaries are included from the effective date of acquisition.

Subsidiaries are all entities (including specials purpose entities) over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group.

They are no longer consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the group. The cost of an acquisition is measured as the fair value of assets given, equity instruments issued and liabilities incurred or assumed at the date of the exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

The excess of the cost of an acquisition over the fair value of the group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than fair value of the net assets acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries conform to the policies adopted by the group.

1.1 **Investment in subsidiaries** (continued)

Transactions and minority interest
The group applies a policy of treating transactions with minority as transactions with parties external to the group. Disposal to minority interest result in gains and losses for the group that are reordered in the income statement. Purchases from minority interest result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary.

Company annual financial statements
In the company's separate annual financial statements, investments in subsidiaries are carried at cost less any accumulated impairment.

1.2 **Plant and equipment**

All plant and equipment are stated at historical cost less accumulated depreciation and impairment.

Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on the straight line method to write off the cost of each asset to their residual value over its estimated useful life as follows:

Computer equipment	0 - 3 years
Furniture and fittings	0 - 5 years
Office equipment	0 - 5 years
Aircraft	10 years
Exhibitions	0 - 4 years

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to the recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.

Subsequent costs are included in the asset's carrying amount or recognised as a separate assets, as economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised.

1.2 **Plant and equipment** (continued)

Repairs and maintenance are generally charged to expenses during the financial period in which they are incurred. However, major renovations are capitalised and included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the group. Major renovations are depreciated over the remaining useful life of the related asset.

Gains and losses on disposal are determined by comparing proceeds with carrying amounts and are included in operating profit in the income statement.

1.3 **Impairment of non-financial assets**

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

1.4 **Intangible assets**

Computer software
Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (three years).

Cost associated with maintaining computer software programmes are recognised as an expense as incurred.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose identified according to operating segments.

1.5 Financial assets and liabilities

Financial instruments

The group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial assets and financial liabilities are recognised on the group's balance sheet when the group becomes party to the contractual provisions of the instrument. The classification of financial instruments depends on the purpose for which the instruments were acquired. Management determines the classification at initial recognition. Financial assets are derecognised when the rights to receive cash flows from the financial asset have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership.

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the group commits to purchase or sell the asset.

The group classifies its financial assets in financial assets as loans and receivables.

1.5.1 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets and current liabilities, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current. Loans and receivables are carried at amortised cost using the effective interest method.

The company's loans and receivables comprise:

- Trade and other receivables
- Cash and cash equivalents