

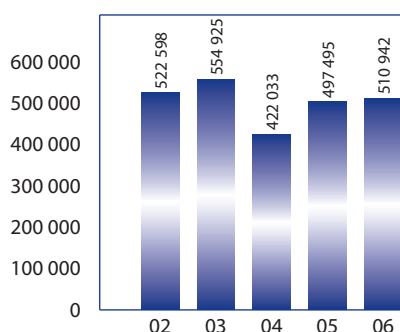
Other Group

salient features for the years ended 31 December

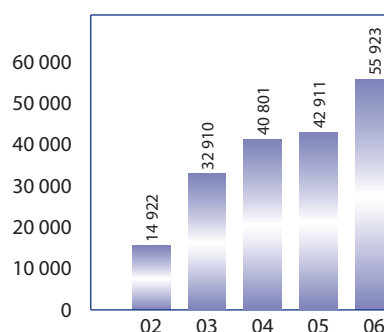
	2006 R'000	2005 R'000	2004 R'000	2003* R'000	2002* R'000
Net asset value per share (cents)	39,81	264,75	233,19	181,78	153,99
Depreciation (R'000)	2 540	2 625	2 081	6 370	6 557
Amortisation (R'000)	1 834	1 720	1 700	—	—
Capital expenditure (R'000)	5 120	5 878	3 424	5 192	6 984
Capital commitments (R'000)					
Authorised and contracted	286	463	1 288	78	811
Authorised not contracted	4 787	—	19	287	—
Operating profit to sales	10,21%	7,21%	7,75%	6,15%	4,57%
Number of employees	443	437	469	652	738
Closing share price (cents)	400	490	220	145	82
Total number of shares traded	9 146 620	11 209 071	17 545 631	2 469 931	5 828 525
Average price for the year (cents)	471	399	176	100	75
Total value of shares traded at average price (R)	43 080 580	44 724 193	30 880 311	2 469 931	4 371 394
Volume of shares traded to total weighted average number of shares	13,92%	17,05%	26,69%	3,76%	8,87%

*SA GAAP

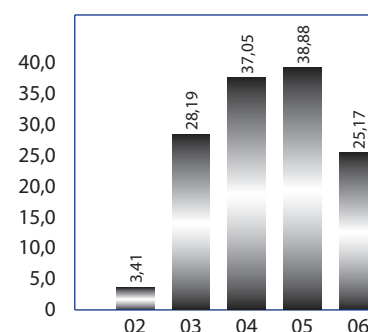
SALES (R'M)



PROFIT BEFORE TAX (R'M)



EARNINGS PER SHARE (CENTS)



Non-executive and executive directors



Secretary

Michael John Millard Lake

Registered office

1a Booysens Road, Booysens
Johannesburg
2091

Auditors

PricewaterhouseCoopers Inc
Johannesburg

Registrars

Computershare Investor Services 2004
(Pty) Limited
70 Marshall Street
Johannesburg
2001

Share Code: HWN

ISIN Code: ZAE 000010583

Non-executive directors

1 *RJ Cleland (60)* *Non-executive director and chairman* *(British)*

Bob Cleland was appointed Chief Executive of Howden Global in 1999. He was previously group operations director on the board of Triplex Lloyd plc and prior to that was an executive of British Steel Stainless, now Autokumpu. He was appointed non-executive director of the Howden Africa Holdings Limited board on 2 March 2000 and non-executive Chairman on 1 August 2006.

2 *AB Mashiatshidi (47)* *Independent non-executive director*

Arthur B Mashiatshidi is chief executive of Decorum Capital Partners (Pty) Limited, a company that manages the New Africa Mining Fund. He serves as non-executive director on the boards of various companies and institutions including: Thebe Investment Corporation (Pty) Limited.

3 *J Brown (47)* *Non-executive director (British)*

James Brown, after qualifying as a chartered accountant, joined British Aerospace. In 1989 he joined Howden Group. He has served as finance director in a number of operating companies in the Howden Group in the UK. In 2003 he was appointed as group financial director of Howden Global. He was appointed non-executive director of the Howden Africa Holdings Limited board on 1 March 2005.

Executive director

4 *S Meyer (52)* *Chief operating officer (acting) and group* *financial director*

Shane Meyer joined the Group in 1977. In 1991, he was promoted to group financial director of Howden Group South Africa Limited. He was appointed financial director of Howden Africa Holdings Limited upon its incorporation.

Five year Group financial summary

for the years ended 31 December

	2006 R'000	2005 R'000	2004 R'000	2003* R'000	2002* R'000
SUMMARISED INCOME STATEMENTS					
Sales	510 942	497 495	422 033	554 925	522 598
Operating profit	52 154	35 893	32 693	34 124	23 872
Finance (cost)/income	(1 483)	5 082	4 512	5 029	734
Foreign exchange profit/(loss)	2 196	(204)	(401)	(6 243)	(7 196)
Exceptional item – loan written down	—	—	—	—	(112)
Goodwill amortisation and on acquisition	—	—	—	—	(979)
Loss on sale of portion of associate	—	(1 182)	—	—	—
Share of results of associate	3 056	3 322	3 997	—	(1 397)
Profit before tax	55 923	42 911	40 801	32 910	14 922
Income tax expense	35 349	13 753	12 335	11 138	10 286
Profit after tax	20 574	29 158	28 466	21 772	4 636
Minority shareholders' interest	4 032	3 605	4 114	3 242	2 393
Net profit for the year	16 542	25 553	24 352	18 530	2 243
Earnings per share (cents)	25,17	38,88	37,05	28,19	3,41
Dividends per share:					
– interim dividend paid (cents)	0,00	4,00	4,00	3,00	0,00
– special dividend paid (cents)	241,00	0,00	47,00	0,00	0,00
– final dividend paid or declared (cents)	6,00	6,00	5,00	0,00	0,00
Number of shares ('000)					
In issue	65 729	65 729	65 729	65 729	65 729
Weighted average	65 729	65 729	65 729	65 729	65 729
SUMMARISED BALANCE SHEETS					
ASSETS					
Non-current assets	138 133	137 106	134 761	62 174	35 957
Current assets	202 711	221 960	178 489	190 833	209 353
Inventories	32 431	18 656	14 778	48 447	54 663
Receivables and prepayments	127 925	105 778	77 231	67 011	123 133
Cash and cash equivalents	42 355	97 526	86 480	75 375	31 557
Total assets	340 844	359 066	313 250	253 007	245 310
EQUITIES					
Capital and reserves					
Shareholders' funds	26 166	174 015	153 276	119 483	101 215
Minority interest	8 850	10 226	6 771	5 289	6 556
LIABILITIES					
Non-current liabilities	95 672	17 180	12 611	—	3 164
Current liabilities	210 156	157 645	140 592	128 235	134 375
Total equities and liabilities	340 844	359 066	313 250	253 007	245 310

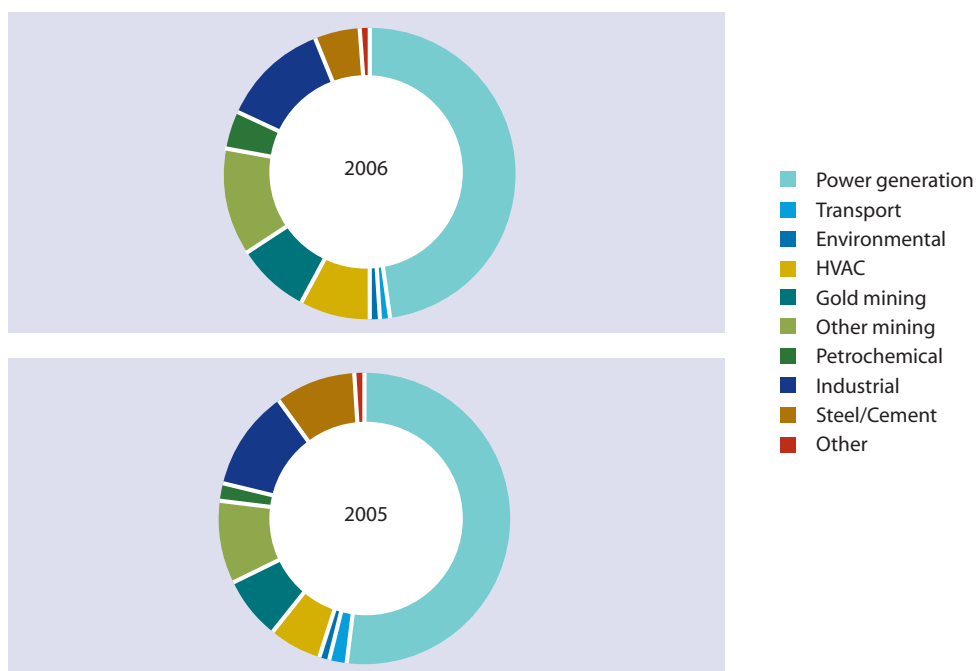
*SA GAAP

Value added statement

for the year ended 31 December 2006

	2006 R'000	2005 R'000
Sales	510 942	497 495
Other income not included in sales:		
Income from investments	9 048	19 909
Income from associate company net after taxation	3 056	3 322
Less: Paid to suppliers for materials and services	(334 139)	(358 451)
Loan granted	100 000	—
Total value added	288 907	162 275
Distributed as follows:		
To employees as salaries and wages and other benefits	92 445	100 101
To lenders as interest	8 021	14 827
To depreciation and amortisation	4 374	4 345
To shareholders as dividends	162 351	6 573
To government as taxation	35 349	13 753
Total value added distributed	302 540	139 599
Portion of value added (paid)/reinvested to sustain and expand the business	(13 633)	22 676
Total value added distributed and reinvested	288 907	162 275

MARKETS SERVED



Group at a glance

Fans and Heat Exchangers



Products

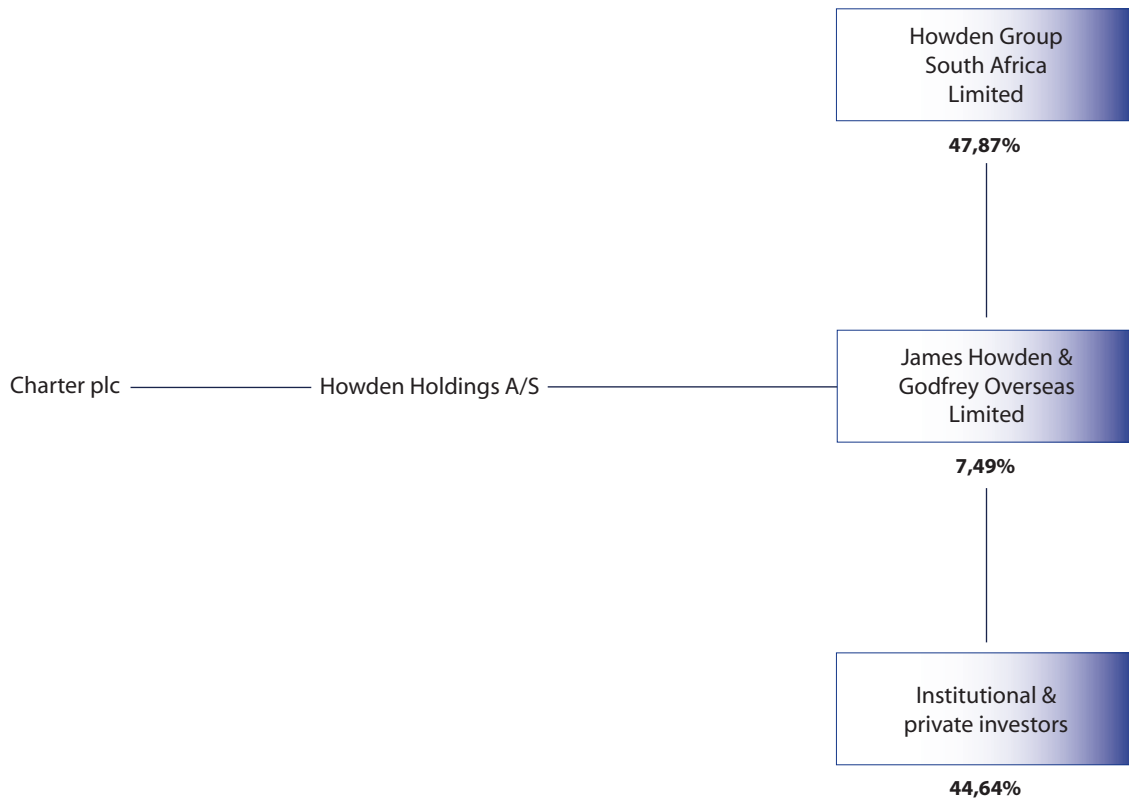
Boiler fans, heat exchangers, site services, HVAC fans, standard and industrial fans and blowers, main surface fans, auxiliary mine fans, centrifugal blowers and dust extraction on coal mines

Environmental Control

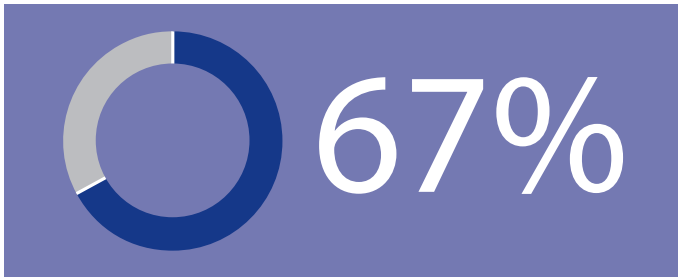


Gas cleaning plant, combustion engineering, furnaces, incinerators, process compressors, refrigeration equipment, water chillers, positive displacement blowers, waste water treatment and control and instrumentation.

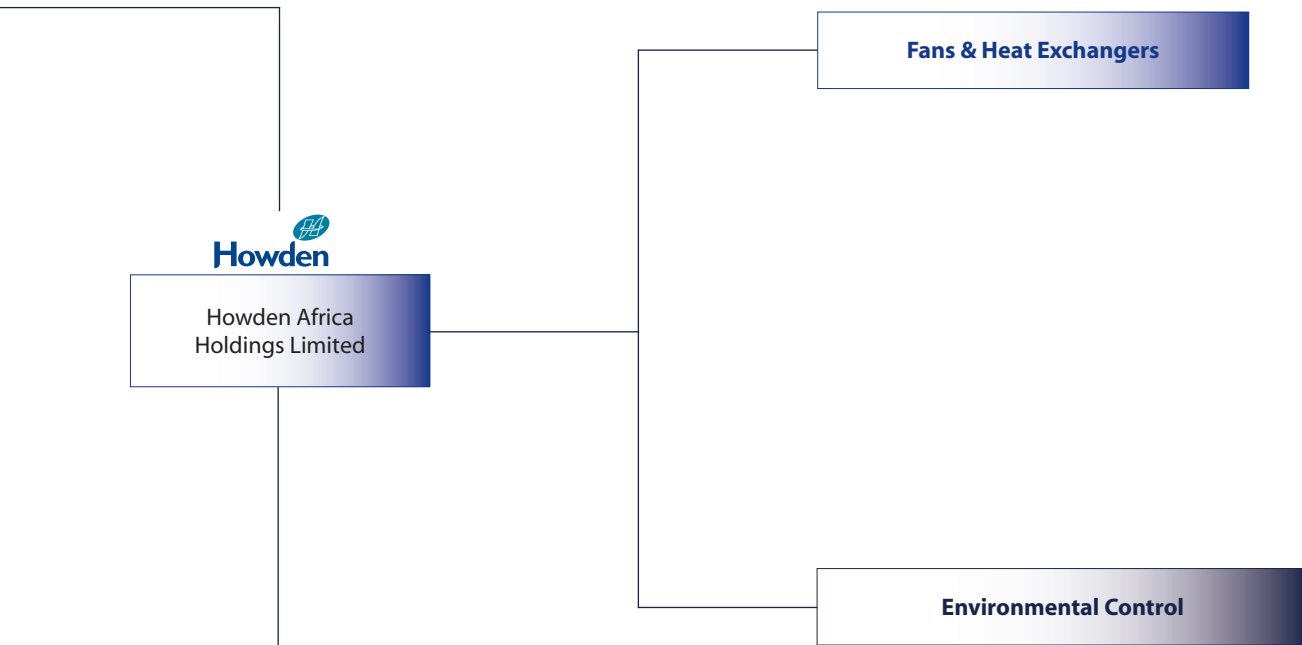
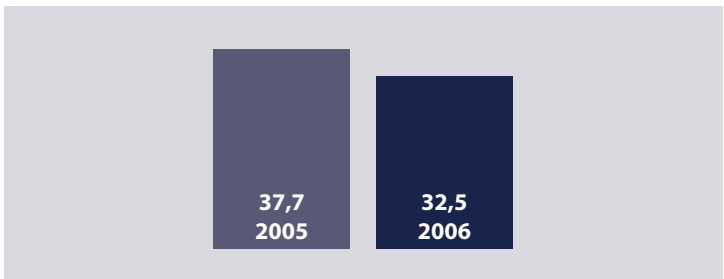
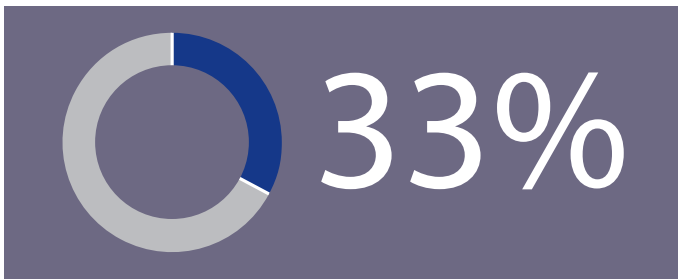
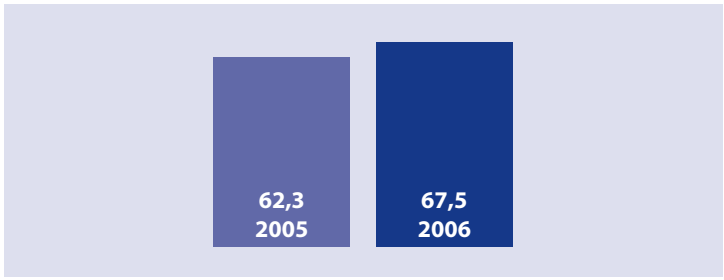
Group structure



Percentage of sales by segment



Sales by segment



Chairman's statement



RJ Cleland

I am pleased to report that 2006 has been another year of progress for the Group. Whilst sales were up only marginally, operating profits increased, reflecting a strong performance by the Fans and Heat Exchangers division, coupled with a return to profitability in the Environmental Control division.

The Group's net profit was impacted by costs associated with the implementation of an internal reorganisation and as a consequence the earnings for the year were below the levels reported for 2005.

GENERAL REVIEW

In the year ended 31 December 2006 sales were R510,9 million compared to R497,5 million in 2005, an increase of 2,7%. Operating profit increased by 45% to R52,2 million (2005: R35,9 million). The improved profitability was related to the increased activity levels in the mining sector and improvement in operational efficiencies in the Environmental Control division.

Strong growth in capital expenditure programmes from both government and the private sector results in continued strength in the markets on which the Group focuses.

A crucial area for the Group is in supporting Eskom in its drive to build sufficient electricity reserves over the next five years and in this regard the Group remains active on all three of the power stations being returned to service.

Developments within the energy, mining and heavy industrial market sectors remain important to the Group, but for the Group to maintain its performance in these areas will require a stable Rand exchange rate, a strong commodity price cycle and the inclusion of local content in the numerous capital expenditure programmes recently announced.

Order intake during the year in the Fans and Heat Exchangers division has been higher than in previous years resulting in a stronger order book. However, the Environmental Control division recorded an order intake below levels reported last year and further action has been taken to position

the division more positively in air and gas handling markets which is hoped will result in improvements in financial returns being achieved.

The review of operations covers the divisions more specifically.

STRUCTURAL CHANGES TO GROUP ACTIVITIES

Shareholders were informed last year that the board regarded the Group's 42 per cent shareholding in Pump Brands (Pty) Limited as non-core and would seek to divest from it, when an appropriate opportunity arose. On 21 February 2007 agreement was reached with Franklin Electric Company Inc. for the Group to dispose of its entire shareholding in the company, subject to certain terms and conditions, typical in transactions of this nature, including the requirement to obtain approval from the South African Competition Authority. The consideration, payable in cash on completion, will be equal to 42% of the net asset value of the company at that time.

BUSINESS AND FINANCIAL INTERNAL REORGANISATION

In order to simplify the Group's holdings and its subsidiaries under a single holding company and to put in place a capital structure considered to be appropriate to the Group's mix of businesses and the increased generation of shareholder value, an internal reorganisation was undertaken which became effective on 30 June 2006 and which included a distribution to shareholders of 241 cents per share.

As a consequence of the distribution to shareholders, the Company incurred an expense of R12,2 million which has been charged against the profits for the year in respect of taxation in the form of STC. The directors believe that the reorganisation gives the Group flexibility in reacting to market and legislative forces as they develop over time.

BLACK ECONOMIC EMPOWERMENT

Following the release of the DTI's final version of the BEE Codes of Good Practice in December and the gazetting of these on Friday, 9 February 2007 the Group is carrying out a self-assessment in order to determine its present standing in terms of the Codes. Strategies to improve our BEE status covering ownership, management control, employment equity, skills development, procurement, enterprise development and socio-economic development are under consideration and will be developed to improve our standing in line with the generic scorecard.

HIV/AIDS

The Group has continued with the HIV/Aids programme that was started in 2004. The VCT (voluntary counselling and testing) phase is now almost completed. Virtually all employees attended the "know your status" briefing sessions, and some 70% of employees followed this by undergoing the tests. Some of those employees who tested positive are making use of company-sponsored support and are progressing excellently towards managing the illness. The policy of strict confidentiality maintains the necessary mutual trust between the Company, employee and facilitator. Three years into this programme it can be described as highly successful.

DIVIDENDS

The reduction in net asset value, coupled with the increase in the Group's gearing ratio, leads the Board to resolve not to declare a final dividend for the year.



RJ Cleland

Non-Executive Chairman

Review of operations

An improvement in operational efficiencies, coupled with higher sales volumes in the mining sector, has resulted in improved earnings.

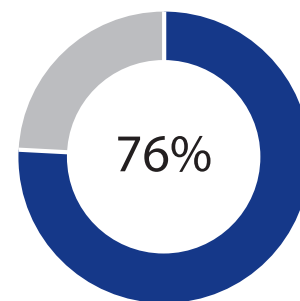
FANS AND HEAT EXCHANGERS

FANS AND HEAT EXCHANGERS

Order intake for Fans and Heat Exchangers totalled R408 million, which represents 76% of the total order intake, compared to R317 million the previous year.

The standard fan business continues to build on the turnaround in results first reported in the second half of 2004. A tight control on overhead costs, coupled with generally improved sales volumes, has resulted in improved earnings for the year. Further progress was made during the year in developing prospects in the Middle East region, the company successfully completing a contract for supply into the building services sector. Locally, larger value prospects in the industrial sector were not as apparent as in 2005, but this is expected to recover in 2007 given the increased tender activity witnessed in the last quarter of the year. The business is well placed to continue to convert a large proportion of targeted bids into orders and this should result in further improvements in operating results over the coming year.

CONTRIBUTION TO GROUP



■ Fans and Heat Exchangers



Strong Rand-based commodity prices have resulted in improved trading conditions in the mining sector and this has assisted the fan business focused on that market to report an improved position both through the year and at year end. Downstream mineral processing and manufacturing plants have also been active offering additional opportunity for business. Heavy industrial markets and good aftermarket work added to the performance outcome in this business unit. A strong closing order book and reasonable prospects should result in this business consolidating at these higher volumes achieved in 2006.

After achieving an increase of 61% in 2005 there was an expectation that sales volumes in Howden Power

would not be maintained at similar levels during the year. Activity levels have, however, remained consistently high due to higher maintenance and upgrade programmes within Eskom covering existing power stations and those presently being returned to service. The company is active on all three stations being returned to service at Camden, Grootvlei and Komati. Bids continue to be processed in support of efforts to restore power capacity to acceptable levels.

Strong GDFI growth forecast over the next three years should present interesting challenges and opportunities to the division but the Group is confident that the necessary skills, technologies and capacity are available to meet the rising demand.

HIGHLIGHTS

- **Further progress** was made during the year in developing prospects in the Middle East region
- **Strong Rand-based commodity prices** have resulted in improved trading conditions in the mining sector
- **The company** is active on all three stations being returned to service



Review of operations (continued)

Efforts to increase offerings in the aftermarket have been favourably received on certain of our larger customer sites.

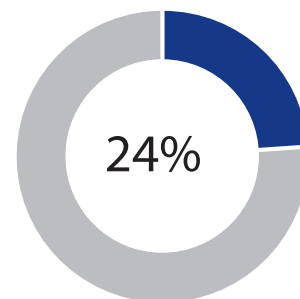
ENVIRONMENTAL CONTROL

ENVIRONMENTAL CONTROL

The Environmental Control division recorded an orders received position of R130 million, representing 24% of the total order intake, compared to R205 million in the previous year.

Further progress has been made on the fabric filter retrofit programme at Camden Power Station and this project should reach completion by the end of 2007. This will result in spare capacity in the gas cleaning division but additional prospects are being pursued and the business unit is confident of restoring order books to fill this gap. Efforts to increase offerings in the aftermarket have been favourably received on certain of our larger customer sites and this will continue to roll out in order to support the life cycle concept. Some success has also been made in introducing alternate technologies in order to expand the division's existing range of gas cleaning and gas treatment technologies.

CONTRIBUTION TO GROUP



■ Environmental Control



It is pleasing to report that post the consolidation of the mine refrigeration business into another of the environmental control business units, further orders have been received for the installation of this technology. The biggest in this regard has been an order from Kloof Gold Mine covering a turnkey installation for an 11 MW refrigeration plant. Developments in the gold mining sector could lead to an improvement in deep level mine cooling prospects connected to depth extension initiatives, and every effort will be made to position the business favourably to participate in this important programme.

Further consolidation of business units within the division will be considered in the New Year in order to more effectively use Group resources to focus on selected markets. Despite a lower than expected year-end order book, bidding activity is at sufficiently high levels to suggest that a more focused approach to the market will yield a positive outcome.

HIGHLIGHTS

- Some success has also been made in **introducing alternate technologies** in order to expand the division's existing range of gas cleaning and gas treatment technologies.
- **Developments in the gold mining sector** could lead to an improvement in deep level mine cooling prospects connected to depth extension initiatives



Review of operations (continued)

PUMPS

The pumps business, reported as an associate company, has reported a satisfactory profit given tough conditions in local agriculture markets and competitive imported pump components. Share of results of associate includes 42% of the cumulative results for the year, no dividends having been received from the investment during the period.

An announcement released to shareholders on 21 February 2007 advised of an agreement to dispose of the Company's 42% shareholding in Pump Brands (Pty) Ltd, subject to terms and conditions typical in transactions of such nature. The disposal, on conclusion, will result in the Group shifting from the previously broadly defined focus on the fluid handling needs of our customer base to the more specialised focus on air and gas handling where we are more capable of leveraging our technical and applications engineering skills.

OUTLOOK

Developments within the energy, mining and heavy industrial market sectors remain important to the Group but to maintain performance in these areas will require a stable Rand exchange rate, a strong commodity price cycle and the inclusion of local content in the numerous capital expenditure programmes recently announced.



Corporate governance

The board and management of Howden Africa Holdings Limited are committed to the principles of openness, integrity and accountability as advocated in the King II Code on Corporate Governance.

The board of directors endorse the Code of Corporate Practices and Conduct contained in the King Report on Corporate Governance for South Africa 2002 (King II Report), and believes that in all material respects the Company complied with the principles contained in such code throughout the year under review. The Company complies with all the requirements concerning corporate governance contained in the Listings Requirements of the JSE Limited.

The primary objective of any system of corporate governance is to ensure that directors and managers, to whom the running of large corporations has been entrusted by the shareholders, carry out their responsibilities faithfully and effectively, placing the interests of the corporation ahead of their own. This process is facilitated through the establishment of appropriate reporting and control structures within the organisation.

DIRECTORATE AND EXECUTIVE MANAGEMENT

The board of Howden Africa Holdings Limited consists mainly of non-executive directors.

The roles of chairman and chief operating officer vest in different persons. There are presently three non-executive directors and one executive director, none of whom has contracts exceeding two years. New appointments to the board are submitted to the board as a whole for approval prior to appointment.

The board meets at least quarterly and retains full and executive control over the Group. The board monitors management ensuring that material matters are subject to board approval. The executive management attends board meetings by invitation.

All directors have unlimited access to the advice and services of the company secretary, who is responsible to the board for ensuring that the board procedures are followed.

All directors are entitled to seek independent professional advice at the Group's expense, concerning the affairs of the Group, after obtaining the approval of the chairman.

*The board of directors endorse the
Code of Corporate Practices and
Conduct contained in the King Report*

Corporate governance (continued)

The board is ultimately responsible for ensuring that the business is a going concern, and to this end effectively controls the Group and its management and is involved in all decisions that are material for this purpose. The board functions in terms of a Board Charter which requires that there is an appropriate balance of power and authority on the board.

New appointments are recommended to the board by the Remuneration Committee. All directors are, in terms of the article of association, subject to retirement by rotation and re-elected by shareholders. The number of directors subject to re-election must be at least one third of the board. The appointments of new directors are subject to confirmation by shareholders at the next annual general meeting following their appointment.

ATTENDANCE AT MEETINGS

There were five meetings held during the year.

Director	Date appointed	Resigned	Attendance
RJ Cleland	2 March 00		5/5
AB Mashiatsidi	31 July 03		5/5
S Meyer	3 May 96		5/5
MG Foster	1 March 05	1 August 06	3/3
J Brown	1 March 05		5/5

AUDIT COMMITTEE

The Audit Committee consists of two non-executive directors with the company secretary as secretary. This committee is chaired by Mr A Mashiatsidi, an independent non-executive director.

The committee has formal terms of reference approved by the board. Its main task is to ensure the maintenance of and, where necessary, the review of the effectiveness of internal financial

controls in the Group, along with the maintenance of adequate accounting records and disclosures. It also oversees the financial reporting process and is concerned with the review of important accounting issues, pending litigation, specific disclosure in the financial statements and a review of the major audit recommendations in compliance with the Code of Corporate Practice and Conduct and with the Group's code of ethics. The committee monitors any non-audit services undertaken by the independent auditors in terms of a formal policy which has been adopted in this regard.

Both the internal and external auditors have unrestricted access to this committee. The committee meets twice a year and these meetings are attended by external and internal auditors and appropriate members of executive management including those involved in risk management, control and finance. The committee reviews the effectiveness of internal control in the Company with reference to the findings of both the internal and external auditors.

AUDIT COMMITTEE MEETINGS ATTENDANCE

There were two meetings held during the year.

Director	Date appointed	Attendance
RJ Cleland	2 March 00	1/2
AB Mashiatsidi (Chairman)	31 July 03	2/2
J Brown	1 Dec 05	2/2

REMUNERATION COMMITTEE

The Remuneration Committee consists of the chairman and one other non-executive director. It is authorised by the board to review remuneration packages of all directors and senior managers.

The committee has formal terms of reference approved by the board. The remuneration philosophy of the Group is to ensure that employees are rewarded for their contribution to the Group's industry, market and country benchmarks.

The committee is responsible for the assessment and approval of broad remuneration strategy for the Group. The financial statements accompanying this report make full disclosure of the total of executive and non-executive directors' earnings and other benefits in accordance with the requirements of the Companies Act, 1973, the King Report and the JSE Limited's requirements.

REMUNERATION COMMITTEE MEETINGS

ATTENDANCE

There was one meeting held during the year.

Director	Date appointed	Resigned	Attendance
RJ Cleland (Chairman)	2 March 2000		1/1
MG Foster	03 Dec 2005	1 August 06	1/1

INTERNAL CONTROL SYSTEMS

To meet its responsibility with respect to providing reliable financial information, the Group maintains financial and operational systems of internal control. These controls are designed to provide reasonable assurance that transactions are concluded in accordance with management's authority, that the assets are adequately protected against material loss of unauthorised acquisition, use or disposition, and that transactions are properly authorised and recorded.

The system includes a documented organisational structure and division of responsibility, established

policies and procedures, including a code of ethics to foster a strong ethical climate, which is communicated throughout the Group, and careful selection, training and development of people.

Internal audit monitors the operation of the internal control system and reports findings and recommendations to management and the board of directors. Corrective actions are taken to address control deficiencies and other opportunities for improving the system as they are identified. The Group's assessment of the effective controls over the financial reporting and safeguarding of assets was considered to meet all the necessary criteria for the year ended 31 December 2006.

ETHICAL STANDARDS

Howden Africa Holdings Limited has adopted a code of ethics policy. This incorporates the Group's operating, financial and behavioural policies in a set of integrated values, including the ethical standards required of employees of the Group in their interaction with one another and with all stakeholders. Detailed policies and procedures are in place across the Group covering the regulation and reporting of transactions in securities of Group companies by directors and officers. The code is distributed to all employees of the Company, and its subsidiaries. The directors regularly review this code to ensure it reflects best practice in corporate governance.

THE ENVIRONMENT, HEALTH AND SAFETY

The Group strives to conform to environmental, health and safety laws in its operations and also seeks to add value to the quality of life of its employees through preventive health programmes. Although the Group's major activities do not pose a major threat

to the environment, the Group's risk management activities continue to focus on compliance with key features of existing environmental, health and safety legislation and international standards.

RISK MANAGEMENT

Responsibility for managing the company's risk lies ultimately with the board of directors. However, the executive committee and management at operating levels assist the board in discharging its responsibilities in this regard by identifying, monitoring and managing risk on an ongoing basis and within the authority conferred upon them by the board. The identification and mitigation of risk is a key responsibility of management throughout the Group and of the executive committee.

This committee is responsible for reviewing the Group's risk philosophy, strategy and policies, and ensuring compliance with such policies; reviewing the adequacy and overall effectiveness of the Group's risk management function; ensuring the implementation of an ongoing process for risk identification, mitigation and management; ensuring the establishment of a comprehensive system of controls; pursuing measures for increasing risk awareness throughout the Group; reviewing all key risk areas.

The risk areas that are identified are summarised in a risk control framework which is reviewed on a quarterly basis. The risks relate to compliance risks, operational risks and financial risks. The risks are evaluated for impact, probability and priority, with an action plan. The quarterly risk assessment plan is submitted to the board.

These processes have been in place throughout the year under review and up to date of the approval of the annual financial statements.

The risk framework, action plans and controls are implemented throughout the Group, which includes all joint venture companies and associates. All policies applicable to the Group subsidiaries include the joint venture and associate companies.

EXECUTIVE COMMITTEE

The executive director and certain non-executive directors together with two senior directors of the subsidiary companies and the company secretary meet on a monthly basis to review the operational performance, capital programmes and other relevant issues. In addition, consideration is given to major investment and capital expenditure proposals as well as issues of strategic importance to the Group, for recommendation to the board. Furthermore, the daily involvement of the executive director with operational executives ensures the interactive nature of the overall management reporting structure.

Social responsibility

The Group's social responsibility portfolio remains focused on education, skills development and community upliftment.

Combating the effects of HIV/Aids requires partnerships involving the company, its employees and external service providers. To this end, the Group invited several partners to an employee health week during November. The week included communication and education on healthy habits to encourage employees to adjust their lifestyles for better health and quality of work life. The HIV/Aids awareness campaign continues to be rolled-out to staff at all levels.

The Group increased the intake of learners to its learnership programme in response to the acute need for apprentice training. Progress of the current apprentices has been satisfactory.

Once again the Group contributed to the education of employees' children. Tertiary education sponsorships are awarded to students wishing to pursue careers in engineering, and support is provided for high school and primary school children.

Apart from the above, the Group continues to contribute to selected homes for abused and abandoned children, homes for HIV infected and affected babies, and payment towards the education of a child with cerebral palsy. In the year under review various sporting activities were also supported. Howden Africa Holdings Ltd remains committed to the Business Trust, an initiative of many South African companies working in partnership with government that focuses on job creation and capacity building programmes.

The Group is committed to promoting a non-racial workplace, and implementing fair employment practices that comply with employment equity legislation and the Occupational Health and Safety Act.

The Group's social responsibility portfolio remains focused on education, skills development and community upliftment.

Directors' responsibility

The directors are responsible for the integrity of the financial statements and related information included in this annual report.


For the board to discharge its responsibilities management has developed and continues to maintain a system of internal financial control. The board has ultimate responsibility for this system of internal control and reviews the effectiveness of its operations, primarily through the Group Audit Committee and other risk-monitoring committees and functions.

The internal financial controls include risk-based systems of accounting and administrative controls designed to provide reasonable, but not absolute, assurance that assets are safeguarded and that transactions are executed and recorded in accordance with generally accepted business practices and the Group's written policies and procedures. These controls are implemented by trained, skilled staff with clearly defined lines of accountability and appropriate segregation of duties. The controls are monitored by management and include comprehensive budgeting and reporting systems operating within strict deadlines and an appropriate control framework.

The external auditors are responsible for reporting on the financial statements.

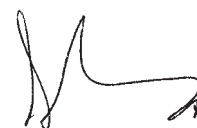
The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and incorporate responsible disclosures in line with the accounting philosophy of the Group. The financial statements are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates. The directors believe that the Group will be a going concern in the year ahead. For this reason they continue to adopt the going concern basis in preparing the Group annual financial statements.

These financial statements, which appear on pages 24 to 63, have been approved by the board of directors and are signed on its behalf by:



J BROWN

Non-executive director



S MEYER

Chief operating officer, acting and group financial director

12 March 2007

Certificate of the company secretary

In my opinion as company secretary, I hereby confirm, in terms of section 268 (d) of the Companies Act, 1973, as amended, that for the year ended 31 December 2006, the Company has lodged, with the Registrar of Companies, all such returns as are required of a public company in terms of this Act and that all such returns are true, correct and up to date.



MJM LAKE

Company secretary

12 March 2007

Report of the independent auditors

We have audited the annual financial statements and group annual financial statements of Howden Africa Holdings Limited, which comprise the directors' report, the balance sheet and the consolidated balance sheet as at 31 December 2006, the income statement and the consolidated income statement, the statement of changes in equity and the consolidated statement of changes in equity, the cash flow statement and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 24 to 63.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of the company and of the group as of 31 December 2006, and of their financial performance and their 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
Director: George Hauptfleisch
Registered Auditor

Johannesburg
12 March 2007