

Audited results for the eighteen months ended 31 December 2010

		Audited	Reviewed	Audited
		18 Months ended	12 Months ended	Year ended
		31 December 2010	30 June 2010	30 June 2009
		(R'000)	(R'000)	(R'000)
Condensed consolidated statements of financial position				
	Notes			
Assets				
Non-current assets				
Investment in associates	1	452 739	453 781	171 975
Property, plant and equipment	2.1	-	-	171 975
Goodwill	2.2	34 060	35 103	-
		418 679	418 679	-
Current assets				
Trade and other receivables		26 068	28 758	2 073
Cash at bank		23 647	26 683	1 546
		2 421	2 075	527
Total assets		478 807	482 540	174 048
Equity and liabilities				
Capital and reserves				
Share capital and share premium	3	379 178	383 718	86 558
Accumulated loss		803 567	803 567	378 750
Non-controlling interest		(500 811)	(496 933)	(292 192)
		76 422	77 084	-
Non-current liabilities				
Redeemable preference share capital		81 892	80 635	80 334
Deferred tax liability		75 000	75 000	75 000
Long term loan		6 892	5 635	-
		-	-	5 334
Current liabilities				
Taxation		17 737	18 187	7 156
Trade and other payables		1 292	3 607	19
		16 445	14 580	7 137
Total equity and liabilities		478 807	482 540	174 048
Net asset value per share (cents)		7.66	7.76	20.66
Net tangible asset value per share (cents)		(2.93)	(2.84)	20.66
Condensed consolidated statements of comprehensive income				
Gross revenue		38 379	9 588	-
Loss from operations		(3 003)	(7 971)	(8 597)
Investment income		8 412	8 334	13 033
Loss from associates		(4 536)	(4 536)	(5 407)
Proportionate share of loss net of dividends		(10 554)	(10 554)	(9 251)
Dividends received		6 018	6 018	3 843
Impairment of investment in associates		-	-	(281 505)
Reversal of impairment of investment in associates		25 996	25 996	-
Impairment of goodwill on acquisition of subsidiaries	2.2	(219 536)	(219 536)	-
Finance costs		(8 156)	(5 769)	(5 182)
Loss before taxation		(200 823)	(203 482)	(287 658)
Taxation		(6 497)	(975)	-
Loss and total comprehensive loss for the period		(207 320)	(204 457)	(287 658)
Attributable to:				
- Equity Holders of Andulela Investment Holdings Limited		(208 619)	(204 741)	(287 658)
- Non-controlling interest		1 299	284	-
Ordinary shares in issue (millions)		3 951	3 951	419
Weighted average number of ordinary shares in issue (millions)		2 790	1 009	338
Headline loss		(15 016)	(11 201)	(6 153)
- Attributable net loss for the period		(208 619)	(204 741)	(287 658)
- Add back: Impairment of investment in associates		-	-	281 505
- Less: Reversal of impairment of investment in associates		(25 996)	(25 996)	-
- Add back: Impairment of goodwill on acquisition of subsidiaries		219 536	219 536	-
- Add back: Loss on scrapping of property plant and equipment		62	-	-
Loss and diluted loss per ordinary share (cents) ^a		(7.5)	(20.3)	(85.2)
Headline loss and diluted headline loss per ordinary share (cents) ^a		(0.5)	(1.1)	(1.8)
Dividends per ordinary share (cents)		-	-	-
Condensed consolidated statements of cash flows				
Cash flows from:				
Operating activities		2 410	(8 285)	(8 472)
Investing activities		8 800	(409 650)	(1 157)
Financing activities		(9 316)	419 483	(37)
Change in cash and equivalents		1 894	1 548	(9 666)
Opening cash and equivalents		527	527	10 193
Closing cash and equivalents		2 421	2 075	527

^a The loss and headline loss per ordinary share is calculated by dividing the loss and headline loss attributable to shareholders of Andulela by the weighted average number of ordinary shares in issue during the period, which was 2 789 566 500 (30 June 2009: 337 794 521).

	Audited 18 Months ended 31 December 2010 (R'000)	Reviewed 12 Months ended 30 June 2010 (R'000)	Audited Year ended 30 June 2009 (R'000)
Condensed consolidated statements of changes in equity			
Opening balances	86 558	86 558	94 587
Net loss for the period	(208 619)	(204 741)	(287 658)
Shares issued net of expenses	424 817	424 817	279 629
Non controlling interest	76 422	77 084	-
Closing balances	379 178	383 718	86 558

Basis of preparation

The condensed consolidated interim financial information for the eighteen months ended 31 December 2010 has been prepared in accordance with International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (in particular IAS 34, 'interim financial reporting'), the AC 500 standards as issued by the Accounting Practices Board or its successor, requirements of the South African Companies Act and regulations of the JSE Limited. The condensed consolidated financial information should be read in conjunction with the annual financial statements for the eighteen months ended 31 December 2010, which have been prepared in accordance with IFRS. The condensed consolidated interim financial information is presented in South African rands, which is the group's functional currency. The accounting policies adopted are consistent with those of the previous year, except for the following relevant IFRS, IFRIC interpretations, Circulars and amendments thereto, adopted for the first time. These changes had no significant impact on reported results other than giving rise to changes to the terminology and presentation of relevant disclosure and revision to the relevant accounting policies. No adjustments were necessary on the adoption of Circular 3/2009. (IAS 1 - Presentation of Financial statements; IFRS 3 - Business Combinations; Circular 3/2009 - Headline earnings)

Notes to the condensed financial results

1. Investment in associates

Opening carrying value	450 000	450 000	450 000
Shares at cost	335 679	335 679	335 679
Loan receivable at acquisition	114 321	114 321	114 321
Loan receivable subsequent to acquisition ^b	20 978	20 978	12 730
Share of net loss from associate net of dividends received	(19 805)	(19 805)	(9 251)
Brought forward from prior year	(9 251)	(9 251)	-
Current year	(10 554)	(10 554)	(9 251)
- Share of associate loss - current year	(4 536)	(4 536)	(5 408)
- Less : Dividend received	(6 018)	(6 018)	(3 843)
Less : Impairment ^c	(255 509)	(255 509)	(281 505)
Balance brought forward from prior year	(281 505)	(281 505)	-
Impairment of investment in associates	-	-	(281 505)
Reversal of impairment of investment in associates	25 996	25 996	-
Less: Disposal of associates, controlling interest acquired	(195 664)	(195 664)	-
Carrying value	-	-	171 975

^b These loans represent the interest accrued and not paid on the acquisition loans from the date of acquisition to the reporting date. These loans are unsecured, bore interest at prime bank overdraft rates less 1% up to 31 March 2010, and have no fixed terms of repayment. As of 1 April 2010, the loans are interest free.

^c Based on fair value of investments as per Competent Persons' Report dated 29 January 2010

2. Non current assets

Tangible

2.1 Property, plant and equipment

Plant and machinery acquired through business combinations	35 083	35 083	-
Additions	933	531	-
Depreciation	(1 956)	(511)	-
Plant and machinery at carrying value	34 060	35 103	-

Intangible

2.2 Goodwill

Arising on acquisition of controlling interest in subsidiary	638 215	638 215	-
Impairment of goodwill on acquisition	(219 536)	(219 536)	-
Closing balance at period end	418 679	418 679	-

The goodwill has been impaired based on a valuation of the controlling interest per a Competent Persons Report.

3. Share capital and share premium	31 Dec 2010	30 June 2010	30 June 2009	31 December 2010	30 June 2010	30 June 2009
	No. of shares	No. of shares	No. of shares	(R'000)	(R'000)	(R'000)
3.1 Ordinary shares of R0.01 each						
Authorised						
Opening balance	1 925 000 000	1 925 000 000	500 000 000	19 250	19 250	5 000
Increase	3 575 000 000	3 575 000 000	1 500 000 000	35 750	35 750	15 000
Converted to cumulative redeemable preference shares	-	-	(75 000 000)	-	-	(750)
Closing balance	5 500 000 000	5 500 000 000	1 925 000 000	55 000	55 000	19 250
Issued						
Opening balance	419 000 000	419 000 000	134 000 000	4 190	4 190	1 340
Issued at a premium of R0.1103 (2009: R0.99)	3 531 660 296	3 531 660 296	285 000 000	35 317	35 317	2 850
Closing balance	3 950 660 296	3 950 660 296	419 000 000	39 507	39 507	4 190
3.2 Share premium						
Opening balance				374 560	374 560	97 781
Arising on issue of shares at a premium of R 0.1103 (2009: R0.99)				389 684	389 684	282 150
Share issue costs				(183)	(183)	(5 371)
Closing balance				764 061	764 061	374 560
Total ordinary share capital and share premium				803 567	803 567	378 750

	Audited 18 Months ended 31 December 2010 (R'000)	Reviewed 12 Months ended 30 June 2010 (R'000)	Audited Year ended 30 June 2009 (R'000)
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4. Business combinations

On 1 May 2010, the group acquired a controlling interest in Kilken Platinum (Pty) Ltd ("Kilken") of 83.6% (previously 41.8%) through the combined holding of subsidiaries Abalengani Mining Investments (Pty) Ltd ("AMI") and JB Platinum Holdings (Pty) Ltd ("JBPH"). At acquisition, the previously held investment in associates was fairly valued, based on the Competent Persons Report. The following table summarises the fair value of the consideration paid for Kilken and the fair value of the assets acquired and liabilities assumed, recognised at the acquisition date, as well as the fair value at the acquisition date of the non-controlling interest in Kilken.

Equity instruments issued in respect of option exercised	425 000	425 000	-
Fair value of previously held associate interests	195 664	195 664	-
Fair value of non controlling interest	76 799	76 799	-
	697 463	697 463	-
Fair value of net assets acquired	59 248	59 248	-
Property, plant and equipment	35 083	35 083	-
Bank and cash	3 766	3 766	-
Trade and other receivables	35 344	35 344	-
Trade and other payables	(14 945)	(14 945)	-
Goodwill arising on acquisition of controlling interest	638 215	638 215	-

The fair value of the consideration in respect of the option exercised was settled by the issue and allotment of 3,531,660,296 ordinary shares at a Volume Weighted Average Traded price of 12,034 cents each on 4 May 2010.

Acquisition related costs (included in the loss from operations in the Statement of Comprehensive Income for the 12 months ended 30 June 2010) amounted to R0.5 million.

The fair value of the non-controlling interest in Kilken was determined on the basis of a Competent Persons Report valuation. Using the discounted cash flow ("DCF") approach, a DCF model was constructed and a fair (attributable) value for Kilken was determined, using a real discount rate of 10.5% and an annual PGM production rate of 20,578 ounces. Forecasted PGM metals prices and US\$/ZAR exchange rates were derived from a consensus forecast of reputable brokers.

Financial information in respect of the subsidiaries' investment in Kilken for the 8 months ended 31 December 2010

Summarised statement of Financial Position

Non-current assets	34 060	35 103	-
Current assets	25 717	28 666	-
Non-current liabilities	(6 892)	(5 635)	-
Current liabilities	(6 514)	(7 030)	-

Summarised statement of Comprehensive Income

Revenue	38 379	9 588	-
Operating profit	9 509	2 376	-
Finance income	94	28	-
Profit before taxation	9 603	2 404	-
Taxation	(3 786)	(673)	-
Profit for the 8 months ended 31 December 2010	5 817	1 731	-

Had the acquisition of the controlling interest occurred on 1 July 2009, the acquired business would have contributed revenues of R108.3 million and net profit of R 24.4 million.

5. Material related party transactions

Purchases from related parties	- Tailing Technologies (Pty) Ltd	17 104	11 451	-
	- GTS Technologies (Pty) Ltd	6 984	3 602	-
Admin and management fees paid to related parties	- Jonah Capital (Pty) Limited	1 765	1 765	1 508
Consulting fees per agreement	- D N Rosen	3 165	3 165	2 475
Interest received on shareholders loans	- Abalengani Mining Investments (Pty) Limited	4 910	4 910	7 502
	- JB Platinum Holdings (Pty) Limited	3 357	3 357	5 228
Interest paid on working capital loans	- Newshelf 1005 (Pty) Limited	447	447	-
	- Jonah Capital (Pty) Limited	231	231	326

6. Segment reporting

No segmental reporting has been presented as the entity has no separately reportable segments. It operates in one geographical location within South Africa and there is no trading in foreign countries. The entity only derives income from one customer.

Audit opinion

These results have been audited by the company's auditors, BDO South Africa Incorporated, whose unqualified audit opinion is available for inspection at the company's registered office.

Nature of the business

Andulela Investment Holdings Limited is an investment holding company. The nature of the business of the group's investment in subsidiaries and previously held investment in associates is further detailed in the commentary below.

Going concern

The condensed financial information has been prepared on the going concern basis.

Directorate

The current directors of the company and changes in directorate during the period under review and to the date of this report are as follows:

Name	Nationality	Change in appointment
M J Husain (Chairman) #	South African	Appointed as Chairman 26 February 2010
A Kaka (CEO)	South African	Appointed as CEO 26 February 2010
P C de Jager (CFO)	South African	Appointed 23 September 2008; Resigned 8 April 2010; Reappointed 25 October 2010
D A S Currie (CFO)	South African	Appointed 26 February 2010; Resigned 31 October 2010
G Rosenthal #	South African	Appointed 26 February 2010
P Vallet *	South African	Appointed 5 February 2006; Appointed as Chairman 26 March 2009; Resigned 26 February 2010
J P Barton-Bridges	South African	Appointed 23 September 2008; Appointed as Interim CEO 26 March 2009; Resigned 26 February 2010
S E Jonah *	Ghanaian	Appointed 23 September 2008; Stepped down as Chairman 26 March 2009; Resigned 26 February 2010
R K Jonah *	Ghanaian	Appointed 23 September 2008; Resigned 26 February 2010
D N Rosen *	South African	Appointed 18 January 2006; Retired by rotation 11 February 2010
V D Rubin #	South African	Appointed 12 September 2007; Resigned 26 February 2010

* Non-executive; # Independent non-executive

Pursuant to the acquisition by Newshelf 1005 (Pty) Limited ("Newshelf") of a majority shareholding in the company, the board of directors was reconstituted on 26 February 2010.

Commentary

Introduction

The 18 months to December 2010 reflect a period of significant change for Andulela. With effect from 1 May 2010, as a result of the exercise of the AMI and JBPH put options previously reported and detailed below, Andulela took control of Abalengani Mining Investments (Pty) Ltd ("AMI") and JB Platinum Holdings (Pty) Ltd ("JBPH"), resulting in an 83.6% (previously 41.8%) controlling interest in Kilken Platinum (Pty) Ltd ("Kilken"). Consequently, AMI, JBPH and Kilken have been consolidated into the results of Andulela with effect from 1 May 2010.

Additionally, in order to align the reporting periods of the newly formed Andulela Group, the year-ends of Andulela, AMI and JBPH have been changed to 31 December, which has resulted in an 18 month reporting period ending 31 December 2010.

Investment in subsidiaries and goodwill

As set out in the circular to shareholders dated 1 September 2008, the company acquired 50% of the issued share capital in Abalengani Mining Investments (Pty) Limited ("AMI") and JB Platinum Holdings (Pty) Limited ("JBPH") respectively to gain a 41.8% effective stake in the sole investment held by AMI and JBPH, namely Kilken Platinum (Pty) Limited ("Kilken"). As detailed in the circular of 1 September 2008 Andulela was granted a call option and Abalengani Platinum Holdings (Pty) Limited ("Abalengani Platinum") a put option over the remaining 50% of the shares in, and all of Abalengani Platinum's claims on loan account against each of, AMI ("the AMI option equity") and JBPH ("JBPH option equity"). As announced on SENS on 29 October 2009, Abalengani Platinum issued a letter to the company on 27 October 2009 exercising each of the put options granted to Abalengani Platinum to sell the AMI option equity and the JBPH option equity to the company.

On 1 May 2010, the group acquired the remaining 50% of shares in AMI and JBPH and an effective controlling interest in Kilken of 83.6% (previously 41.8%). The purchase consideration in respect of the options exercised, being an aggregate of R425 million, was settled by the issue and allotment of 3,531,660,296 ordinary shares at a 30 day Volume Weighted Average Traded price of 12,034 cents each on 4 May 2010, perfecting the put option transaction. At acquisition, the previously held associates were fairly valued, based on a Competent Persons Report which gave rise to the goodwill on acquisition of the controlling interest in the now wholly owned subsidiaries and the resulting impairment of goodwill by an amount of R219,5 million.

Financial review

For the period 1 July 2009 to 30 April 2010, the results of Kilken, AMI and JBPH were equity accounted as associate investments. From 1 May 2010, upon completion of the put option transaction, the abovementioned companies were consolidated into the results of Andulela.

The long term liability of R5.3 million was repaid during the period and replaced with a working capital facility of R5.0 million

Preference dividends on the cumulative redeemable preference shares due to the holder thereof (Newshelf) in the amount of R7.4 million were accrued and expensed as finance costs in the current period in accordance with the rights attaching to the preference shares. R2.1 million was paid towards the arrear preference dividends owing and a cumulative arrears amount of R10.1 million remains unpaid and is included in current liabilities.

The value of Kilken has been recorded at fair value in terms of IFRS 3 for the purpose of recording the business combination of AMI, JBPH and Kilken. As a result of the business combination, goodwill of R419 million has been raised in the financial statements of Andulela, net of an impairment of R219 million. In accordance with IFRS, management will continue to assess the fair value of the investment.

In accordance with IAS and IFRS, management recognised a reversal of impairment of R26 million to the carrying value of the indirect investment in Kilken at 30 April 2010 to reflect the fair value of the investment based on a valuation presented in the Competent Persons Report dated 29 January 2010.

Kilken

Andulela owns an effective 83.6% stake in Kilken, a Platinum Group Metals ("PGM") tailings retreatment facility that delivers PGM concentrate to Rustenburg Platinum Mines (Pty) Ltd.

The results of Kilken have been consolidated into the accounts of Andulela for the period 1 May 2010 to 31 December 2010. The balance sheet and the results of operations of Kilken for the eight months ending 31 December 2010 have been summarised in note 4.

Events subsequent to the year end

With reference to the announcement on SENS on 10 December 2010, Andulela will acquire the entire issued share capital of, and all claims against Pro Roof Steel Merchants (Pty) Limited ("PRSM"), a steel processing, distribution and services group with six branches in South Africa, from The Rafik Mohamed Family Trust. The purchase consideration of a maximum of R252 million and a minimum of R168 million, based on the consolidated tangible net asset value ("NAV") of PRSM and its subsidiaries, will be settled by the issue of a maximum of 630 million and a minimum of 420 million Andulela shares, as the case may be, at an issue price of 40 cents per share.

The transaction is conditional upon the fulfilment or waiver of certain suspensive conditions as detailed in the announcement of 10 December 2010. The effective date is expected to be no later than 30 May 2011. As at the date of this report all the suspensive conditions have not been fulfilled.

With reference to a further announcement on SENS on 1 February 2011, Andulela or its nominee will acquire the entire steel processing and distribution business, including the assets and liabilities, of GIBB Steel (Pty) Limited (GIBB Steel) indivisibly as a going concern.

A maximum transaction purchase consideration of R80 million will be based on the net asset value ("NAV") of GIBB Steel at the anticipated effective date, and will be settled by way of a maximum cash amount of R35 million and the balance by way of the issue of a maximum of 112.5 million Andulela ordinary shares at an issue price of 40 cents per share. The effective date NAV of GIBB Steel is anticipated to be R50 million which will result in the share issue portion of the purchase consideration to be around 37.5 million ordinary shares at an issue price of 40 cents per share.

The transaction is conditional upon the fulfilment or waiver of certain suspensive conditions as detailed in the announcement of 1 February 2011. As at the date of this report all the suspensive conditions have not been fulfilled.

Restructuring Review

As indicated in the interim results report for the 12 months ending 30 June 2010, management have initiated a review of the newly formed group structure. The review is expected to be completed before the next reporting period. The outcome of the review and the initiatives implemented will be reported to shareholders.

Appreciation

The board of Andulela thanks the outgoing directors for their valued service to the company.

Annual general meeting and posting of annual report

The annual general meeting will be held on Tuesday 10 May at 16h00 at 106, 4th Street, Parkmore, Sandton and the annual report will be posted to shareholders today 31 March 2011.

For and on behalf of the board

M J Husain
Independent Non-Executive Chairman

Sandton
31 March 2011

A Kaka
Chief Executive Officer

Directors

Mohamed J Husain[^] (Chairman); Ashruf Kaka (CEO); PC De Jager (CFO); Graham Rosenthal[^] ([^]Independent non-executive)

Registered Office

108 4th Street, Parkmore, Sandton, 2196

Company Secretary

J R Jones (Mrs)

Transfer Secretaries

Link Market Services (Pty) Limited

5th Floor, 11 Diagonal Street, Johannesburg, 2000

Sponsor

Investec Bank Limited