

Reviewed interim results for the twelve months ended 30 June 2010

		Reviewed	Audited
		12 Months ended 30 June 2010 (R'000)	Year ended 30 June 2009 (R'000)
Condensed consolidated statement of financial position			
	Notes		
Assets			
Non-current assets			
Investment in associates	1	-	171,975
Property, plant and equipment	2.1	35,103	-
Goodwill	2.2	418,679	-
Current assets		28,758	2,073
Trade and other receivables		26,683	1,546
Cash at bank		2,075	527
Total assets		482,540	174,048
Equity and liabilities			
Equity			
Share capital and share premium	3	383,718	86,558
Accumulated loss		803,567	378,750
		(496,933)	(292,192)
Non-controlling interest		77,084	-
Non-current liabilities		80,635	80,334
Redeemable preference share capital		75,000	75,000
Deferred tax liability		5,635	-
Long term loan		-	5,334
Current liabilities		18,187	7,156
Taxation		3,607	19
Trade and other payables		14,580	7,137
Total equity and liabilities		482,540	174,048
Net asset value per share (cents)		7.76	20.66
Net tangible asset value per share (cents)		(2.84)	20.66
Condensed consolidated statement of comprehensive income			
Gross revenue		9,588	-
Loss from operations		(7,971)	(8,597)
Investment income		8,334	13,033
Loss from associates		(4,536)	(5,407)
Proportionate share of loss net of dividends		(10,554)	(9,251)
Dividends received		6,018	3,843
Reversal of impairment/(impairment) of investment in associates		25,996	(281,505)
Impairment of goodwill on acquisition of controlling interest	2.2	(219,536)	-
Finance costs		(5,769)	(5,182)
Loss before taxation		(203,482)	(287,658)
Taxation		(975)	-
Total comprehensive loss for the period		(204,457)	(287,658)
Attributable to:			
- Equity Holders of Andulela Investment Holdings Limited		(204,741)	(287,658)
- Non-controlling interest		284	-
Ordinary shares in issue (millions)		3,951	419
Weighted average number of ordinary shares in issue (millions)		1,009	338
Headline loss		(11,201)	(6,153)
- Attributable net loss for the period		(204,741)	(287,658)
- Add back: (Reversal of impairment)/impairment of investments		(25,996)	281,505
- Add back: Impairment of goodwill		219,536	-
Loss / diluted loss per ordinary share (cents) ^a		(20.29)	(85.16)
Headline loss / diluted headline loss per ordinary share (cents) ^a		(1.11)	(1.82)
Dividends per ordinary share (cents)		-	-
^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 1 009 222 680 (30 June 2009: 337 794 521).			
Condensed consolidated statement of cash flows			
Cash flows from:			
Operating activities		(8,285)	(8,472)
Investing activities		(409,650)	(1,157)
Financing activities		419,483	(37)
Change in cash and equivalents		1,548	(9,666)
Opening cash and equivalents		527	10,193
Closing cash and equivalents		2,075	527

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

Basis of preparation

The company has complied with International Financial Reporting Standards (IFRS) as well as the AC500 standards as issued by the Accounting Practices Board for the twelve months ended 30 June 2010. These financial results have been prepared in accordance with the Companies Act of South Africa and the JSE Listing Requirements with regard to provisional and abridged results reports, including those relating to IAS34: Interim Financial Reporting. The accounting policies adopted are consistent with those of the previous year, except for the adoption of IAS 1: Presentation of Financial Statements and IFRS 3: Revised Business Combinations. Changes to the terminology, format and content of the financial statements have been applied.

Notes to the reviewed financial results

1. Investment in associates

Opening carrying value at cost	450,000	450,000
Shares at cost	335,679	335,679
Loan receivable at acquisition	114,321	114,321
Loan receivable subsequent to acquisition ^b	20,978	12,730
Share of net loss from associate net of dividends received	(19,805)	(9,251)
Brought forward from prior year	(9,251)	-
Current year	(10,554)	(9,251)
- Share of associate loss - current year	(4,536)	(5,408)
- Less : Dividend received	(6,018)	(3,843)
Less : Impairment ^c	(255,509)	(281,505)
Balance brought forward from prior year	(281,505)	-
Current period reversal/(impairment)	25,996	(281,505)
Less: Disposal of associates, controlling interest acquired	(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% (to 31 March 2010), and have no fixed terms of repayment.

^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	-
Additions	531	-
Depreciation	(511)	-
Plant and machinery at carrying value	35,103	-

Intangible

2.2 Goodwill

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

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

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

	Reviewed 12 Months ended 30 June 2010 (R'000)	Audited Year ended 30 June 2009 (R'000)
4. Business combinations		
<i>On 1 May 2010, the group acquired a controlling interest in Kilken Platinum (Pty) Ltd ("Kilken") of 83.6% (previously 41.8%). At acquisition, the previously held associate was fairly valued, based on the Competent Persons Report.</i>		
<i>The following table summarises the consideration paid for Kilken and the amounts 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.</i>		
Equity instruments issued in respect of option exercised	425,000	-
Fair value of previously held associate interests	195,664	-
Fair value of non controlling interest	76,799	-
	<u>697,463</u>	-
Net assets acquired	59,248	-
Property, plant and equipment	35,083	-
Bank and cash	3,766	-
Trade and other receivables	35,344	-
Trade and other payables	(14,945)	-
	<u>638,215</u>	-

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 the Competent Persons Report valuation.

Financial information in respect of the subsidiaries' investment in Kilken for the 2 months ended 30 June 2010

Summarised balance sheet (at 30 June 2010)

Non-current assets	35,103	-
Current assets	28,666	-
Non-current liabilities	(5,635)	-
Current liabilities	(7,030)	-

Summarised results of operations (for the two months ended 30 June 2010)

Revenue	9,588	-
Operating profit	2,376	-
Finance income	28	-
Profit before taxation	2,404	-
Taxation	(673)	-
Profit for the 2 months ended 30 June 2010	<u>1,731</u>	-

Had the acquisition of the controlling interest occurred on 1 July 2009, the acquired business would have contributed revenues of R78.6 million and net profit of R 24.7 million.

5. Segment reporting

No segmental reporting has been presented as the entity has no separately reportable segments. It operates in one geographical location and only derives income from one customer.

Review opinion

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

Nature of the business

Andulela is an investment holding company that owns a controlling interest in Kilken, a Platinum Group Metals ("PGM") tailing retreatment facility that delivers PGM concentrate to Rustenburg Platinum Mines (Pty) Ltd.

Going concern

The financial statements have 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	Change in appointment
M J Husain (Chairman) #	Appointed as Chairman 26 February 2010
A Kaka (CEO)	Appointed as CEO 26 February 2010
D A S Currie (CFO)	Appointed 26 February 2010
G Rosenthal #	Appointed 26 February 2010
P C de Jager (CFO)	Resigned 7 April 2010
P Vallet *	Resigned 26 February 2010
J P Barton-Bridges	Resigned 26 February 2010
S E Jonah *	Resigned 26 February 2010
R K Jonah *	Resigned 26 February 2010
D N Rosen *	Retired by rotation 11 February 2010
V D Rubin #	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 12 months to June 2010 reflect a period of significant change for Andulela. With effect from 1 May 2010, as a result 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 will result in an 18 month reporting period for the period ending 31 December 2010.

AMI and JBPH options

On 27 October 2009, Abalengani Platinum Holdings (Pty) Ltd ("APH"), exercised each of the put options granted to it to sell the remaining 50% of the issued share capital in and all of its claims on loan account against each of AMI and JBPH (collectively the "option equity").

As previously reported, Andulela elected to settle the purchase price of the option equity, being in aggregate R425 million, by the way of allotment and issue of ordinary shares in Andulela at an issue price equal to the volume weighted average traded price ("VWAP") at which the shares traded on the JSE over the 30 trading days immediately prior to which the option notice was furnished to the company.

Pursuant to the special resolution approved at the AGM to increase the authorised share capital of the company on 11 February 2010, the option equity was settled by the issue and allotment of 3,531,660,296 ordinary Andulela shares at a VWAP of 12.034 cents each on 4 May 2010, perfecting the put option transaction.

Offer to minority shareholders

Newsshelf 1005 (Pty) Ltd ("Newsshelf") announced on SENS on 20 November 2009 that it had acquired 144 576 717 Andulela shares, equating to 34,51% of the issued share capital of the company from Jonah Mining (Pty) Ltd. The abovementioned shares, together with the 144 575 374 shares that Newsshelf already owned, meant that at the time of the announcement, Newsshelf owned a combined 69.01% of the issued ordinary share capital of Andulela.

As Newsshelf owned more than 35% of the company pursuant to the purchase of Andulela shares from Jonah Mining (Pty) Ltd, and in terms of the Securities Regulation Code on Takeovers and Mergers, it was obliged to extend a mandatory cash offer to the other shareholders of Andulela to acquire their shares.

The offer, at 12 cents per share, was made on 18 January 2010 and closed on 26 February. Acceptances in respect of 68,611,593 (16.38%) Andulela shares were received by Newsshelf, increasing their shareholding to 357,763,684 shares or 85.39% of the issued share capital of Andulela.

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 accounts 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 of which R2.3 million had been utilised at the reporting date.

The preference dividends due to Newsshelf totalling R5.1 million for the period have not been paid, but have been accrued and expensed as finance costs in the results for the period. Total preference dividends payable of R9.9 million are 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 accounts of Andulela, net of an impairment of R219 million and is further detailed in notes 2 and 4. 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 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 30 June 2010. The balance sheet and the results of operations of Kilken for the two months ending 30 June 2010 have been summarised in note 4.

Restructuring Review

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 in the company's annual report.

Appreciation

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

For and on behalf of the board

M J Husain
Independent Non-Executive Chairman

A Kaka
Chief Executive Officer

Sandton
September 2010

Directors

Mohamed J Husain^A (Chairman); Ashruf Kaka (CEO); David Currie (CFO); Graham Rosenthal^A (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